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37. Interview with Judy Mann, <u>Washington Post</u>, 6 November 1985.

38. James K. Stewart, "The Urban Strangler," <u>Policy Review</u>, Summer 1986, p. 8.

39. Ibid., p. 6.

40. U.S., National Center for Health Statistics, <u>Vital Statistics</u>, (annual).

41. Stewart, "The Urban Strangler," p. 6.

42. Ibid., p. 8.

<u>Chapter Five: What Do These Findings Mean?</u>

1. U.S., President, <u>Public Papers of the Presidents of the United States</u> (Washington, D.C.: Office of the <u>Federal Register</u>, National Archives and Record Service, 1953-), John F. Kennedy, 1962, "Special Message to the Congress on Public Welfare Programs," p. 103.

2. Editorial, <u>New York Times</u>, 2 February 1962.

3. See Blanche Bernstein, <u>Saving a Generation</u> (New York: Priority Press Publications, 1986), p. 13.

4. Two large philosophical points emerge in the Cuomo and the Babbitt reports. Both enunciate support for national health insurance -- an issue that goes far beyond the immediate context of concern for poverty and dependency. And the Babbitt report, further, invokes a principle of relative equality, by suggesting that the EITC should be indexed to a ratio of the median family income. Such a principle goes well beyond concern for a decent standard of

living for the poor. To that concern it adds concern for relative equality in incomes. This will be resisted by those who favor help for the poor but are opposed to the egalitarian principle, holding that egalitarian schemes are necessarily artificial and coercive. Since the issues of national health insurance and egalitarian income schemes transcend the issues of poverty and dependency, we have preferred to emphasize the larger consensus upon the latter, rather than the obvious divisiveness of the former.

5. Subsequent to the White House Report, the President's Fiscal Year 1988 Budget proposal of January 1987 contained at least one new work and education program for welfare recipients. The new Greater Opportunities through Work ("Grow") program, to be administered by the states, would emphasize continuation in school, attaining high school diplomas, employment-directed training, job search and employment. Payments to the states for the program are estimated at $110 million in the budget.

6. Richard P. Nathan, "The Underclass: Will It Always Be with Us?" paper presented at the New School for Social Research, 14 November 1986, p. 20.

7. P. Michael Timpane, Foreword to Denis P. Doyle and Terry W. Hartle, Excellence in Education (Washington, D.C.: American Enterprise Institute, 1985), p. xii.

8. See Spencer Rich, "Daily Needs Not Met for Many Elderly," Washington Post, 17 January 1987.

9. See Leon Dash, "Motherhood the Hard Way," Washington Post, 27 January 1986.

PART III: RECOMMENDATIONS

1. Alice Rivlin, ed., Economic Choices 1984 (Washington, D.C.: The Brookings Institution, 1984), p. 3.

2. William J. Bennett, "Address Before the 1987 Texas Education Conference," San Antonio, Texas, 16 January 1987.

3. Warren T. Brookes, "The Stunning Failure of Dukakis's ET," Wall Street Journal, 19 January 1987.

4. Mickey Kaus has written in The New Republic: "Compassion ... is a miserable basis for liberal politics. It carries the unmistakable implication of dependence and piteousness on the part of those on the receiving end of the sentiment.... Compassion ... provides no principle to tell us when our abstract compassionate impulses should stop.... Compassion makes few distinctions." "Up from Altruism," The New Republic, 15 December 1986 (emphasis in original).

5. According to the Census Bureau's "Survey of Income and Program Participation," 13.3 percent of the U.S. population had no health insurance coverage in the fourth quarter of 1985; 12.4 percent of whites were uncovered, 19.3 percent of blacks, 27.0 percent of Hispanics. Of those persons who were covered, 88 percent relied on private health insurance. See Robert D. Reischauer, "Welfare Reform and the Working Poor," paper prepared for inclusion in Reducing Poverty and Dependency, forthcoming in 1987 from the Center for National

Policy, p. 29 (mimeo). The non-covered poor are more likely to be found among the near poor and working poor than among the fully dependent population. For instance, in the year 1984, an AFDC mother with two children had an average of $1700 spent on her family by the government for medicaid coverage. See Committee on Ways and Means, U.S. House of Representatives, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: U.S. Government Printing Office, 1986), p. 255, table 3.

6. According to a General Accounting Office study using the government's 1982 long-term care survey, 1.1 million elderly said they had some help with basic activities but needed more. Another 168,000 lacked regular help with one or more fundamental activities. Of those 1.9 million who said all their needs were being met, 71 percent said their relatives provided unpaid help. Another 21 percent said their care came from both paid and unpaid help. Very few relied entirely on paid care. See Spencer Rich, "Daily Needs Not Met for Many Elderly," Washington Post, 17 January 1987.

STATISTICAL APPENDIX

STATISTICAL APPENDIX

The following tables contain data pertaining to the nature of poverty, the condition of the family, and the state of social programs in the United States today and in the recent past. In the interests of readability, the use of statistics was kept to a minimum in the body of the report. These additional tables may be of use to the specialist, but also to the general reader interested in investigating further some of the evidence that has come to shape the impressions of the Working Seminar.

Tables 1 through 4 present data pertaining to poverty and affluence. The "poverty rate" for subgroups in the United States differs dramatically in accordance with age, race, and family structure. Earnings are also closely associated with differences in educational attainment. "Poverty rates" as officially constructed measure only current money income -- not public benefits in kind or household net worth. For these and other reasons, the difference between a household's money income and the amount it can actually spend may be quite substantial; expenditures of households in the lower levels of the income distribution, taken in total, appear to exceed <u>pre-tax</u> income by a considerable margin.

Tables 5 through 12 present data pertaining to some of the government-funded programs that have been fashioned to help forestall poverty, or to alleviate its consequences. Between 1940 and 1960, the fraction of national resources spent on "public assistance" and "public aid" declined; between 1960 and 1980, it rose rapidly. "Means-tested" benefits -- those awarded to those defined as needy -- have increasingly been transfers in kind, rather than cash grants. Participation in public benefit programs differs dramatically by age, race, and family structure. The Aid for Families with Dependent Children program (AFDC) is perhaps the best known of the "public assistance" programs. About three-fifths of the children receiving benefits from this program live in ten states. The nature of the AFDC program has changed dramatically since its inception: originally a benefit program primarily for children with dead or incapacitated fathers, the program today provides the largest share of its benefits to children born of unwed mothers. The fraction of illegitimate children in the nation who are on the AFDC program appears to have risen steadily over the life of the program.

Tables 13 and 14 pertain to illegitimacy and family structure. The fraction of children born to mothers who reported themselves to be unwed has risen steadily for every age group and all races since 1940. An increasing percentage of children live in female-headed households, even though increasing longevity has meant that a smaller fraction of women and children are widowed and orphaned today than ever before.

Tables 15 through 18 pertain to health status. After a slowdown in the 1950s and 1960s, improvements in life expectancy have accelerated in the 1970s and the early 1980s. A gap in health levels exists between white and black Americans, but the gap in life expectancy has been narrowed during the recent period of more rapid improvements. Infant mortality rates are another important indicator of popular health. Interestingly, there has been no correspondence between trends in infant mortality and trends in the official "poverty rate" since the early 1970s; for the period 1973 to 1983, in fact, the trends of these two indicators pointed in opposite directions. Family status, and particularly legitimacy status, may be a better predictor of infant mortality than "poverty" as it is officially measured.

Tables 19 and 20 pertain to food. American consumers have tended to devote a decreasing fraction of their total expenditures to food over the past century; this trend seems to have continued over the most recent decades as well. By one attempt to reach an estimate, Americans eligible to receive food stamps devoted less of their personal consumption expenditures to food than did the general populations of many Western nations.

Tables 21 and 22 pertain to subgroups in the United States population who remain difficult to enumerate. Neither social programs nor private charities can be fully efficacious in assisting persons who are, in some sense, "socially invisible." Though the overall level of estimated underenumeration in the United States' decennial censuses has been progressively reduced, significant differences remain according to race. The fraction of households without telephones has similarly declined, differentials between groups remain pronounced according both to race and age.

TABLE A-1

Portrait of Official Poverty 1985

	Below Poverty Level	Poverty Rate
All persons	33 064	14.0
White	22 860	11.4
Black	8 926	31.3
Spanish origin[1]	5 236	29.0
Under 15 years of age	11 110	21.5
15 to 24 years	6 363	16.6
25 to 44 years	7 899	10.6
45 to 54 years	1 911	8.4
55 to 59 years	1 103	9.8
60 to 64 years	1 222	11.3
65 years and over	3 456	12.6
Northeast	5 751	11.6
Midwest	8 191	13.9
South	12 921	16.0
West	6 201	13.0
All related children under 18 years of age	12 814	20.5
White	8 082	15.9
Black	4 136	43.4
Spanish origin[1]	2 558	39.9
In families	12 483	20.1
In unrelated subfamilies	331	54.1
All families	7 223	11.4
White	4 983	9.1
Black	1 983	28.7
Spanish origin[1]	1 074	25.5
Married-couple families	3 438	6.7
Female householder, no husband present	3 474	34.0
Male householder, no wife present	311	12.9
All unrelated individuals	6 725	21.5
Male	2 499	17.4
Female	4 226	24.8

[1]Persons of Spanish origin may be of any race

SOURCE: U.S. Bureau of the Census, Money Income and Poverty Status of Families and Persons in the United States: 1985, Table A.

TABLE A-2

Average Family Income

by Education of Household Head 1983

Education	Average Family Income
0 - 8 grades	$ 7,706
9 - 11 grades	10,975
High School Diploma	15,390
Some College	17,739
Bachelor's Degree	28,764

SOURCE: John Weicher and Susan Wachter, "The Distribution of Wealth Among Families," paper presented to the Working Seminar on the Family and American Welfare Policy.

TABLE A-3

Family Net Worth 1983

Characteristics of Family Head	Average Net Worth[1]
Age	
17 - 24	4 531
25 - 34	16 651
35 - 44	40 710
45 - 54	56 320
55 - 64	82 115
65 - 74	84 499
75 +	48 749
Marital status	
Married couple	
with children	39 569
without children	78 567
Female-headed family	
with children	14 967
without children	38 237
Education	
0 - 8 years	22 351
9 - 11 years	28 053
High school diploma	37 680
Some college	54 278
Bachelors degree	82 770
Race	
White	52 820
Black	16 766
Hispanic[2]	15 318

Notes: [1] Net worth is defined as financial assets, plus equity in a home, plus equity in other real estate (specifically farms and apartments). The value of pensions, social security credits, unincorporated businesses, household durable goods, cars, boats, and some other items are not included.

[2] Persons of hispanic origin may be of any race.

SOURCE: John Weicher and Susan Wachter, "The Distribution of Wealth Among Families," paper presented to the Working Seminar on the Family and American Welfare Policy, Tables 2-5.

TABLE A-4

Total Income Before Taxes and Personal Consumption Expenditures For Urban Households By Income Quintile; 1982/1983

	Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	All Complete Reporting House holds
Income Before Taxes	$4,097	$10,611	$18,129	$28,231	$52,267	$22,702
Total Expenditures	$8,324	$12,155	$16,733	$22,425	$35,171	$18,981
Expenditures as Percentage of Income Before Taxes	203%	115	92	79	67	84

Source: U.S. Bureau of the Census, Statistical Abstract of the United States, 1986 (Washington, D.C.: Department of Commerce, 1986).

TABLE A-5

Public Assistance, "Public Aid," Social Insurance, and Personal Savings in Relation to Personal Income, 1929-83

	(1) Public Assistance Programs[1] to Personal Income (Percent)	(2) "Public Aid"[2] to Personal Income (Percent)	(3) "Social Insurance"[3] to Personal Income (Percent)	(4) Personal Savings Rate[4] (Percent)
1929	0.1	0.1	0.4	3.9
1940	3.4	4.2	1.6	4.3
1950	1.0	1.1 (1.3)	2.2	5.3
1955	0.8	1.0	3.2	5.4
1960	0.8	1.0 (1.0)	4.8	4.9
1965	0.8	1.2 (1.6)	5.2	6.4
1970	1.2	2.0 (2.6)	6.8	7.4
1973	1.3	3.0 (3.7)	9.4	7.8
1975	1.7	3.3 (4.1)	9.8	7.4
1980	1.4	3.3 (4.4)	10.6	6.0
1983	1.3	3.1 (3.9)	12.0	4.3

Notes: 1: Includes AFDC, general assistance, aid to the blind, old age assistance, and aid to the permanently and totally disabled.

2: Includes all programs in column (1), work relief, general emergency aid, food stamps, surplus food for the needy, repatriate and refugee assistance, work experience, training programs, and Low Income Home Energy Assistance. Parenthetical total includes housing and "other social welfare," as categorized by the Social Security Bulletin.

3: Includes OASDHI, medicare, railroad retirement, public employee retirement, unemployment insurance and employment service, railroad unemployment insurance, railroad temporary disability insurance, and workers compensation.

4: Personal savings in relation to disposable personal income.

Source: U.S. Social Security Administration, Social Security Bulletin Annual Statistical Supplement (Washington, D.C.: Department of Health and Human Services), various issues.

TABLE A-6

Changes in Government Expenditures: Mean-Tested Assistance, 1970 - 1983 (billions of 1984 dollars)

	1970	1975	1979	1980	1981	1982	1983
Means tested Cash Assistance[1]	19,070	34,546	33,130	32,137	30,710	29,276	28,875
Means Tested Noncash Benefits[2]	21,195	38,164	47,152	49,253	51,768	50,486	51,988
Total	40,265	72,710	80,282	81,390	82,478	79,762	80,863
Noncash as Percent of Total	52.6	52.5	58.7	60.5	62.8	63.3	64.3

Note: 1 = Includes AFDC, general assistance, SSI, and means-tested veteran's pensions.

2 = Includes foodstamps, free and reduced-price school lunches, public and subsidized housing, and medicaid; excludes domestic agricultural commodity disposal.

Source: Derived from U.S. Bureau of the Census, Estimates of Poverty Including the Value of Noncash Benefits: 1984, Technical Paper 55 (Washington, D.C.: Department of Commerce, 1985), p. 2.

TABLE A-7

Census Bureau CPS Estimates of Participation Rates for Selected Categories of Households In Selected Public Benefit Programs, 1983 (percent of households)

	Program		
Household Category	Public Assistance	Supplemental Security Income	Social Security
All Families	5.7	2.6	22.9
White Families	3.7	2.0	23.2
Black Families	20.9	7.4	22.0
White Families Below Poverty Line	27.4	5.8	17.7
Black Families Below Poverty Line	52.4	12.1	21.5
Female Householder Families	23.9	6.5	27.5
Male Householder Families	2.3	1.8	22.0
All Families with Householder Under 25	17.5	0.8	1.7
All Families with Householders 25-64	5.7	2.0	10.4
All Families with Householders 65+	1.4	6.5	93.6
Unrelated Individuals	1.9	4.7	31.7

Source: U.S. Bureau of the Census, Characteristics of the Population Below the Poverty Level: 1983, Series P-60, #147 (Washington, D.C.: Department of Commerce, 1985).

TABLE A-8

Household Participation Rates in Government-Provided, Means-Tested Noncash Benefit Programs: Fourth Quarter, 1984

	Households in Which One or More Persons Received Means-Tested Benefits From:[1] One or More Programs (Percent)	Food Stamps
All Households	17.0	7.2
Households with no members with labor force activity	28.8	15.4
Households with one or more members looking for work or on layoff	36.2	20.2
Households with one or more members with a job or business, no member looking for work or on layoff	10.2	2.5
Type of Households		
Family Householder	17.6	7.6
Female householder, no husband present, with own children under 18 years	59.8	38.5
Non Family Households		
Male Householder	10.2	4.0
Female Householder	19.5	7.9

TABLE A-8 (continued)

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<u>Age of Householder</u>		
15 to 24 years	18.4	11.1
25 to 34 years	18.9	8.8
35 to 44 years	16.3	6.6
45 to 54 years	15.2	6.0
55 to 64 years	13.4	5.6
65 years and over	19.4	6.7
<u>Work Disability of Householder</u>		
Householder, 16 to 64 Years of Age	16.5	7.3
With Work Disability	33.8	18.3
With Retirement or Disability Income	36.6	16.9
With No Work Disability	13.7	5.5
<u>Type of Residence</u>		
Outside Metropolitan Areas	19.9	9.1
Inside Metropolitan Areas	16.2	6.6
Under 1 million people	16.0	6.6
1 million or over	16.3	6.6
<u>Race</u>		
White	13.4	5.1
Black	43.6	22.7
Spanish Origin	38.2	15.7

Notes: 1: Programs includes food stamps, WIC, free or reduced-priced school meals, public or subsidized rental housing, and medicaid or medicare.

Source: U.S. Bureau of the Census, Economic Characteristics of Households in the United States: Fourth Quarter 1984, Series P-70, #6, (Washington, D.C.: Department of Commerce, 1986), pp. 21, 24.

TABLE A-9

Percentage of Households Receiving Government Provided Means-Tested Cash Benefits Who Did Not Also Receive Government Provided Means-Tested Noncash Benefits: Fourth Quarter 1984

All Households	12.0
Households with no members with Labor Force activity	9.0
Households with one or more members looking for work	3.0
Households with one or more members with a job or business, no member looking for work	18.2
Family Households	
All Family	10.7
Married couple families	20.5
Female householder, no husband present, with own children under 18 years of age	1.5
Non family Households	
Male householder	14.3
Female householder	10.9
Age of Householder	
15 to 24 years	1.0
25 to 34 years	2.7
35 to 44 years	4.8
45 to 54 years	8.5
55 to 64 years	22.7
65 years and over	18.4
Residence of Households	
Outside metropolitan areas	25.3
Inside metropolitan area:	9.9
under 1 million	15.1
1 million or more	8.1

TABLE A-9 (continued)

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<u>Race of Households</u>	
White	15.4
Black	3.9
Spanish Origin	2.3

Source: Derived from U.S. Bureau of the Census, *Economic Characteristics of Households in the United States: Fourth Quarter 1984*, Series P-70, #6, (Washington, D.C.: Department of Commerce, 1986).

TABLE A-10

Ten Largest AFDC Populations

by State: 1984

(numbers in thousands, except percent)

State	Families		Recipients	
	Number	Percentage of U.S. Total	Total	Children
California	548	15	1,603	1,058
New York	372	10	1,112	731
Illinois	240	6	733	491
Michigan	227	6	696	444
Ohio	224	6	670	422
Pennsylvania	187	5	558	368
New Jersey	125	3	368	247
Texas	117	3	351	247
Florida	98	3	271	190
Wisconsin	93	3	280	176
Top ten states combined	2,231	60	6,642	4,374
All states	3,700	100	10,800	7,100

SOURCE: U.S. Social Security Administration, Social Security Bulletin, September 1986, Table M-29.

TABLE A-11

Characteristics of Fathers of Children

Receiving AFDC Benefits 1937-1982

Year	Father Deceased	Father Incapacitated	Father not Married to Mother
1982	0.9	3.5	46.5
1975	3.7	7.7	31.0
1967	5.5	12.0	26.8
1961	6.9	21.4	18.2
1948[1]	22.8	22.6	14.1
1940/41	22.7	34.2	3.1
1937/38	48.4	22.8	2.8

Notes: [1] Data for 1948 refers to total AFDC families, not AFDC children.

SOURCES: Bureau of Public Assistance, "Changes in the Types of Families Accepted for Aid to Dependent Children," Social Security Bulletin, June 1943. Elizabeth Alling and Agnes Leisy, "Aid to Dependent Children in a Postwar Year," Social Security Bulletin, August 1950. Robert M. Mugge, "Aid to Families with Dependent Children: Initial Findings of the 1961 Report on Characteristics of Recipients," Social Security Bulletin, March 1963. National Center for Social Statistics, "Findings of the 1967 AFDC Study: Data by State Aid Census Division." Bureau of the Census, Statistical Abstract of the United States 1986 (Washington, D.C.: U.S. Government Printing Office, 1986).

TABLE A-12

Characteristics of AFDC Children

of Unwed Mothers 1940-1985

Year	Total number (in 000s)	As a Percentage of all children under 18	As a percentage of all children in female-headed households whose head has never married	As a percentage of children in female-headed families, including those headed by divorcees and widows
1982	3,242	5.2	151	59
1975	2,513	3.8	234	53
1967	1,068	1.5	232[2]	44[1]
1961[3]	432	0.6	85[1]	22[1]
1940[4]	28	0.07	5[1,2]	3[1,2]

Notes: 1 = Calculations use "related children under 18" rather than "all children under 18," and allocates children in female householder families proportionately to marital status category listed for female householders.

2 = Computation assumes that the average number of children in female householder families with 3 or more children was 4.0 and allocates children among female-headed households, rather than families, proportionately by listed marital status.

3 = AFDC characteristics for 1960/61; U.S. household and population characteristics for 1961.

4 = AFDC characteristics for 1940/41, U.S. household and population characteristics for 1940 (April).

SOURCES: Derived from Nicholas Eberstat, "Economic and Material Poverty in America," paper presented to the Working Seminar on the Family and Welfare Reform," Table 31; Social Security Bulletin, various issues; Bureau of the Census, Household and Family Characteristics: March 1982; idem, Household and Family Characteristics: March 1975.

TABLE A-13

Estimated Illegitimacy In the United States, 1940 - 1983

A) Aggregate Number and Characteristics of Estimated Illegitimate Births, 1940-1983

Year	Total Numbers	White	Non-white	Black	Percentage of Births All Races	White	Non-white	Black
1983	737,893	370,884	367,009	341,077	20.3	12.8	50.0	58.2
1980	665,747	320,063	345,684	325,737	18.4	11.0	48.5	55.3
1973	407,300	163,800	237,500	229,000	13.0	6.4	41.7	45.8
1970	398,700	175,000	223,600	215,000	10.7	5.7	34.9	37.6
1960	224,300	82,000	141,800	NA	5.3	2.3	21.6	NA
1959	220,600	79,600	141,100	NA	5.2	2.2	21.8	NA
1950	141,600	53,500	88,100	NA	4.0	1.8	18.0	NA
1940	89,500	40,300	49,200	NA	3.8	2.0	16.8	NA

B) Distribution of Estimated Illigitimate Births by Age of Mother Percentage of all Estimated Illegitimate Births

Year and Race	15-19	20-24	25-29	30-34	35-39	40+
1983 all races	35.4	36.0	17.1	7.3	2.5	0.5
- white	35.7	35.7	16.8	7.5	2.8	0.6
- nonwhite	35.1	36.3	17.5	7.1	2.1	0.4
- black	35.5	36.3	17.3	6.9	2.1	0.4
1980 all races	39.5	35.6	15.0	6.2	2.0	0.4
- white	40.0	35.3	14.6	6.4	2.2	0.5
- nonwhite	39.0	36.0	15.2	5.9	1.8	0.4
- black	39.3	36.0	15.0	5.8	1.7	0.4
1973 all races	50.3	24.2	10.6	4.5	2.0	0.6
- white	49.8	29.6	11.2	4.7	2.1	0.7
- nonwhite	50.7	69.0	10.1	4.5	2.0	0.6
- black	51.1	28.8	10.0	4.4	2.0	0.6
1970 all races	71.7	31.8	10.2	4.8	2.4	0.8
- white	45.3	35.5	10.3	4.4	2.3	0.8
- nonwhite	79.7	28.9	10.1	5.0	2.4	0.8
- black	79.0	28.7	9.9	5.0	2.4	0.7

TABLE A-13 (continued)

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Year and Race	15-19	20-24	25-29	30-34	35-39	40+
1960 all races	38.8	30.3	14.3	8.4	4.7	1.3
- white	39.8	32.3	13.0	7.3	4.7	1.6
- nonwhite	38.3	29.1	15.0	9.1	4.7	1.2
1950 all races	39.5	30.4	14.8	7.6	4.2	1.2
- white	37.2	33.3	14.8	7.9	4.3	1.3
- nonwhite	41.0	28.7	14.8	7.5	4.1	1.1
1940 all races	45.2	30.4	11.2	5.8	3.4	1.1

C. Estimated Illigitimate Births as a Percentage of All Births in Cohort

Year and Race	Age of Mothers 15-19	20-24	25-29	30-34	35-39	40+
1983 all races	53.4	22.9	11.0	8.6	10.9	13.4
- white	39.2	14.4	6.5	8.4	7.0	10.0
- nonwhite	85.2	54.9	33.5	25.0	23.1	25.1
- black	88.5	61.0	41.1	33.1	31.3	32.2
1980 all races	47.6	19.4	9.0	7.5	9.4	12.1
- white	33.0	11.5	5.0	4.5	6.3	8.5
- nonwhite	82.1	51.1	30.1	22.4	22.1	23.6
- black	85.2	56.0	36.2	29.2	28.1	29.3
1973 all races	33.4	10.8	4.9	5.0	6.5	7.7
- white	19.1	5.3	2.4	2.4	3.3	4.1
- unwhite	69.1	35.9	21.8	19.4	20.2	20.0
- black	71.0	38.6	25.7	23.3	22.9	23.2
1970 all races	29.5	8.9	4.1	4.5	5.2	5.7
- white	17.1	5.2	2.0	2.1	2.7	3.3
- nonwhite	61.4	29.5	12.1	17.3	16.9	16.9
-black	62.7	31.3	20.3	19.6	18.6	10.3
1960 all races	14.8	4.8	2.9	2.8	3.0	3.1
- white	7.2	2.2	1.1	1.0	1.3	1.6
- nonwhite	42.1	20.0	14.1	12.9	12.8	11.7

TABLE A-13 (continued)

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	15-19	20-24	25-29	30-34	35-39	40+
1950 all races	13.3	3.8	2.0	1.8	2.0	2.1
- white	6.2	2.0	0.9	0.8	0.9	1.0
- nonwhite	35.8	15.9	11.5	10.2	9.9	9.3
1940-44 all races	13.5	3.5	1.5	1.3	1.5	1.6

Notes: NA = not available

Sources: Figures derived from the following publications:

For 1983:

"Advance Report of Final Natality Statistics, 1983," Monthly Vital Statistics Report, Vol. 34, #6, Supplement September 20, 1985;

For 1960 - 1980:

National Center for Health Statistics, Vital Statistics United States: Volume I, Natality (Washington, D.C. : Public Health Service), various issues.

For 1950: National Office of Vital Statistics, Vital Statistics of the United States, 1950:Volume I, Natality (Washington, D.C.: Department of Health, Education and Welfare, 1953).

For 1940 - 1944:

U.S. Bureau of the Census, Fertility Indicators: 1970, Series P-23, #36 (Washington, D.C.: Department of Commerce, 1971).

For 1940:

U.S. Bureau of the Census, Statistical Abstract of the United States, 1971, (Washington, D.C.: Department of Commerce, 1971).

TABLE A-14

Characteristics of Female-Headed Households with Children under 18 Years of Age

Percentage of Female-Headed Families with Children under 18 in Which Householder Is:

	1959[2]	1973	1983
All Races			
Widowed	51.7	24.4	14.1
Divorced	15.4	32.8	42.5
Married, husband absent	24.5	36.6	23.3
Single, never married	8.4	10.6	19.6
White			
Widowed	52.5	25.7	14.1
Divorced	18.1	42.0	53.2
Married, husband absent	17.8	27.3	23.3
Single, never married	11.8	5.0	10.6
Black			
Widowed	40.2[1]	21.9	13.9
Divorced	11.6[1]	16.8	24.0
Married, husband absent	37.4[1]	40.1	25.4
Single, never married	10.8[1]	21.2	36.6

Children under 18 in Female-headed Families as a Percentage of All Children under 18

	1959[2]	1973	1983
All Persons	9.1	14.2	19.4
White	5.6	9.7	14.0
Black	27.2[1]	40.9	49.6
Spanish Origin	NA	NA	25.0

Children under 18 in Families Where Householder Is a Widow, as a Percentage of All Children in Female Householder Families

	1959[2]	1973	1983
All Races	42.5	22.8	13.3
White	44.7	23.2	12.9
Black	35.8[1]	21.9	13.2
Spanish Origin	NA	NA	10.5

TABLE A-15

Life Expectation at Birth: 1940 - 1983

Year	All Persons	Annual Rate of Change (in years)	Whites	Annual Rate of Change (in years)	Blacks	Annual Rate of Change (in years)
1940	62.9		64.2		53.1	
		+0.59		+0.49		+0.77
1950	68.2		69.1		60.8	
		+0.15		+0.15		+0.28
1960	69.7		70.6		63.6	
		+0.11		+0.11		+0.17
1970	70.8		71.7		65.3	
		+0.29		+0.27		+0.42
1980	73.7		74.4		69.5	
		+0.33		+0.27		+0.67
1983[1]	74.7		75.2		71.3	

Note: [1] preliminary data.

SOURCES: U.S., Bureau of the Census, Statistical Abstract of the United States, various issues.

TABLE A-16

Infant Mortality Rates (per 1,000 live births): 1940-1983

Year	All Races	Percentage Change	Per Annum Change	Whites	Blacks
1940	47.0			43.2	72.9
		-37.9	-4.6		
1950	29.2			26.8	43.9
		-11.0	-1.2		
1960	26.0			22.9	44.3
		-23.1	-2.6		
1970	20.0			17.8	32.6
		-37.0	-4.5		
1980	12.6			11.0	21.8
		-12.7	-4.4		
1983	11.1			9.7	19.2

SOURCES: U.S. Bureau of the Census, Statistical Abstract of the United States 1986; National Center for Health Statistics, "Advance Report of Final Mortality Statistics, 1983," Monthly Vital Statistics Report, Supplement (2), 26 September 1985; idem, Vital Statistics of the United States, various issues.

TABLE A-17

Infant Mortality Rates and Estimated Poverty Rate

for Related Children under 18: Selected Years 1960 - 1983

	1960	1965	1973	1975	1980	1983
All Races						
Infant mortality	26.0	24.7	17.7	16.1	12.6	11.0
Poverty	26.5	16.3	14.2	16.8	17.9	21.7
White						
Infant mortality	22.9	21.5	15.8	14.2	11.0	9.7
Poverty	20.0	14.4	9.7	12.5	13.4	16.9
Nonwhites						
Infant mortality	43.2	40.3	26.2	24.2	19.1	16.8
Poverty	66.6	59.0	38.9	38.0	38.3	42.8
Blacks						
Infant mortality	44.3	41.7	28.1	26.2	21.8	19.2
Poverty	5.5[1]	47.4[2]	40.7	41.4	42.1	46.3

Notes: Infant mortality rates per 1000 live births; poverty rate as percentage of related children under 18.

SOURCE: U.S. Bureau of the Census, Series P-60, various issues; idem, Statistical Abstract of the United States, various issues.

TABLE A-18

Infant Mortality Rates and Other Child Risk Indicators

for Various Ethnic Groups: 1980

	Infant Mortality Rate per 1000 live births	Low Birth Weight (percent)	Teenage Mothers (percent)	Unmarried Mothers (percent)	Poverty Rate for Related Children Under 18
All U.S.	12.6	6.8	15.6	18.4	17.9
White	11.0	5.7	13.5	11.0	11.0
Black	21.4	12.5	26.5	55.3	37.8
Hispanic[1]	NA	6.9	18.5	24.5	29.1
Mexican	NA	5.6	19.4	20.7	NA
Puerto Rican	NA	9.0	23.1	48.0	NA
Chinese	5.3	4.9	1.6	3.3	14.3
Japanese	4.5	6.2	3.8	5.6	5.5
Filipino	5.0	7.4	6.6	9.0	10.1
Other Asian or Pacific Islander	7.9[2]	6.8	5.9	6.1	21.8
Native American, Aleut, and Eskimo[3]	13.2	6.5	23.5	NA	32.5

Notes: NA = Not available

[1] Data for Hispanic population for 1981.

[2] Data for population in states served by Indian Health Service

[3] Data on infant mortality includes Hawaiians, who are not included in other figures for the category

SOURCES: Selma Taffel, "Characteristics of Asian Births, 1980," Monthly Vital Statistics Report, vol. 32, no. 10, Supplement, 10 February 1984; Septhanie J. Ventura, "Births of Hispanic Parentage, 1981," Monthly Vital Statistics Report, vol. 33, no. 8, Supplement, 11 December 1984; Indian Health Service, Chart Series Book April 1986; unpublished data, Indian Health Service; National Center for Health Statistics, Vital Statistics fo the United States, 1980; U.S. Bureau of the Census, 1980 Census of Population: Chapter C, Part 1: General Social and Economic Characteristics.

TABLE A-19

Expenditures on Food and Non-Alcoholic Beverages

as a Percentage of All Personal Consumption Expenditure

by Income Quintile: 1960/61 - 1984

Household Income Level	1960/61	1972/73	1980/81[1]	1984[1]
Lowest fifth	29.2	22.7	23.2	18.8
Second fifth	26.6	21.9	21.2	17.7
Third fifth	25.2	20.3	19.2	16.4
Fourth fifth	24.7	19.7	18.0	15.1
Highest fifth	22.8	17.9	16.2	13.1
All households with complete reporting	24.5	19.3	18.5	15.6

Note: [1] 1980/81 and 1984 data are for urban households.

SOURCES: Bureau of Labor Statistics, Handbook of Labor Statistics, various issues; idem, "Consumer Expenditure Survey Results from 1984," News: United States Department of Labor, 22 June 1986.

TABLE A-20

Expenditures Allocated to Food (Excluding Alcoholic Beverages)

As a Percentage of Household Personal Consumption

for United States and Selected Other Countries

Country	Year	Percentage of Total Personal Consumption Spent on Food
United States	1977/78	18.0
U.S., "Low Income"[1]	1977/78	19.1[2]
Israel	1975/76	19.6
Norway	1974/76	22.6
Netherlands	1974/75	23.8
Finland	1976	23.9
Austria	1974	24.5
Belgium[3]	1973/74	25.0
Japan	1979	30.3
Italy	1978	30.5
Singapore	1977/78	48.8

Notes: [1] "Low income" defined as receiving food stamps or eligible for food stamps.

[2] Hybrid estimate derived from 1977/78 USDA Food Consumption Survey and 1982/83 Consumer Expenditure Survey.

[3] Data for "workers" only, definition of "worker" set by criteria of Belgian government.

SOURCES: Food and Agriculture Organization of the United Nations, Review of Food Consumption Summary 1981; U.S. Department of Agriculture, Food Consumption, Prices, and Expenditures 1964-84.

TABLE A-21

Estimated Net Underenumeration of U.S. Population in Census Counts, 1950-1980 (Percent of Population)

Category	1980[1]	1970	1960	1950
All Persons	1.0	2.8	3.3	4.4
- Male	1.9	3.6	3.8	4.8
- Female	--	2.0	2.8	4.1
All Black Persons	5.6	7.9	8.3	9.6
- Male	8.5	10.5	10.4	11.7
- Female	2.8	5.5	6.2	7.5
All Whites and Other Races	0.3	2.1	2.7	3.8
- Male	1.0	2.7	3.0	4.0
- Female	-0.3	1.6	2.4	3.6

Note: -- = Under 0.1 percent [1] = Assumes 2.06 million in undocumented aliens.

Negative sign indicates estimated overcount of population group.

Source: Jeffrey S. Passel and J. Gregory Robinson, "Revised Demographic Estimates of the Coverage of the Population by Age, Sex and Race in the 1980 Census" (unpublished paper, U.S. Bureau of the Census, April 8, 1985) Table 2.

TABLE A-22

Percentage of Households

without Telephones: March 1960 and November 1983

	1960	1983
All households	22.9	8.6
White	21.5	6.9
Black	44.9[1]	21.2
Householder under 25	43.9	23.4[2]
Householder 25-54	20.5	8.5
Householder 55-64	20.0	5.0
Householder 65+	28.0	4.5

Notes: [1] data for "non-whites."
[2] Householder 16-24 years of age.

SOURCE: U.S. Bureau of the Census, "Characteristics of Households with Telephones, March 1960"; and *idem*, unpublished data.

Papers Commissioned for the Working Seminar

on the Family and American Welfare Policy

Besharov, Douglas J., "How Child Abuse Programs Hurt Poor Children: The Misuse of Foster Care."

Eberstadt, Nick, "Economic and Material Poverty in Modern America."

Hartle, Terry W. and Andrea Bilson, "Increasing the Educational Achievement of Disadvantaged Children: Do Federal Programs Make a Difference?"

Jacobs, Bruce, "The Elderly: How Do They Fare?"

Loury, Glenn C., "Race and Poverty: The Problem of Dependency in a Pluralistic Society."

Mead, Lawrence M., "The Work Problem in Welfare."

Moran, Donald W., "Welfare Dependency: Public Policy versus Public Intentions."

Murray, Charles, "According to Age."

Schiller, Bradley R., "Workfare: An Update."

Starr, Roger, "Neighborhoods and Poverty."

Weicher, John C. and Susan B. Wachter, "The Distribution of Wealth Among Families: Increasing Inequality.

A NOTE ABOUT THE WORKING SEMINAR

The Working Seminar on Family and American Welfare Policy is composed of scholars and practitioners from several institutions, many backgrounds, and a broad range of points of view. Several recent administrations are represented, as are scholars from several major research institutions and universities. Michael Novak is the chairman and John Cogan the vice chairman of the Working Seminar.

The Working Seminar is sponsored by the Institute for Family Studies of Marquette University, whose director is Jay Gubrium. The members of the Working Seminar are grateful to the Lynde and Harry Bradley Foundation and the John M. Olin Foundation for their very generous financial support; to the American Enterprise Institute for administrative assistance and the use of its facilities during many productive working sessions; and to the Charles Stewart Mott Foundation for additional financial support during the final phases of the Seminar's work.

As groundwork for this Report, the Working Seminar commissioned a dozen major research papers, which will appear in print during 1987. The titles and authors of the commissioned papers are listed in the Appendix.

<u>The Members of the Working Seminar</u>

Michael Novak (Chairman), George Frederick Jewett Scholar in Religion and Public Policy, and Director of Social and Political Studies at the American Enterprise Institute.

John Cogan (Vice Chairman), Principal Associate Director, Hoover Institution; former Associate Director, Office of Management and Budget for Human Resources; former Assistant Secretary for Policy, U.S. Department of Labor; and author of several articles on negative income taxation and black teenage employment.

Blanche Bernstein, consultant on social welfare policy; former Commissioner of the NYC Human Resources Administration, and author of <u>Saving a Generation</u> and numerous other studies.

Douglas J. Besharov, Resident Scholar, American Enterprise Institute; former director, U.S. National Center on Child Abuse and Neglect.

Barbara Blum, President, Foundation for Child Development; Past-President, American Public Welfare Association (1985-86); former commissioner of the NYS Department of Social Services.

Allan Carlson, President, Rockford Institute; author of numerous essays on the family, welfare, and culture.

Michael Horowitz, Partner, Dickstein, Shapiro & Morin; former Counsel to the Director of the Office of Management and Budget.

S. Anna Kondratas, former Schultz Fellow for Health and Urban Affairs, Heritage Foundation;* co-author, Beyond Welfarism (The Free Press, forthcoming).

Leslie Lenkowsky, President, Institute for Educational Affairs; author of Politics, Economics, and Welfare Reform and numerous essays on welfare reform.

Glenn C. Loury, Professor of Political Economy, Kennedy School of Government, Harvard University; and author of Free at Last? Racial Advocacy in the Post-Civil Rights Era (The Free Press, forthcoming).

Lawrence Mead, Associate Professor of Politics, NYU; author of Beyond Entitlement and other studies of work requirements and other obligations in social policy.

Donald Moran, Vice President, ICF Incorporated; former Executive Associate Director, Office of Management and Budget.

Charles Murray, Fellow, Manhattan Institute; author of Losing Ground: American Social Policy 1950-1980.

Richard P. Nathan, Professor of Public and International Affairs, Woodrow Wilson School, Princeton University; Chairman, Manpower Development Research Corporation.

Richard J. Neuhaus, Director, Center on Religion and Society; author of To Empower People and other works on mediating structures.

Carter Franklin D. Raines, General Partner, Lazard Freres & Co.; former member of the White House Domestic Policy staff.

Robert D. Reischauer, Senior Fellow, Brookings Institution; former Deputy Director, Congressional Budget Office.

Alice M. Rivlin, Director, Economic Studies, The Brookings Institution; former Director, Congressional Budget Office.

Stanford Ross, Partner, Arnold and Porter; former Commissioner of the Social Security Administration.

Russell Long's stf Michael Stern, Vice President, R. Duffy Wall & Associates; former Staff Director, Senate Finance Committee.

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* Served on the Seminar until her recent appointment as Director, Office of Analysis and Evaluation, U.S. Department of Agriculture.

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INTRODUCTION:

A good society is judged by how well it cares for its most vulnerable members.

No person should be involuntarily poor without others coming to his or her assistance.

No able adult should be allowed voluntarily to take from the common good without also contributing to it.

Low income and behavioral dependency are two quite different problems and require different remedies.

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Deficit

JACK ANDERSON and DALE VAN ATTA

$41.7 Billion Down, $100 Billion to Go

When the federal cash is counted at the end of this fiscal year, there will be a projected savings of $41.7 billion from squeezing waste out of government programs. This enormous amount will be saved every year, in fact, because the waste has been permanently eliminated.

But it would be premature for taxpayers to start shouting hosannas. The bad news is that $100 billion disappears down the government drain year after year.

The government's spending habits have to be reversed to avoid a smashup. Yet the lawmakers who appropriate all the money are nonchalant about the consequences. Since no single member can be held accountable for what the whole Congress does, each can afford, if he or she wishes, to be irresponsible.

The onrushing crisis is unlikely to affect the convivial atmosphere on Capitol Hill. All too many congressmen are expected to continue bargaining selfishly for patronage and pork, putting parochial interests ahead of the national welfare. They look forward to the political pleasures of spending unprecedented amounts of money before the roof falls in.

These congressmen have learned to swim in the wake of the widening deficit. If the hullaballoo over the deficit starts to resemble a crisis, they won't abandon their extravagance; they'll merely howl for more taxes. For an unspoken alliance exists between the appropriators and the spenders against the taxpayers.

Yet glimpses of sunlight can be seen through the clouds. Many conscientious congressmen are responding to the danger signs and are signing up in the Grace Caucus, named for that caustic crusader against government waste, J. Peter Grace.

Last year they voted for billions in savings that could begin the prodigious adjustment to a balanced budget. The Grace Coalition, which runs the national campaign to stamp out waste in government, has called for 2,478 reforms that would reduce federal waste, inefficiency and mismanagement. The implementation of these recommendations would save an estimated $141.5 billion every year.

In a report to co-chairmen Grace and Jack Anderson, executive director George Goldberger projected $41.7 billion in savings from the reforms that have already been adopted. This is one-third of the possible savings, a respectable amount, but still leaves $99.8 billion in continuing waste that should be eliminated.

Of the 2,478 proposals, President Reagan has accepted 1,741. Of these, 596 have been implemented, 819 are in the process of implementation and 326 are proposed for implementation in the 1987 budget. The president has done about all he can do to achieve the recommended savings; it is now largely up to Congress to eliminate the waste.

The big spenders, of course, would rather raise taxes to reduce the deficit so they can continue their prodigal ways. But if Congress will eliminate the waste, it won't be necessary to increase taxes.

MICHAEL NOVAK

Families a priority for 1987

Whatever else it may be, 1987 is certain to be the year of the U.S. Constitution and the family. Both themes belong together.

The Constitution separated the powers of government. It also separated the three "systems" of our social system. It separated (1) the power of government from (2) power over moral, religious, and cultural institutions; and also from (3) power over the many varied institutions, large and small, of the economic system.

In these days of immense and all-encroaching government — which reaches even into our automobiles with a seatbelt buzzer — it is refreshing to see how limited the Constitution tried to ensure that our government would be.

The drafters of the Constitution took pains to base its architecture on the habits and institutions of the American people. For example, the Constitution undermined the institution of slavery in its principles, but tolerated it in fact — because the habits of a large proportion of the American people in 1787 tolerated it. The Constitution could not wait until better habits replaced worse; otherwise, ratification would have been impossible.

But if better habits can replace worse in such dreadful matters as slavery, worse habits can replace better in other matters. And that could mean not progress but decline. That is why the Founders stressed vigilance. "Eternal vigilance is the price of liberty," one said. When a woman in Philadelphia asked Benjamin Franklin what had been achieved by the Constitutional Convention, he replied: "A republic, ma'am, if you can keep it."

The Constitution of the United states is only ink marks on parchment, James Madison stressed, apart from the habits and institutions of our people. If every official in every post — and every citizen in every location — failed to act responsibly, the Republic would be thoroughly undermined. Free institutions depend upon free acts of responsibility.

If large institutions of self-government are to endure, small acts of personal responsibility must flow in a steady, constant stream. Citizens must govern their own passions and prejudices. There must be checks and balances *within persons*, checking personal interest against personal interest, passion against passion, and temptation against duty.

That is why the family — the incubator of a sense of responsibility in otherwise self-centered (but delightful) infants — is the rock-bottom foundation of the Republic. Without the habits, virtues, and skills inculcated in families, the Republic would soon run out of responsible citizens. In that case, our "noble experiment" would fail.

Fortunately, the experience of the last 20 years has reawakened all Americans, of all political persuasions, to the crucial role of family life. Since 1965, the fastest-growing segment of the poverty population has become single-parent families (almost always female-headed) with young children, which have now become slightly over half the poor families in the United States.

A single parent's full-time job at the minimum wage will not lift a family above the poverty line, and having small children at home makes taking a full-time job difficult. It is troubling to find poverty in families — and dependency on the state — growing.

Thus, in 1986, President Reagan placed the family and welfare reform on the national agenda. Since then, at least five reports on family and welfare have already come forth: from the American Public Welfare Association; from Gov. Bruce Babbitt of Arizona; from Gov. Mario Cuomo of New York; and two from the White House, one on welfare and another on the family.

All these reports, politics being politics, have a somewhat partisan agenda. But what is most striking is how much they have in common. Every single report identifies "dependency" as the new worry in the poverty field — not just low income, but dependency. The latter has so far been resistant to economic growth and job creation.

Every single report also emphasizes the centrality of the family. The reason is simple. Of the 33 million poor persons in the United States (1985), more than 26 million live in families. To help these 7 million families to achieve independence, self-reliance, and self-fulfillment would be to end poverty for the vast bulk of the poor. It would also be to help two generations in one fell swoop — parents and children.

There is a hopeful sign. Of the 51 million husband-wife families in the United States, only 3.4 million are poor — fewer than 7 percent. This means that those who manage to maintain husband-wife families (not so easy a task in these permissive days) have better than a 93 percent chance of not being poor.

The great success of the last 20 years has been the dramatic reduction of poverty among the elderly. In 1965, the elderly were the largest single segment of the poor. By 1985, when all non-cash benefits (including the most helpful to the elderly, Medicare) are added in, only 3 percent of the elderly are poor.

So the new focus for those concerned to reduce poverty in America falls upon the family. President Reagan and the Congress took a great step in the 1986 tax bill — a step House Speaker Thomas P. "Tip" O'Neill Jr. called the largest yet in the war on poverty — by eliminating the federal income tax burden on families below the poverty line. (Unfortunately, the burden of higher Social Security taxes is less easy to remove.)

The new focus on the family is a wise step. The new focus on ending the dependency of families on government is also sound. For the Constitution — the real Constitution, the one in the habits and institutions of the people — will be undermined if more and more families move into a kind of serfdom. Independent families are the ground of a free people's independence. Responsibility begins at home.

In 1987, blessedly, it will be nonpartisan to celebrate both the renewal of our Constitution and a renewal of independent family life. As it had in 1787, the nation in 1987 still has much to do.

Michael Novak is a nationally syndicated columnist and a resident scholar at the American Enterprise Institute.

p. 30

Go Slow on Welfare Reform

By Douglas J. Besharov

In recent weeks we have been bombarded by stories about the "new consensus" on welfare reform. There is one, but it is much shallower than most accounts suggest. And while there is a real opportunity for reform, there is also a great danger that the legislative process will produce only more of the same failed policies.

The new consensus revolves around the recognition that something must be done about long-term welfare dependency. About half of the new entrants to the Aid to Families With Dependent Children (AFDC) program will be off welfare within four years, generally within two, according to Harvard economist David Ellwood's analysis of data from the University of Michigan's Panel Study of Income Dynamics. They use government assistance as it is intended: as a temporary crutch until they can get back on their feet.

The other half, however, are on welfare for much longer—on average, almost seven years. Moreover, nearly 25% of AFDC recipients stay on for 10 or more years.

The Form of Poverty

From the left as well as the right, there is a growing concern about this form of poverty—caused not by low income alone, but by an inability to cope. Too many people stay dependent on welfare through their own behavior, such as dropping out of school, having children out of wedlock, and failing to accept minimum-wage jobs.

This "behavioral dependency" is reflected in changes in family structure and labor-force participation, documented in a recent report of the nonpartisan, privately funded Working Seminar on the Family and American Welfare Policy:

- The concentration of black and Hispanic poor in "high-poverty census tracts" in the nation's 100 largest cities (now totaling some 4.1 million people) grew almost 60% from 1970 to 1980.
- In such locations, female-headed families outnumber families headed by married couples 3 to 1, and the percentage of men with jobs is far below that of 25 years ago.
- Fewer than 7% of U.S. families headed by married couples have incomes below the official poverty line. But 34% of female-headed families are poor, and they have constituted the fastest-growing segment of the poor since 1965.
- The 3.4 million mothers on AFDC work much less than nonpoor mothers. Forty percent of nonpoor mothers with children under 18 worked full time for at least 40 weeks during 1984, compared with only 9% of AFDC mothers.
- Of the seven million children receiving AFDC in 1983, 46% were born out of wedlock.
- Children born out of wedlock, regardless of race or age of mother, are more likely to be low birthweight, to drop out of school, and to themselves have children out of wedlock.
- Only 13% of the working-age poor report as their reason for being unemployed that jobs are unavailable.
- Labor-force participation of young black males ages 16 to 24 has fallen dramatically since 1962, from 59% to 44%.

Providing income-supports is relatively straightforward, but helping the long-term dependent to adopt self-reliant behavior is far more difficult.

In analyzing computer tapes of the University of Michigan study, political scientist Charles Murray, author of "Losing Ground," concluded: "Those who do the following three simple things are unlikely to stay long in poverty: (1) complete high school; (2) get married and stay married; and (3) stay employed at a job, any job, even at first at the minimum wage."

Mr. Murray found that:

- Only 4.7% of black male heads of household with just a high-school education were in poverty or near poverty by 1980.
- In the same year, among adult males of all races with just a high-school education, 91% had family incomes greater than twice the poverty level. Among adult black males, 86% had family incomes twice the poverty level.

Providing income-supports for people of low income is relatively straightforward, but helping the long-term dependent to adopt self-reliant behavior is far more difficult. The traditional solution of economic growth plus income supplements is not working well enough to diminish their dependency.

Central to the new consensus is the conclusion that it has been a mistake to offer welfare benefits without imposing on recipients the same obligations faced by other citizens to try to become self-sufficient through education, work and responsible family behavior. There is a renewed realization that government policy helps establish a moral climate—that, properly directed, it can set goals of self-reliance for all citizens.

Workfare is the centerpiece of the new consensus. Liberals and conservatives have joined in agreeing that welfare recipients should be required to take part in work (or time-limited training programs) as a condition of receiving benefits. Young mothers should be required to complete high school (or its equivalent) and prepare for future employment; older mothers with previous work experience should be expected to find work in the private sector or (as a last resort) to accept assignment in the public sector. Even mothers with very young children should work, goes the new consensus. The idea is that education and work are necessary to develop sound habits of self-reliance. Gone is the concern that AFDC work mandates are a form of "Slavefare," the phrase that so discredited similar efforts in the '60s and '70s.

The consensus about the need to impose obligations on welfare recipients is a historic opportunity to reduce behavioral dependency. Broad support for workfare "reflects strong ideas about responsibilities and self-support, and at the same time is being implemented in many states on a basis that provides the support and assistance needed to motivate, prepare and assist welfare family heads to obtain employment," writes Richard Nathan, chairman of nonprofit Manpower Demonstration Research Corp., which designs, manages and studies demonstrations and social experiments aimed at increasing long-term self-sufficiency of the disadvantaged.

But there is a catch. Past federal job-training programs have not had impressive results, and the current wave of innovative workfare experiments have had only modest success. A recent General Accounting Office report on state workfare experiments concludes: "Evaluations of the work programs have shown modest positive effects on the employment and earnings of participants. But wages were often insufficient to boost participants off welfare. Thus, programs should not be expected to produce massive reductions in welfare rolls."

Minimizing these disappointing results, some on the left are using the idea of obligation as a justification for a major expansion of welfare spending. Proposals to spend one, two or more billions are circulating on Capitol Hill. Others, on the right and the left, fear we may see a replay of the Comprehensive Employment and Training Act (CETA), which after $60 billion spent between 1973 and 1984, was widely perceived as a local boondoggle of failed expectations. They have a point.

We should be wary of excessive eagerness to embrace workfare and similar programs as a panacea. H.L. Mencken is quoted as saying, "For every human problem, there is a neat, clean solution—it is always wrong." We do not yet know whether workfare falls within his warning, but we should take heed. Recent proposals, like that of a National Governor's Association task force, to spend large amounts of additional money on workfare are, at best, premature.

Aiming for Steady Progress

Instead, we should adopt a step-by-step approach to workfare, securing sound successes and avoiding over-promising and disillusionment. Programs should be neither massive nor designed for swift results. Rather, they should be aimed at steady progress in increasing the proportions of the employable engaged in constructive work.

Moreover, in administering welfare, the principle of federalism should be maintained. There can be no single, national approach to workfare. Local conditions vary too much. Hence, state and local governments should be given great latitude to experiment with methods of reducing poverty and dependency. Rather than specifying programmatic details, federal rules should give states and localities a financial incentive to reap the benefits of moving the dependent from passive recipiency to productive work.

The opportunity for reform should not be misspent by overspending. As a national community, we cannot afford another failed effort at welfare reform.

Mr. Besharov is a resident scholar at the American Enterprise Institute.

Ec. & Soc.

: AIDS Stats

Bogner of the New York Public
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on contacts change their story
hen classified into other risk cate-
This is why CDC calls prostitute
undetermined." Everything we
out transmission of the AIDS virus
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to transfer it to a man. Dr. Joseph
nd, a New York physician and
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en hundreds of AIDS cases but
never to have seen a case of fe-
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of Kleiman speaks of are also vir-
nonexistent. According to Mr.
, none have been reported in New
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Sweden's Disturbing Family Trends

Europe

By Neil Gilbert

STOCKHOLM — For years Sweden's smorgasbord of social benefits has been the envy around the world of those who advocate liberal public provisions. A close look, however, discloses some disturbing trends in Swedish family patterns, at least partly attributable to these programs.

Swedish parents are entitled to 12 months' maternity leave, which they can share between themselves. This is not merely unpaid leave with a promise to hold one's job as is bandied about in the U.S. Swedish parents on maternity leave receive 90% of their regular salaries for the first nine months and approximately $240 a month for the rest of the period. Six months of this leave may be taken at any time until the child is eight years old. Parents also get 60 days of sick leave a year for each child under 12 years old, again at 90% pay.

In addition, there is a vast network of day-care services that provides trained staff, a supervisory ratio of two adults for every five children under three years old and well-equipped facilities. These elaborate services cost on the average about $10,000 a year a child, 90% of which is subsidized through a combination of state and local grants. The government pays each family an allowance of about $960 a year a child under age 16, a sum that rises by 50% for the third child and 100% for the fourth and each one thereafter.

Nourished by all these social provisions, one would expect the Swedish family to be stable, secure and flourishing. This is not the case. With four divorces for every seven marriages in 1984, Sweden registered one of the highest divorce rates in the Western world. At an average of 1.8 children a family, the birthrate is considerably below the level necessary to sustain the Swedish population. In 1984 almost 25% of all pregnancies ended in abortion.

Beyond the high divorce and low birthrates, an astounding 46% of the births in 1984 were out-of-wedlock. Among the young, formal marriages are distinctly out of fashion. More than 50% of the population living with partners in the 20-to-30-year-old group is unmarried, preferring what has come to be termed consensual unions. While these arrangements account for the majority of out-of-wedlock births, in 1980 the number of single-parent families amounted to 18% of all households with children. In general, there has been a dramatic increase in the number of young adults living alone.

When cohabiting couples dissolve their relationship no official record is made. The high rate of cohabitation confounds true estimates of family dissolution, which normally are based on official records of divorce. Since the dissolution rate of cohabiting couples with one child is more than twice as high as that for comparable married couples, and for those without children almost six times as high as for married couples, the real magnitude of family breakup in Sweden is substantially larger than evidenced by an already prodigious divorce rate.

These circumstances all point to the emergence of a new social norm, one that transmits the expectation that family relationships are not supposed to last. Statistics do not convey the texture and quality of family life in Sweden. It is a prosperous nation in which single-parent families, children, the sick and the elderly are well cared for. If the family is in trouble, the Swedes do not seem to notice it.

Without going so far as to cast Sweden into the mold of a tribal kinship system, this complacency might be explained by a deeper level of social cohesion resting on common ancestry and cultural identification that holds people together despite the experience of a striking departure from traditional family life. Practically speaking, one reason Swedes seem so untroubled is that the immediate social and economic costs of family breakup are cushioned by the mass of social provisions available. For the performance of nearly every function, the act of procreation excepted, the parental state offers a substitute for the family unit.

It would stretch the point to claim that family policies in Sweden precipitated the erosion of the traditional family unit. In these matters there always are larger social and economic forces—the women's movement, sexual liberation, market needs for an expanding labor force and the advent of AIDS—at work. But to say that social policies are not determinative is not to admit that they are without influence. The case of working mothers with young children is instructive.

The main reason that 83% of the married women with children under age seven work is that the average Swedish family cannot get by on the salary of one wage earner. The main reason that a single-earner married couple with two children receiving the average production worker's wage cannot afford to live on this salary is that the couple must pay 62% of it to the government. An executive earning $73,000 pays 71% taxes. These taxes in turn go to finance a host of benefits distributed freely by the state, including day-care services subsidized at as much as $9,000 a child. The absence of a choice between this "free" day-care service and, for example, a tax rebate equal to the cost of this service certainly affords a financial inducement to shift responsibility for the care of children from the family to the state. Here social policies of the parental state are rarely designed to sustain or encourage traditional family arrangements.

Swedish workers often dispense more of their income to the state than they spend on the household needs of the family. In return, the state assumes some of the basic family responsibilities for child care and economic support. This exchange reduces the individual's dependence on the family unit and heightens reliance on government programs. It is a trade-off that apparently satisfies the Swedish people.

Yet all is not roses. While liberating individuals from the constraints, some would say tyranny, of traditional family life, the parental state levies its own brand of oppression. A Swedish survey in 1984, for example, shows 81% of the respondents agreeing that "the state has become increasingly despotic at the expense of individual rights." While Swedish citizens are hardly about to storm the Riksdag, a more recent 1987 poll—reported in the daily Dagens Nyheter—suggests that they might press the government for a bit more choice regarding the opportunity to stay at home with their children in the early years.

How well does the Swedish model of family policy work? The answer is to some extent dependent on how desirable one finds the traditional family arrangement. Neither by intent nor outcome has the Swedish model strengthened this pattern. Instead, it has contributed to reducing both the frictions and the bonds of interdependent family relations. Those who disapprove of the traditional family unit may find the emerging pattern of alternative arrangements a welcome change.

But the final tally remains to be taken. The long-term effects on the emotional development of children, interpersonal relationships, sexual equality, family commitments and civic morality may well reveal serious contradictions in the Swedish model of family policy.

Mr. Gilbert is a professor of social welfare. He recently visited the University of Stockholm's Institute for Social Research as a Fulbright scholar.

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—Philip J. Hilts

Immigrants and the Job Market

U.S. Work Force Unshaken Despite Massive Influx, Study Shows

By Frank Swoboda
Washington Post Staff Writer

The massive flow of immigrants to the United States in recent years has had little impact on the nation's job market except in a few key states, according to a two-year study commissioned by the Ford Foundation.

The study, conducted by the National Bureau of Economic Research, showed that despite the large flow of immigrants—legal and illegal—since the 1970s, the immigrant share of the nation's labor force remains small.

"The modest increase in the immigrant share of the work force . . . may surprise those familiar with the more dramatic increase in the ratio of immigrants to population," said Richard Freeman, a Harvard economist who coordinated the study.

Although the study showed that immigration had little adverse impact on the job market nationally, it acknowledged that increased immigration had created some regional problems. According to the study, more than half of all immigrants since 1980 have settled in four states—California, New York, Texas and Florida.

In these areas, the study showed a significant impact on jobs. The situation is further aggravated by the apparent immobility of the immigrants. "Immigrants arrive in the United States in a number of gateway cities and, for the most part, stay there," Freeman said.

George Borjas, an economist from the University of California at Santa Barbara, said the flow of immigrants to the United States has been steadily increasing since the 1950s.

"In the 1950s," he said, "the flow of legal immigrants averaged about 252,000 a year. By the 1970s, the average annual flow had increased to 449,000 persons, and by the early 1980s, the average annual flow was over 570,000 persons." In addition, he said, approximately 2 million Mexicans were living illegally in the United States in 1980, the time of the last census.

The study concluded that "immigrants have been absorbed into the American labor market with little adverse impact on natives." It showed that the greatest job impact typically was felt by other immigrants. "Increased immigration has some modest adverse impacts on the employment and wages of workers who are the closest substitutes for immigrants, the immigrants themselves and earlier immigrants, but little if any impact on young black and Hispanic-Americans, who are likely to be the next closest substitutes," Freeman said.

He said the study showed that employment and wages of less-educated black and white native-born Americans have not worsened noticeably in cities where the immigrant population rose in the 1970s.

> ***"Since the 1964 immigration law, an increasing proportion of immigrants have come from Asia and Latin America, many with less labor market skills than earlier post-World War II immigrants."***
>
> — Harvard economist Richard Freeman

"There is little in this research to indicate that redistributive effects of immigration should be a major policy concern," said Robert Topel, a University of Chicago economist who assisted with the study.

But Harvard economist John Dunlop, who served as secretary of labor in the Ford administration, cautioned the economists that government policymakers concerned about the regional effects of immigration on job markets will not be overly influenced by the study because they will attempt to develop policies to deal with regional employment problems.

"I do feel that . . . you're not going to persuade anybody in the policy business," he said, urging the economists to focus next on regional problems of immigration and jobs.

Freeman cited two reasons why immigrants did not take a greater share of U.S. jobs. First, he noted the increased "native labor supply" resulting from the Baby Boom generation reaching working age and the increased participation of women in the work force.

But just as important, he said, was the fact that "immigrants do not have an especially high labor force-participation rate." Freeman said the study showed that unlike some immigration patterns of the past, many of today's immigrants come to the United States to unify their families, not necessarily for economic opportunity.

Freeman said the dramatic change in recent decades is in the composition of immigrants. "Since the 1964 immigration law, an increasing proportion of immigrants have come from Asia and Latin America, many with less labor market skills than earlier post-World War II immigrants," Freeman said.

The study showed that from 1959 to 1971 nearly 40 percent of all immigrants to the United States came from Europe. In the period from 1971 to 1981, the percentage dropped to 17 percent, while immigration from Asia rose to more than 37 percent.

CORRECTIONS

Because of an editing error, a story in yesterday's Metro section about Prince George's County efforts to combat illegal drug activities incorrectly identified a park police unit. The unit, which some officials have suggested merging with the county police department, is the Maryland-National Capital Park and Planning Commission park police.

#12,604

THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

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AMERICA'S ECONOMIC BILL OF RIGHTS: PRIVATIZATION -- A MEANS TO END UNFAIR GOVERNMENT COMPETITION

FACT SHEET

In a free and democratic society, Government should not compete with the private sector but should effectively and efficiently fulfill its proper role of providing public goods, such as national defense, law enforcement, and beneficial laws to promote public health and safety.

A major goal of the Reagan Administration is a smaller, less intrusive, and more efficient government, which will not wield its economic power to compete with private business or infringe upon the right of Americans to earn their livelihood free from subsidized government competition.

As part of the Economic Bill of Rights, President Reagan announced an all-out effort to assess current governmental functions to determine which are legitimately and effectively performed by government, and which are best performed by private individuals and organizations.

Presidential Commission on Privatization

o The President will appoint, by Executive Order, ~~a~~ bi-partisan Commission on Privatization, composed of leading citizens. The Commission will examine federal programs and make recommendations for legislation to transfer activities and government-owned enterprises to the private sector through several means, including:

-- Transfer of ownership of assets and programs which can be accomplished more effectively back to the American public, current government employees and program managers.

-- Removal of Legislative Restrictions on Contracting Outside the Government to perform those tasks which belong in the private sector.

-- Increased use of Vouchers as alternatives to direct service to ensure that underprivileged citizens are able to pay for needed goods and services which can be provided by the private sector.

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- The Commission will evaluate accomplishments to date in efforts to privatize government activities, and draw upon research in formulating specific recommendations for legislative initiatives.

- The Commission will submit its final report to the President by the end of the year. Interim recommendations will be communicated to the Office of Management and Budget for inclusion in the President's FY '89 budget.

Accelerated Privatization by the Executive Branch

An Executive Order will be issued directing executive department and agency heads to designate a high-level official to accelerate efforts to divest or contract-out activities of government which the private sector can perform more efficiently. This will include contracting-out as prescribed in OMB Circular A-76, development of voucher systems, sales of assets with a portion of the receipts retained by the respective department, and other means of divestiture of services and functions that are not in inherently governmental in nature.

Privatization -- Economic Gains and Fairness

A reduced Federal budget deficit is a desirable by-product of the privatization effort. The first successful major national privatization effort, the sale of Conrail to individual investors, brought $2 billion into the Federal Treasury.

Our experience indicates that gains in economic efficiency make privatization possible without harming the interest groups most directly affected -- government employees and consumers of government services. Some privatization options can be structured to include such groups as organized labor, management, and where possible, consumers.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: REGULATORY REFORM

FACT SHEET

As part of the Economic Bill of Rights, President Reagan has redoubled Administration efforts to protect every American's right to pursue his livelihood in his own way by reducing the burden of government regulation, and pursuing and eliminating inefficient government bureaucracy.

The President has adopted the legislative initiatives of the revitalized Task Force on Regulatory Relief to remove additional burdensome regulations at all levels of the Federal government.

Redoubled Efforts to Cut the Regulatory Burden -- And Enhance Economic Opportunity

Examples of ongoing legislative initiatives include:

- Repeal of Corporate Average Fuel Economy standards would remove disadvantages for American automakers in competing with foreign producers, reduce economic distortions in the market, and reduce the pressure on American manufacturers to move production.

- Oil pipeline deregulation would improve economic efficiency by removing investment distortions that are due to uncertainties in rate regulation. This would strengthen our competitiveness. Oil pipelines have been federally regulated since 1906. Regulation has controlled both prices and services thereby distorting incentives.

- The Administration's alternative fuel strategy could achieve emission reductions in chemicals which lead to ozone and carbon monoxide, thus reducing the need for more costly and drastic approaches, all of which would limit the American people's ability to move at will.

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- Natural gas price decontrol and transportation reform have been proposed by the President to Congress on three occasions. Adoption of these reforms remains essential to the full development and use of this domestic energy resource. The net gain to the U.S. economy would be between $16 billion and $24 billion. An estimated 30 trillion additional cubic feet of gas reserves (about two year's national supply at current consumption) would be produced, reducing U.S. dependence on oil imports by up to 350,000 barrels per day from 1988 to 1995.

- Banking laws should be changed to enable the consumers of financial services, the banking industry, and the economy in general to enjoy the benefits of increased competition and greater efficiency in delivery of financial services.

  - Completing economic deregulation of interstate trucking would reduce costs for shippers and consumers alike.

- Increase deregulation of the broadcast industry as indicated by the President's recent veto of the "Fairness Doctrine" Act that was antagonistic to freedom of speech guaranteed by the First Amendment.

- Continue legislative efforts to preserve state authority rights to oversee corporate governance.

- Continue efforts to maintain the freedoms that railroads enjoy under the Staggers Act which has contributed to a healthy private sector rail system.

Ongoing Administrative Initiatives

- Continue Administration efforts to provide administrative and regulatory relief for State and local governments in use of discretionary grant funds.

- Evaluation of reforms in the Taxpayer Filing System.

- Reform Federal Procurement Regulations.

- Issue Department of Labor's "Homeworkers" Rule that would enhance workers' ability to be at home to care for their children, eliminate costs for child care and transportation, and enable workers to manage their homes, farms and other businesses while practicing their crafts working part-time at home.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: BUDGET REFORM

FACT SHEET

Virtually everyone agrees that the Federal budget deficit must be reduced and eventually eliminated. Yet the existing budget process continues to produce spending bills that would force higher taxes or require more borrowing -- adding to, rather than reducing, the size of the national debt.

The Reagan Administration has repeatedly submitted budgets that, if enacted by Congress, would reduce wasteful spending, provide for the national defense, and reduce the size of the budget deficit without increasing taxes. Congress, for the most part, has ignored the President's budget recommendations and consistently failed to enact a reasonable budget plan of its own.

To make matters worse, Congress has in recent years resorted to passing an omnibus "continuing resolution," full of objectionable provisions, rolling virtually the entire Federal appropriation process into one huge bill that is presented -- take-it-or-leave-it -- at the eleventh hour. The President is then faced with the choice of signing the bill or shutting down the government.

The congressional budget process is in a shambles, and it must be reformed.

Congress Can't Budget

Congress has a tradition of not completing action on regular appropriations bills on time.

This was true both prior to the 1974 Budget Act, and since its enactment, even though one of the purposes of the Act was to obviate the need for continuing resolutions. Congress even delayed the start of the fiscal year by three months to facilitate that objective.

But the performance of Congress has steadily worsened since 1974 -- in the next 2 years Congress enacted all 13 separate, regular appropriations bills, but by last year Congress failed to enact any separate appropriations bills.

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Last year, in not enacting separate appropriations bills, Congress achieved the dubious distinction of producing the biggest single spending bill in the history of the Republic -- totaling $576 billion in new spending authority. This was the first permanent continuing appropriations resolution in 36 years to fund the entire government for the entire fiscal year. Under current law, the President may propose rescissions of budget authority, but both Houses of Congress must act favorably for the rescissions to take effect. This year, the Reagan Administration proposed 73 rescissions involving 14 agencies and totaling $5.8 billion. Not one was enacted. Not one was even voted on within the 45-day time frame established under current law -- and, in accordance with the law, the funds had to be released. In 1986, only 1 percent of the funds proposed for rescission were actually rescinded.

The President's Program for Budget Reform

1. A constitutional amendment to balance the budget -- including a provision requiring a supermajority vote to increase taxes -- would provide needed discipline to the congressional budget process. Ninety-nine percent of Americans live in states which require a balanced budget.

2. The President should have line-item veto power. The Governors of 43 States have the power to veto specific provisions of a bill without vetoing the whole bill. A line-item veto would enable the chief executive of the Federal Government to eliminate some of the most flagrant special interest spending. Recent Presidents have been forced to accept pork-barrel spending included in general spending bills that often must be signed.

3. The Administration will seek the implementation of a number of legislative changes that will restore integrity to the Congressional budget process:

   o The budget resolution should be a joint resolution, presented to the President for signature. Under the current system, the congressional budget resolution is not a law and does not require the President's approval. As a consequence, the same battles are frequently fought over and over as separate appropriations bills are enacted. By requiring the President to approve the budget, debates on priorities would have to be settled up front, once and for all, prior to the formulation of appropriations.

   o Enhanced rescission authority -- a requirement that Congress must vote to disapprove the President's rescission proposals. This would give the President necessary leverage over wasteful spending.

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- Biennial budgeting. If Congress were to "budget" the first year of each Congress, then engage in oversight (and supplemental action) the second year, the quality of budgeting would increase and the time required would decrease.

- Separate and enforceable 302(b) allocations. Forcing Congressional appropriations committees to appropriate levels consistent with all aspects of the budget resolution would be an important protection against overspending. It would also help prevent under funding of national security and entitlement programs.

- Strengthened reconciliation. In recent years, reconciliation has become a vehicle for spending increases, rather than spending reductions. A ban on increases in the outyears would help control domestic spending.

- Credit reform. As proposed by the President, credit reform would require appropriation of subsidies now implicit in Federal credit programs.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: TAX LIMITATION PROPOSAL

FACT SHEET

Government taxation of individual and corporate earnings is the most intrusive economic burden that government can inflict upon a people. The lessons of our own history are clear -- the cavalier imposition of taxes upon American colonists sparked a revolution and with it the beginnings of our United States of America.

President Reagan, in a dramatic new proposal contained in his Economic Bill of Rights, has called for the requirement of a supermajority vote by each House of Congress in order to pass legislation that would increase taxes. The President's proposal would complement the effort already in place, and joined by 32 states, to enact a balanced budget amendment to the Constitution.

Too Easy to Tax -- Proposed Fix for Lost Constitutional Restraint

For most of our nation's history, the Constitutional checks on national authority limited the growth in federal spending kept incentives to raise taxes low. In addition, the requirement that direct taxes be apportioned equally among the States provided an effective check on Congress's ability to raise taxes. But over the years these protections have been eroded through judicial interpretation and the Sixteenth Amendment, ratified in 1913, authorized a Federal income tax.

When compared with more recent tax rate schedules, the figures in the chart below demonstrate the added burden that the national personal income tax has placed upon the private earnings of Americans since 1913.

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1913 Federal Personal Income Tax Rates

1913 Earnings	1987 dollar Equiv. (Approximate CPI adjusted)	Tax Rate (percent)
Less than $4,000	(Less than $45,000)	zero
Between $4,000 & $20,000	($45,000 & $226,000)	1 percent
Between $20,000 & $48,000	($226,000 & $542,000)	2 percent
Between $48,000 & $76,000	($542,000 & $848,000)	3 percent
Over $500,000	(over $5,642,000)	7 percent

In 1988, the maximum Federal statutory income tax rate will be 28 percent, down from a high of 94 percent in the 1940s.

The erosion of restraints upon Congress to tax led invariably to Congress raising taxes. That erosion, has created a situation of Constitutional imbalance that tips the tendency of government toward raising taxes on the American people.

The President's simple proposal is intended to redress that imbalance and to ensure that while fulfilling obligations to support truly national government functions, the American people should have the maximum protections to keep what they earn. Seven states -- Delaware, South Dakota, Arkansas, Florida, Louisiana, Mississippi, California -- have adopted special protections from overtaxation and have adopted the supermajority requirements. A supermajority vote is a common restraint upon Congress for matters of routine importance including approval of treaties with other countries and enacting a bill over a Presidential veto.

Current Need for Amendment

During the last fifty years, Federal income tax revenues have increased more than 500 percent as a percent of GNP. Federal income tax rates ballooned from an original maximum of 7 percent (for those earning over a 1987 equivalent of $5.6 million a year in 1913) to 94 percent in the 1940's. Due to the President's efforts, the maximum statutory rate will fall to 28 percent in 1988.

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But the federal taxation balance favors higher taxes. Congress has consistently found it easier to raise taxes on the American people than to reduce wasteful spending that is defended by the special interests in Washington. Congress is currently proposing a $64 billion tax increase over the next three years to pay for additional spending schemes.

If the ability to tax is not made constitutionally more difficult, the Reagan tax cuts will be in danger of being reversed after he leaves office, just as President Kennedy's tax cuts were effectively overturned in the years following his Administration. The relative ease with which the Federal government is able to tax constitutes a threat to every American's freedom to make economic choices.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: TRUTH IN SPENDING ACT OF 1987

FACT SHEET

Continued spending growth, particularly where wasteful or unnecessary, adds to the deficit and absorbs resources that would otherwise be employed more effectively in the private sector of the economy. The President has already determined to oppose special interest budget-busting spending schemes such as pork barrel projects in Congress, like the Clean Water Act and the 152 "demonstration" projects in the Highway Bill. But abuses continue.

To prevent future spending abuses, the President is determined that the American people get the facts about the actual costs of Federal spending, and that Congress face the consequences of their actions.

The President's Proposal

To protect the American people from over-spending by Congress, the President will offer "Truth In Federal Spending" legislation that will:

- Require that every new program established by legislation increasing Federal spending be deficit-neutral by concurrently enacting equal amounts of program reductions or revenue increases.

- Require that every piece of legislation and rulemaking seeking an increase in private sector and State and local government costs explicitly include a "financial impact statement" detailing:

  - The effect on private costs.

  - Prices to consumers.

  - The effect on employment.

  - The impact on the ability of U.S. industries to compete internationally.

- Require that every piece of legislation forcing increased expenditures by State and local governments include an assessment of the spending impact, the likely source of funding, and the ability of these governments to fulfill the mandates of the legislation.

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In real terms, spending on domestic programs grew at an annual rate of more than 6.5 percent from 1960 to 1980. Since 1980, the President has reduced the rate of domestic spending increases by more than 60 percent to less than 1 percent in 1986. This year, Federal spending, in real terms, will decline for the first time since 1973.

Progress is being made, but wasteful spending continues to delay the day when the Budget will be balanced.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: PROTECTION OF PROPERTY RIGHTS

FACT SHEET

One major component of the President's Economic Bill of Rights is the expressed commitment to expand explicit protections of every American to own and control property and to freely enter into contracts in order to conduct business.

Recent landmark decisions by the Supreme Court have affirmed the Constitutional right to receive just compensation when the government takes property through regulations which limit the owner's full use of his property. The Attorney General, at the President's direction, intends to build upon our successful efforts to fully protect these fundamental property rights.

Toward Full Protection of Property Rights.

The 5th Amendment prohibits the government from taking private property, except for a public purpose and only upon payment of just compensation.

> "No person shall...be deprived of life, liberty or property, without due process of law; nor shall private property be taken for public use without just compensation."

In two recent cases, First English Evangelical Lutheran Church v. Los Angeles and Nollan v. California Coastal Commission, the Supreme Court has affirmed important principles of the 5th Amendment:

(1) The 5th Amendment protects against certain types of onerous government regulation which deprive a property owner of the full use of his property.

(2) The landowner is entitled to receive just compensation for losses during the period the regulation is in effect before a court decision strikes it down.

(3) Governments cannot demand a portion of one's property as a condition for issuing permits in all cases;

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For the past 50 years the courts have been erratic in applying the 5th Amendment protections to new Federal, State and local actions which limit the ability of owners to control their property. The Supreme Court has now stated, unambiguously, that the Constitution stands behind the rights of private property holders.

Administration Initiatives

In light of these Constitutional safeguards, regulations which severely limit the freedom of contract or the freedom to use one's own property -- such as some zoning restrictions, rent control ordinances, and confiscatory rate schedules -- will need to be re-examined. The Justice Department will continue to monitor these cases and defend constitutional protections for every American's property rights in the courts.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: PROTECTING INTELLECTUAL PROPERTY

FACT SHEET

In a world economy that is increasingly driven by technology and an accelerating pace of change, new measures are needed to ensure that the first commercial use and development of marketable ideas and inventions are reserved for those who produce them.

The President believes it is vital to ensure that we provide adequate protection, both domestically and internationally, to those who create new ideas and invent new products and services. The President included intellectual property protection as a key element of the Economic Bill of Rights because of its protection of incentives. He said in February:

> "America's most competitive edge has always been our scientific and technological creativity...but we still aren't doing enough. In too many industries we have developed the technology, only to see others bring it to the marketplace. Our legislative package will help make the journey from the American laboratory, to the American factory, to the world market, a shorter journey and a more certain one."

The President's Proposals

The President's proposals to increase protections of ideas are contained in the "Trade, Employment, and Productivity Act of 1987," and would have the following effect:

- Encourage licensing of patented technology, protect the process of production as much as the product itself, and provide for more flexible antitrust standards for intellectual property licensing arrangements;

- Make International Trade Commission proceedings more effective by allowing infringement of intellectual property to be a cause to bring legal action against alleged offenders;

- Restore the terms of patents covering agricultural chemicals and animal drugs to compensate for time lost in Federal regulatory review;

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- Reduce the cost of defending patent rights through procedural reforms;
- Increase the protection of copyrights by joining the Berne Convention for Protection of Literary and Artistic Works which 76 countries have already joined;
- Increase the confidentiality of commercial information given the government in its regulatory efforts; and,
- Include intellectual property protection as a major element of all international negotiations.

Those who steal the fruits of American creativity steal America's economic future. The President's proposals for intellectual property are designed to encourage innovation, creativity, and technological progress.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: WELFARE REFORM INITIATIVES

FACT SHEET

President Reagan believes that to enable every American to realize his or her full economic potential, reform of the present welfare system which promotes dependency, destroys families, and damages communities must go forward in earnest. The President has devised a welfare reform strategy that will lift the least fortunate among the American people up from dependence to independence, and bring them into the economic and social mainstream of American life.

The President's plan encourages States and communities to be innovative in designing their own programs to reduce dependency.

The Problem

- America's current welfare system is a vast and complex labyrinth of 59 major welfare programs that spent approximately $140 billion in FY 1986. Other Federal programs for the poor brought total spending to over $150 billion.

- Welfare spending has soared since the Great Society era, from $6 billion ($21 billion in FY '85 dollars) in 1960, to approximately $140 billion in FY 1986. Today, some 52 million Americans, one in five, benefit from those programs in any given year.

The President's Low Income Opportunity Initiative

On February 26, 1987, the President sent Congress the Low-Income Opportunity Improvement Act of 1987, a measure that will allow States and communities to implement their own anti-poverty ideas and programs through broad-scale experimentation. Successful results are to be gradually incorporated into the national welfare system. The President believes the best solutions to welfare dependency will come from the States and communities.

To complement the President's February plan, four new initiatives are being advanced:

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- Greater Opportunities Through Work (GROW) is a new employment and training program in Aid to Families with Dependent Children (AFDC). It will prevent and reduce welfare dependency by increasing the focus on activities that assist young recipients and mothers of young children.

  -- GROW would lower the current exemption from work activities for mothers with children under six years of age to mothers with children under six months.

  -- It will mandate large-scale participation in work activities by welfare beneficiaries in all states.

  -- For the first time, uncapped supporting Federal funds for job search and workfare administration, job-related expenses, and child care will be provided at a 50 percent matching rate with the states.

- The Job Training Partnership Act (JTPA) Summer Youth Employment Program within the AFDC Youth Training Program is the second initiative. It will be restructured to permit states to provide year-round intensive services to young men and women in welfare families who face multiple barriers to becoming productive adults. In addition to education, employment and job training activities designed to prepare and place youths in jobs, this new program will fund basic and remedial education; counseling on drug abuse; counseling on pre-natal care and pregnancy prevention; and classes on child care and life skills planning.

- The Child Support Enforcement Program will seek increased payments by absent parents in support of the children they brought into the world.

  -- One change builds on reforms enacted in 1984, which required States to set guidelines for support award amounts. It requires judges to use these guidelines in almost all cases.

  -- The second proposal is to provide incentive payments (financial rewards) only to those States which are efficient and effective in collecting child support payments on behalf of AFDC families.

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THE WHITE HOUSE

Office of the Press Secretary

For Release at 10:10 EDT
Friday, July 3, 1987

AMERICA'S ECONOMIC BILL OF RIGHTS: EDUCATION & OPPORTUNITY

FACT SHEET

The educational goals of the American people are common to all. They are to produce adults who are capable of taking their place as responsible, self-sufficient citizens in a free country. But citizenship -- like freedom, to which it is so closely related -- is not a passive thing. It brings with it obligations. It becomes real only as we accept our responsibilities as free men and women and transmit to each generation the importance of private enterprise, limited government, individual liberty and the ability to prepare for one's own economic future.

The President's Focus: Education and Economic Opportunity

Last year Americans spent $282 billion on education at all levels, public and private. In order to improve American education, we must make better use of our resources. The following goals outlined by the President, will be the focus of the Reagan education agenda during the remainder of this Presidency:

- Recognize the inalienable right of parents to have their children educated, publicly or privately, without unreasonable regulation or interference from State or Federal governments;

- Encourage basic instruction in reading, mathematics, science, writing and foreign language;

- Encourage good teaching by developing pay systems that are based on competence and merit;

- Bring an end to drug and alcohol abuse in our schools;

- Promote instruction in justice, liberty, tolerance, economic freedom, and the nature of our Constitutional Republic; and

- Remove, so far as is humanly possible, every barrier to full participation arising from physical or mental disabilities.

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Federal Initiatives to Encourage Continued Education Reform

- Assessment of Education Reforms -- On March 26, 1987, the President charged Secretary Bennett to develop a follow-up to the landmark report, "A Nation At Risk," issued in May 1983. This new report will be released in May 1988, and will assess what has happened in education reform during the past five years and what further reforms are needed.

- Quality and Maximum Opportunity -- The Administration will encourage further development of various forms of educational choice, including magnet schools, in order to provide maximum educational opportunity for all students, especially in urban areas.

- Second Chance for Dropouts -- For those who have cut short their ability to enter the economy by dropping out of school, the Department of Education will encourage State and local education agencies to offer "second chance" options for dropouts and adopt educational choice policies such as those proposed recently by the National Governors Association, which are helping troubled students complete their education and find employment.

- Improved Literacy -- By pooling the efforts of business, labor, education, and community organizations and using methods of teaching reading that research has proved effective, we can reduce illiteracy in the United States by at least 50 percent by the year 2000.

- Job Placement for Disabled Students -- To help disabled students get jobs, the President has directed the Secretary of Education to work with the States, private business and industry for improved job development by supporting transition programs that employ handicapped youth.

- Keep At-Risk Students in School and in Line for Jobs -- The Department of Education will redouble efforts to draw more attention to schools and other organizations successful in serving at-risk students. The Department will also support research and dissemination of information about programs that succeed in encouraging dropouts to return to school.

- Bilingual Education -- To help all students to have full access to economic opportunity in America, the Department of Education will continue to urge Congress to give local educators the flexibility they need to use a variety of strategies for teaching English to non-English speakers.

- Re-authorization of Funding for Disadvantaged Children -- Educational choice is an important Administration objective. Therefore, we will actively promote our re-authorization proposal for the Education Consolidation and Improvement Act, which includes expanded choice for parents of disadvantaged children and more accountability for results by local education agencies.

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3. Enact essential antitrust, product liability, foreign corrupt practices and other regulatory reforms that recognize the expansion of the market place beyond national boundaries; and

4. Improve America's ability to ensure free and fair trade without resorting to protectionist measures that destroy jobs and harm the consumer.

Steps Taken to Foster Competitiveness

A number of the President's competitiveness proposals have been favorably received in the Congress; action is expected on a range of proposals soon. In addition, the President has:

- Issued Executive Order 12591 to facilitate private access to science and technology;
- Endorsed the Superconducting Super Collider, a 52-mile-round, particle accelerator that will help us better answer questions on the basic building blocks of matter -- and symbolize American scientific leadership to the world; and
- Established, through his Science Advisor, a National Conference on Commercial Applications of Superconductivity to be held in Washington on July 28-29, 1987.
- The President has vigorously enforced the trade laws at the same time pursuing market-opening initiatives.

Over the past six years, America has again become the economic wonder of the world. The President's competitiveness initiative is designed to build upon that progress.

> "I am convinced that enactment of my proposal will allow American workers and business to meet world competition head-on, and win."
> --- President Reagan
> February 19, 1987

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AMERICA'S ECONOMIC BILL OF RIGHTS: COMPETITIVENESS

FACT SHEET

To support the right of every American to expect government policies that foster opportunity, self-support, and growth, the President pledged to redouble his efforts to secure Congressional approval of the competitiveness proposals he submitted earlier this year.

Those proposals, contained in the President's Competitiveness Initiative, are designed to prepare American workers and businesses for full participation in an increasingly complex world economy. When enacted, they will ensure that the Federal government meets its proper responsibility in contributing to the goal established by the President in his sixth State of the Union Address, January 27, 1987: Assure American competitive preeminence into the 21st century.

How American Business Can Compete -- and Win

The President identified two areas where immediate action is required:

- o First, the government should do everything possible to facilitate America's ability to compete, by freeing businesses from restrictive regulations and creating a climate in which enterprise and individual initiative can thrive.

- o This will enable individual Americans to fulfill their personal quest for excellence -- not by spending billions on new programs but by contributing American spirit and American grit.

The President has called for 43 specific actions or proposals to foster U.S. competitiveness. These proposals fall into four categories:

1. Increase job retraining and other initiatives that improve opportunities for the American worker.

2. Encourage science and technology by increasing support for basic research and development;

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