

November 1, 1986

Divide and Conquer:  
Responsible Security for America's Poor Families<sup>1</sup>

by

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Charles Murray has created quite a stir. He has written a powerful indictment of the whole social welfare system. According to Murray, the very system designed to help the poor has instead created dependent wards by penalizing the virtuous and rewarding the dysfunctional. Much of Murray's book is a graphical and statistical discussion of what has happened to the poor in general and to the black poor in particular. But much of the power of his case comes from the fact that he looks at two very fundamental questions: why are people poor, and does our social welfare system reflect and reinforce our basic values.

The intellectual establishment, particularly the liberal intellectual establishment, has been quick to attack Murray's

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<sup>1</sup> This paper was funded by a Ford Foundation Project on The Future of The Social Welfare State. I have received very helpful comments from Regina Aragon, Mary Jo Bane, Gordon Berlin, Tom Kane, Richard Nathan, Robert Reischauer, and participants at a September conference.

statistical work. These attacks cast considerable doubt on the credibility of Murray's conclusions. But what is often missed in this feeding frenzy is that although Murray may have gotten the answers wrong, he probably got the questions right.

Unfortunately Murray fell into much the same trap that social reformers have slipped into for centuries. Though he paid lip service to diversity, ultimately he ignored the extremely heterogeneous nature of the poor and the causes of poverty. In reading his book, one is left thinking only of a black underclass trapped by their own counter-culture which is nourished by social policies which avoid "blaming the victim" or in Murray's world, blaming the villain. Yet less than 10% of America's poor are minorities living in severe poverty areas in our major cities. The reader misses entirely the poverty of West Virginia where unemployment rates often exceed 18% and families express great satisfaction with workfare programs. One easily forgets the recently divorced women who use welfare as transitional assistance until they can support themselves. Absent is any discussion of the working poor, particularly those persons who are working full time, but are still poor. One never notices that the bulk of our resources are devoted to aiding the elderly and disabled, not the healthy laggard.

The poor have always been viewed in stereotypical terms: it seems that such stereotypes are inevitable in political discussion. They are certainly critical for those who are going to "solve the poverty problem" with simple all encompassing solutions. Just as Murray pointed to the "underclass" as a justification for eliminating most of our social welfare system, the advocates of the negative income tax focused

on the working poor to justify a program that provided support to the entire poor population.

The country has been ill served by such simplifications. By lumping together all the poor, one is faced with programmatic compromises and philosophical conundrums. How can we both be generous to those who cannot work yet still reward and encourage those who can and do work? A program which treats unemployed teenagers the same as disabled middle aged adults just because their incomes match will likely serve both groups poorly. When "the poor" are a single class, the oldest questions of man's inherent goodness surface. Is poverty voluntary? Are the poor taking sufficient responsibility for themselves? Does welfare corrupt?

In fact there are many situations where these questions need not arise. Doctor certified disability is unlikely to be voluntary. Someone working full-time can hardly be expected to do more. A family which used welfare for transitional assistance probably has not been corrupted. There are cases where these difficult questions must be faced, but even then the problems look very different in the specifics than in the abstract.

In this paper, which is drawn from a forthcoming book to be published by Basic Books, I consider both the reasons for poverty and the value questions these reasons pose. The paper addresses only the poverty of families with children, for it is these families that inspire the greatest empathy and concern. It is my conclusion that by dividing the poor into a few groups and by recognizing the several reasons that people are poor, one can piece together a system of income support which

is both more effective at reducing poverty and more compatible with the basic values that now occupy so much political discussion. What my colleague, Mary Jo Bane has called the "divide and conquer" strategy offers far more room for common ground than any of the superficially appealing "ultimate solutions."

I offer the outlines of a "Responsible Security" plan for families. It is derived from explicit consideration of responsibility and work. It is also designed to enhance the economic security and independence of the poor by putting them in a position where it is practical for them to be essentially self-supporting without relying on welfare-like assistance. The goal is to create a system that gives both to the poor and to poverty policies the respect that comes from being in the mainstream. Indeed, RESPECT (RESPonsible sECuriTy) might be an appropriate acronym for the plan.

I argue that when one looks at the causes of poverty and seeks policies which are more in line with our values, there are strong arguments for moving towards a system which embodies four propositions:

- o People who are already doing as much work as society deems acceptable ought to be able to support their families at or above the poverty level without relying on welfare or welfare-like supports.
- o People who are poor and are not working as much as society would hope ought to be offered short-term transitional assistance which includes training and services designed to help them become self-supporting coupled with short-term cash income support.
- o Long term income maintenance for people not working as much as society would hope ought to be provided in the form of jobs and work, not in the form of cash welfare of indefinite duration.
- o Absent parents ought to be required to share any income that they have with their children.

Though any talk of values often carries the taint of judgment and arrogance, one cannot discuss poverty without considering responsibility and expectations. It is appropriate to ask what are the responsibilities of citizens for themselves, and what is the responsibility of government to the citizens. These are not always easy questions, but they inevitably underlie policy debates. Only those who contend society can expect nothing from the poor or those who believe the poor are wholly responsible for their condition can skirt these difficult questions.

Much of this paper will be an examination of who is poor, how long they are poor, why people are poor, and what we now do. I begin by looking at the poverty of children, exploring its frequency and duration. That examination shows that the poverty experiences of children are dramatically different for children living with two parents and those living only with their mother. The remainder of the paper examines the problems of these two groups separately, for the nature and causes of poverty, society's notion of responsibility, and the appropriate policies often differ between them.

#### GROWING UP POOR IN AMERICA

The federal government reports that in 1984, just over 20% of all children lived in a family that had cash income including government cash transfers which fell below the poverty line for a family of that size. (The poverty line for the increasingly mythical family of four was \$10,609). These children were almost equally divided between homes

headed by women and those headed by men. And 45% of the children were black, hispanic, or some other minority.

But these sterile statistics fail to tell very much of the lives of these children. They miss entirely whether this poverty is temporary or permanent. They give no hint about what these children's past has been like or what can be expected in the future. It is impossible to know for sure what will happen to today's poor children. But it is possible to look at children who were born far enough in the past so that we can determine how many and which ones of them actually grew up poor, and how many simply touched poverty for a short time.

Using longitudinal data from the Panel Study of Income Dynamics,<sup>2</sup> we can look at a single year's cohort of children born around 1970<sup>3</sup> and ask how many of them actually grew up impoverished. Table 1 provides such information. In generating this table, I excluded all government transfer income (including welfare, Social Security, Unemployment Insurance, and Workers Compensation), so that it shows how many children were in homes where the private sources of income were insufficient to provide support above the poverty line.

The table shows for example that of the 3,500,000 children born in an average year around 1970, 2,278,000 or 65.1% avoided poverty altogether in their first 10 years of life. And of those who

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<sup>2</sup>The PSID is a survey which has followed 5,000 American families annually since 1967. I used the 15 year sample form this survey. All results are weighted.

<sup>3</sup>The data I report are averages for children born between 1967 and 1973 who are followed for the first ten years after their birth. I report the data as though it represents a single year's birth cohort for simplicity of discussion.

Table 1  
 The Poverty Experiences of Children Born in A Typical Year Around 1970  
 Number of Children (in thousands) and Percent Distribution  
 By Number of Years Poor  
 In the First Ten Years of Life

	<u>Never Poor</u>	<u>Temporarily Poor (1-3 Yrs)</u>	<u>Half Time Poor (4-6 Yrs)</u>	<u>Long Term Poor (7-10 Yrs)</u>	TOTAL
<u>Number of Children (in thousands)</u>	2,278	686	269	267	3,500
<u>Percent of Children</u>	65.1%	19.6%	7.7%	7.6%	100.0%

experienced some poverty, the majority were touched by it only briefly. One child in 6 was poor at least half of his or her early childhood, 1 in 13 literally grew up poor.

The "small" group which is hit hardest looms much larger when we realize that the 7.6% of children who grew up poor, actually endured 50% of the poverty years experienced by children. The reason is simple enough. One child poor for 10 years experiences as much poverty as 10 children poor for one year. This is not statistical mumbo jumbo. In a very real sense the long term poor represent half of the poverty problem.

The notion that 7.6% of all children could account for half of all the poverty even though they are only a small portion of all the children who ever became poor at some point in their lives may seem confusing. But it shouldn't be. Poverty is no different from all sorts of activities. Most adults have tried cigarettes at some time in their life, but the bulk of the smoking is done by (and most of the cigarettes as sold to) a much smaller number that smokes a pack or two per day. Many people have been to church, but it is a tinier group of regular members that fills the pews on most days. So it is with the poverty of our children. Many have been exposed to it, but a few account for the bulk of the problem.

Policy must thus wrestle with the fact that many families suffer short term poverty and could be helped by short term assistance, while a few suffer longer term problems and need help with long term income maintenance. It may make sense to separate short term transitional

assistance for the many from the longer term maintenance of the few (who account for so much poverty.)

Who are these poor children, and what is the story of their families? We can only guess at the details when we use such abstract data. What we can do though is look to see if there are common features of their lives, common characteristics which might explain their problems. When I look at these characteristics several stand out. Education has some association, though less than many would suppose. Region provides some information. Race is a powerful predictor in isolation. But one characteristic dwarfs all the others in predicting poverty experiences: family structure.

#### Poverty and Family

Let us perform a simple thought experiment. We wish to consider the situation faced by three different children. All we know is that the first one spent his entire first ten years in a two parent household, the second spent some part of those years in a single parent home and the remainder in a two parent home, and the third was born into and remained in a single parent household. Knowing only these facts, what can we say about the likely poverty experiences of these children?

A great deal. Some 80% of the children in stable two parent homes would escape poverty altogether. And only 2% would be long term poor. For children in this group, poverty is uncommon, and when it occurs, it tends to be short lived. By contrast only 7% of the children who grow up entirely in single parent homes would escape poverty, and an astonishing 62% would be poor essentially their entire first 10 years of life! Here poverty is guaranteed, and it is likely to last throughout

childhood. For those who spend part of their childhood in female headed homes, the results are mixed. Two-thirds will experience some poverty, but "only" 12% will "grow up poor".

The role of family shows up vividly on Table 2 which shows how the 3.5 million children in our cohort born around 1970 lived. The table reads: 2,005,000 of the 3,500,000 children born in a typical year around 1970 spent their entire first 10 years in a two parent<sup>4</sup> home and experienced no poverty. Another 340,000 were in two parent homes but experienced temporary poverty, and so forth.

Several features of this table deserve special emphasis. It is unusual for children to be raised entirely in a female headed home (only 200,000 children or 6% of this cohort was), yet that group accounts for almost half of all the children who are long term poor. And most of the other long term poor children spent part of their life in a single parent home. The children who literally grow up poor in America almost always spend at least part of their childhood in a female headed home. Even among the short-term poor, more than half spend some part of their childhood in a single parent home.

Still, one should not come away from these figures with the impression that poverty is only a matter of family structure. On the

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<sup>4</sup> There really are three types of families which might be considered: two parent families, single parent families headed by a woman, and single parent families headed by a man. The last group is so small (2% of children) that they do not merit separate discussion. Their behavior looks most like that of husbands in two parent families, thus I have classified them along with the two parent families throughout this paper. In language that the Census has now discarded as obsolete, the people classified here as living in two-parent homes are actually living in families with a "male head".

Table 2  
 The Extent of Poverty During the First Ten Years  
 of Childhood And the Type of Living Situation  
 for Children Born in a Typical Year  
 in the Late 1960 or Early 1970s  
 (numbers in thousands)

	<u>NUMBER OF CHILDREN WHO WERE:</u>				TOTAL
	<u>Never Poor</u>	<u>Temporarily Poor (1-3 Yrs)</u>	<u>Half Time Poor (4-6 Yrs)</u>	<u>Long Term Poor (7-10 Yrs)</u>	
<u>Always in a Two Parent Family*</u>	2,005	340	110	50	2,505
<u>Some Years in a Female Headed Family</u>	259	321	116	92	788
<u>Always in a Female Headed Family</u>	14	25	43	125	207
TOTAL	2,278	686	269	267	3,500

\*The small number of single parent male headed families are included in this category.

Source: Special Tabulations of the Panel Study of Income Dynamics (PSID)

contrary, returning to Table 2, one can calculate that 44% of all the children that were ever poor in their first 10 years of life were always in two parent households. And many of the children who spent only part of their lives in two parent homes and who knew some poverty, experienced some of their poverty years during the period when he or she lived with two parents. Indeed financial problems such as unemployment of the husband or wife might lead the family to be poor and might contribute to the break-up of two parent homes. In such a case a child may spend part of his or her childhood in a single parent home because the two parent-family was poor.

Perhaps the most striking feature of all on this table is the large share of our children who do not fit the image of a typical American child: one raised in a stable and prosperous (never poor) two parent home. Only 57% (2,005/3,500) of the children born around 1970 were never poor and never in a single parent family<sup>5</sup>. And things look even more different for children being born today. The divorce rate and the fraction of all children born to unmarried women are both much higher than they were in 1970. Most estimates now suggest that over half of the children born today will spend some part of their life in a single parent home. Many others will experience poverty while in a two parent home.

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<sup>5</sup> Even this figure is optimistic. Family status is actually determined just once a year at the time of the survey. Some of those listed as having always been in a two parent home, may have been in a single parent home for part of the year that did not happen to fall on the survey date. And some of those who were always in a two parent home, may not have had the same two parents throughout this period.

Children born today face a double threat. They face the possibility that their family will be poor at least for some period even if it remains intact. And they face the possibility that they will spend part or all of their childhood in a single parent family in which case they will very likely experience poverty along with whatever other hardships the situation implies. A declining minority will live their lives entirely in a non-poor two parent home. The question yet to be addressed is whether our society and its social policy institutions are designed in recognition of this fact.

#### THE POVERTY OF TWO PARENT FAMILIES

Roughly 9% of two parent families with children are poor in any one year. If the family remains intact, we have seen that the poverty will typically be short lived. Only one child in 50 raised in a stable two parent home will be long term poor before transfers. The causes of two-parent poverty are surprisingly easy to understand. Low pay, lack of jobs, and disability are the overwhelming problems. This claim may sound like liberal soft headedness, but the evidence in favor of the proposition is overwhelming. Consider first what the poor themselves say when asked why they don't work more as shown on Table 3.

Some 28% of all poor husbands and 8% of poor wives already work full-year full-time. Thus at least one adult is already working fully in over 1/3 of pre-transfer poor two parent families with children. For them the problem is simple: low wages. In spite of working all the time, they do not bring in enough money to keep the family above the poverty line. Some of these families live in rural areas, others have

Table 3  
 MAIN REASON HUSBANDS AND WIVES  
 IN PRE-TRANSFER POOR\* FAMILIES WITH CHILDREN  
 DID NOT WORK MORE WEEKS DURING 1984

	Husbands** in Poor Families	Wives in Poor Families
Already Working Full Year		
Full Time	28%	8%
Part Time	4%	6%
Unable to Find Work		
Worked Part Year	27%	6%
Did Not Work At All	8%	4%
Ill or Disabled	17%	5%
Retired	7%	1%
In School	3%	2%
Taking Care of Home or Family	1%	65%
Other	6%	3%
TOTAL	100%	100%

Source: Special Tabulations of the Current Population Survey 1984

\* Family income not counting government transfers is below the poverty line.

\*\* Includes the small number of male family heads where no wife is present.

many children. But the fact is that if a worker works full-year full time at the minimum wage, he or she will not earn enough to keep a even a two person family above the poverty line. To support a family of four, one must earn 60% above the minimum wage.

Of roughly equal significance on this table is unemployment. Some 35% of husbands and 10% of wives report that they were unable to find work. Should these claims be believed? There is much evidence to support them. The overwhelming majority of these people worked part of the year, suggesting they were willing to work. More convincingly, the number of people claiming unemployment is the cause of their poverty drops precipitously when the overall state of the economy improves. In 1983 when the overall unemployment rate was nearly 10%, 934,000 poor male family heads reported unemployment as the chief reason they had low earnings. In 1978, when the unemployment rate was 6% (still high by historical standards), just 341,000 reported unemployment as the cause.<sup>6</sup>

The third reason for not working more is illness or disability-- reported by 17% of husbands and 5% of wives. There is other evidence to support many of their claims, the majority of those reporting illness or disability report receiving Social Security or Supplemental Security benefits which are only available to those for whom a government doctor has certified that the person is "permanently and totally disabled".<sup>7</sup>

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<sup>6</sup>Unlike most of the other numbers reported in this paper these are for the officially defined poor, the only ones available from published data. In defining official poverty government transfers are added before comparing family income to the poverty line. In this paper such transfers are not added so as to provide a sense of what people are doing on their own.

<sup>7</sup>The actual rule for disability is that the person be unable to work for at least the next 12 months.

And the number of families reporting illness and disability does not vary much with overall economic conditions, suggesting that people are not using illness as an excuse for their inability to find work.

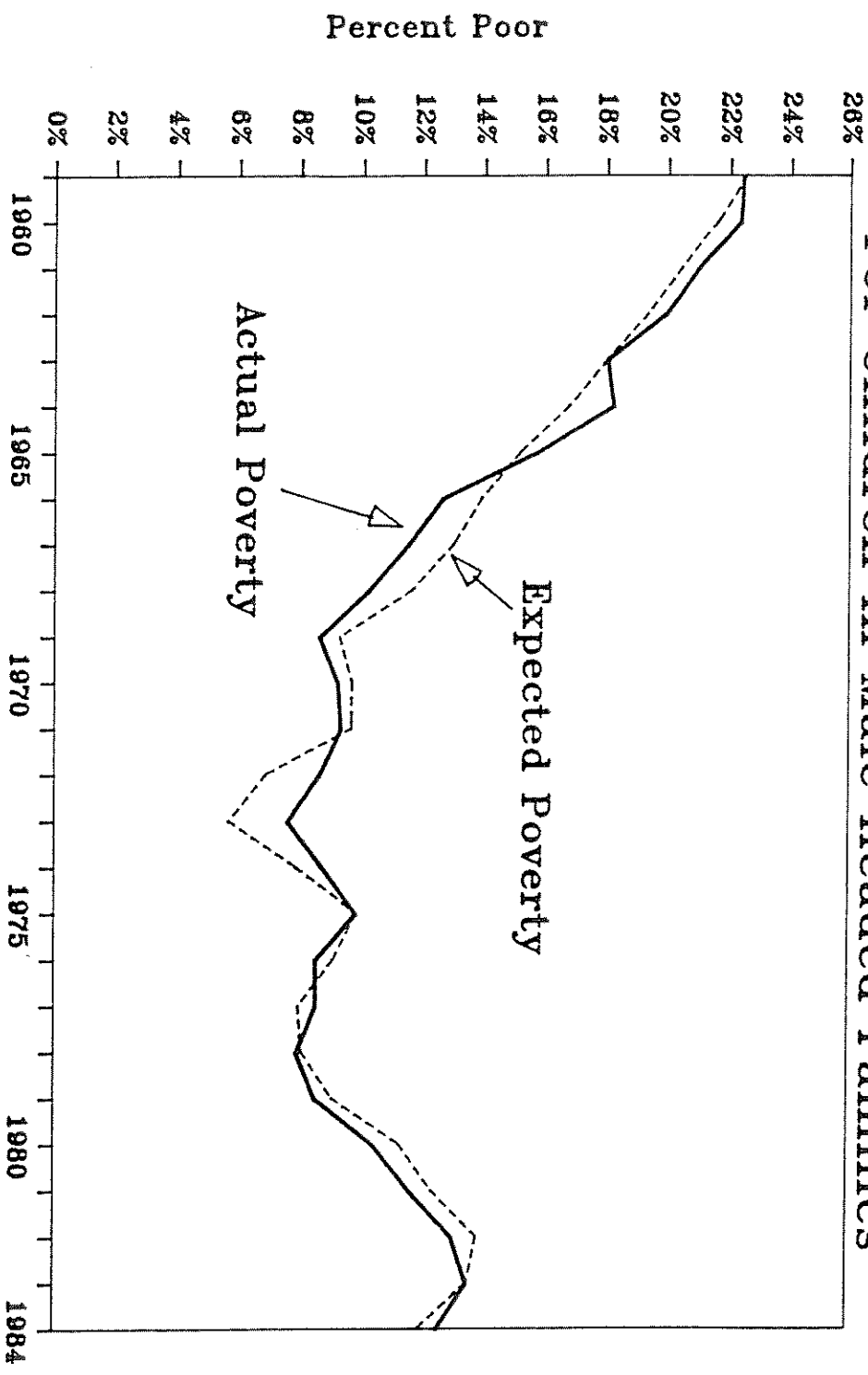
If low pay, unemployment, and disability really are the primary causes of poverty among male headed families and if illness rates remain roughly constant over time, then one would expect that the poverty rate for children in two parent families could be predicted in any year on the basis of overall average wages in the economy and the unemployment rate for that year. Figure 1 shows the results of such a prediction<sup>8</sup>. The poverty rate is forecast using only the median income of full-year full-time male workers and the overall unemployment rate. The figure shows a perfect match. In the sixties when real wages were rising fast and unemployment fell, poverty fell precipitously. In the 1970s, when earnings were largely unchanged (after adjusting for inflation), poverty changed little. And in the 1980s, when the economy turned sour, up jumped the poverty rate.

Contrary to the claims of Charles Murray and others, there is nothing mysterious or suggestive about the lack of progress on poverty among two-parent families in the 1970s and 1980s. This is the group for whom trickle down really does work. When the economy booms and wages grow while unemployment falls, this group is carried with the tide.

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<sup>8</sup> Unlike the other numbers and tables in this paper, the poverty rates shown here and in Figure 2 are post-transfer poverty levels (the official method for calculating poverty). For my purposes, I would prefer to have a figure showing pre-transfer poverty levels. Unfortunately, such data are not available for this entire time period. In years where data are available, the results are very similar to those found in Figure 1.

# Actual and Expected Poverty Rates For Children in Male Headed Families



Expected poverty based solely on the median earnings of full-year full-time male workers and the unemployment rate

During the 60s wages did grow and unemployment did fall, and poverty fell sharply. But starting in the early 1970s, the economy was essentially stagnant, so there was nothing to trickle down. In the 1980s, the economy turned quite bad, and quite predictably, poverty grew rapidly. One needn't look to complex explanations about the decline in manufacturing or the changing structure of the economy to explain the poverty of the 70s and 80s. One need only look at the aggregate economic picture.

If the growth of the 60s had persisted into the 70s, the poverty rate for children in male headed homes could easily be under 4% (leaving only the disabled, the frictionally unemployed, and those in school still poor before transfers). Even today in Massachusetts where the economy is booming with an unemployment rate of just 3.6%, the pre-transfer poverty rate among two parent families is 5.9%, as opposed to 11.8% nationally. After counting government transfers the Massachusetts poverty rate is just 3.7% versus 9.1% nationally.

#### Should We Expect More From the Poor?

To answer such a question, one must decide what is reasonable to expect. The question of responsibility is this: what level of work should be necessary for two parent families to reach the society's minimal standard of living without having to rely on welfare like support? Or more simply what level of work should it take for a family to be minimally self-supporting.

One possible answer would be that one parent ought to work fully and a second should work partially. That is the situation in the "typical" two parent American family now. Yet is this an appropriate

standard for all families to reach the poverty line? There remains considerable debate among both parents and child development specialists about the importance of having a young child cared for by a parent at home. Moreover, day care can be quite costly and difficult to obtain. And opportunities for many women remain very limited. Given the difficult position that women and families are in, particularly poor families, I believe that full year full time work by one family member ought to be sufficient to reach minimal income levels in our society.

There is no question about these families being a part of mainstream American values. They work long and hard at jobs that pay so poorly that they cannot even keep the family above the poverty line. Saying that one worker families ought to be able to achieve the poverty level ought not to be taken as a signal that society should not pursue day care or increased opportunities for women. It is merely a statement about our society's minimum expectations for families given the current set of opportunities and options. And if two parent families wanted to improve their economic position beyond the poverty level, then they could do what many middle class families do: send two people into the labor force.

Already either the husband or wife (the husband in most cases) works works full-year full-time in 1/3 of all pre-transfer poor two-parent households. In another 5-10% of homes, the combined work of the husband and wife exceeds the equivalent of one full-year full-time worker. Thus roughly 40% of poor two parent families cannot possibly be judged "irresponsible" or outside the mainstream.

Another group where there is little question of responsibility is the disabled. If someone is unable to work because of illness or disability, he or she cannot be expected to work, by definition. In perhaps 20% of pre-transfer poor two parent homes, either the husband or wife reports illness or disability prevents work. Of course, people may not report their medical status correctly, but so long as we can verify medical disability, the disabled need not be expected to work. Similarly homes where one or both adults are elderly are usually relieved of the expectation of work. Together families with disabled or elderly adults account for roughly 25% of the poor.

For the 40% of families with a fully employed worker or equivalent, and the 25% with a disabled one, there seems little basis for any claim that the poor are not taking sufficient responsibility for themselves. Most of the remaining two parent families fall into a more ambiguous class: those who report they did not work more because they could not find work. The difficult question is whether they could have worked if they were highly motivated to do so.

There are many indications that the bulk of the problem is true unemployment. We have already noted that poverty among stable two parent families without disabled adults tends to be short lived. Families do eventually find work. Moreover, even in years when the families are poor, the husband worked at least part of the year in 80% of homes. Finally we have already seen that the number of unemployed poor persons is highly sensitive to economic conditions. Poverty rates are drastically lower in prosperous times and in prosperous states.

It seems ludicrous in the face of this evidence to say that anything but a tiny minority of two parent families could possibly have distorted values or are no longer a part of the American mainstream. A large fraction have one adult who is already working fully or who is disabled. Most of the remainder had someone who worked at least part of the year. And most stable two-parent families who experience poverty are relatively short term poor.

#### Should Government Do Something Different?

The current system of income security is a patchwork of programs which are typically geared to help people who have a verifiable reason for being out of work--disability or job loss. Social Security is available to the disabled and elderly with work experience.

Supplemental Security is available on an income tested basis to the disabled and elderly persons without much work experience. Worker's Compensation provides some security for workers injured on the job. Unemployment Insurance protects the experienced unemployed, though the duration of benefits are usually limited to 6 months or less. In many states a very low income family with an unemployed primary worker can qualify for welfare. And any low income family can get Food Stamps.

There is logic in this system. The disabled can't work and ought to be taken care of. If unemployment is the result of layoffs, short term "insurance" seems appropriate. Food Stamps provides a floor for all families regardless of the cause of their troubles.

But major flaws remain. At times it seems that our social welfare system is upside down. The people who get the most money and who are most likely to be lifted out of poverty by government benefits are the

disabled--the group that doesn't work at all. The unemployed and partially working poor are helped somewhat. Most importantly, the fully working poor are helped hardly at all.

If society expects work, then it ought to insure that work pays off. The notion that a person would do better if he or she were disabled than if he or she worked all the time challenges our basic values of work and autonomy. If we want to minimize the incentives for family dissolution and to encourage the continuation two-parent working families, then we ought to insure the security of such families. If we are going to emphasize responsibility in our rhetoric, then those people who clearly are behaving responsibly ought to be able to achieve a minimal standard of living without relying on stigmatizing or degrading supports. Those who are clearly part of the working mainstream ought to be a part of the economic mainstream.

There are several things to do which can help a great deal:

**Medical Protection for All Poor Persons--**Large portions of the two parent poor are left entirely without medical protection. Contrary to popular belief, Medicaid does not cover all of the poor. Working poor families almost never qualify, and families with an unemployed parent are often excluded. Low wage jobs often offer no insurance. The unemployed often any benefits they formerly had when they lose their jobs. Among the fully working poor and unemployed in 1984, roughly 40% reported no coverage. If persons in these families get sick, they must go heavily into debt, get help at county hospitals, rely on charity, or get help from friends or relief organizations.

Medical benefits are unlikely to interfere with any incentive to work--you can't eat them, or trade them for other items. Such protection tends to integrate rather than isolate the poor. Medical insurance protects families from a the financial burden of treating largely unavoidable, but potentially devastating medical conditions. I see no interpretation of our society's values that justifies such stinginess. Indeed it was striking to me that at a recent Ford Foundation conference where authors from the major think tanks from the far right to the far left were each asked to design a social welfare system from scratch, one of the few things nearly everyone could agree on, was that medical protection ought to be provided for all the poor.

There are many different ways in which this might be done, including requiring all employers to offer protection, setting up statewide insurance pools for the poor, and expanding Medicaid. Each has its advantages and disadvantages. Any plan will cost more money, though many of these costs are borne by the public indirectly when hospital provide free or uncompensated care. But in a time when competition is forcing doctors and hospitals to be more cost conscious, the very people who are behaving most responsibly for the least reward--the fully working poor are likely to be squeezed out.

**Earnings And Tax Subsidies for the Working Poor--**The fully working poor need to be put in a position where they can support their families at or near the poverty line. Yet the last thing one would want to do is put such families on welfare. The negative income tax experiments showed that such families did reduce their work effort somewhat when they were placed in a welfare like system. Moreover the low reported

use of food stamps suggests that the poor themselves are not interested in a stigmatizing and invasive welfare-like support.

Fortunately there are non-welfare alternatives which are likely to have far smaller adverse effects. The reason that families with fully working adults are poor is that their wages are too low. The federal minimum wage has not changed from \$3.35 since 1981, even though inflation has pushed prices (and the poverty level) up by 30% over this period. The arguments for or against a minimum wage are so well developed and positions are so entrenched that further discussion here will add little. Many observers are concerned that increases may reduce employment, and most analyses do show that some reductions do occur. Moreover the vast majority of people earning the minimum wage are not poor, so for good or ill, their status would be changed along with the poor. I would favor a modest increase to \$3.85 or even \$4.00 per hour. Each \$.50 per hour increase in wage a full-time full-year worker receives raises annual earnings by \$1,000.

A more appealing alternative to economists is to offer a carefully targetted wage subsidy of the sort advocated most recently by Robert Lerman at Brandeis University. A household could designate a principal earner (or the wage rate of two workers might be averaged). That person's wages would be subsidized if they were below some level. This plan would increase the reward to work. The more a subsidized worker worked, the more he or she would be paid. Since benefits would be paid only for traditional work, it would discourage participation in the underground economy. It could be administered by the employer and income could even be included in the paycheck. Experimental results

suggest that such a plan might well encourage work, while it simultaneously increased the incomes of the working poor.

A variation on this theme would be to expand the earned income tax credit and allow it to vary by family size as proposed by Robert Reischauer. The tax credit acts as a subsidy for earnings for people at low incomes. Those with no earnings get nothing. Those with modest earnings get more. A general expansion of the credit and the addition of an adjustment for family size would help protect larger families while it increased the return to work for low income workers with families. One appealing feature of this plan is that it requires no new agency or bureaucracy for its administration. Poor families submit tax forms like everyone else. With an earned income tax credit, many would get more back from the government than they paid to it.

The effects are not identical to a wage subsidy. The tax credit system would also help poor families where someone worked at a reasonably well paying job for part of the year. Their annual earnings would be low, so they would be eligible for an earned income tax credit, even though their average wage for the period they were working was high. And the overall effects on work are somewhat more ambiguous.

Another way in which the tax system could help would be to convert the current deduction for children into a refundable tax credit. Thus every parent would receive say a \$500-750 tax credit for each child. Such a credit surely would not be enough to encourage families to have more children, and it would be a minor disincentive to work, but it would help families, particularly large families, to meet their needs.

The exact specifics can be the subject of political give and take, guided in part by more detailed experimentation and analysis. The essential point is that there are clear and appealing ways to help the fully working poor. If society is going to worry about responsibility among the poor, it ought to insure that the working poor, the ones where there is no question of irresponsibility, are a part of the economic mainstream.

**Transitional Support for the Unemployed--**If we provided medical care for all of the poor and provided more non-welfare supports to the fully working poor, we would make major progress in our attempts to reduce poverty and insecurity while encouraging work and responsibility.

But there would still be unemployed workers who could not qualify for UI or who had exhausted their benefits. For these persons, the problem is somewhat more difficult. Whether their plight merits significant expansion of the welfare system to provide protection is controversial, particularly since most poverty in stable two parent homes is relatively temporary. The fear is that families will become dependent or that working families will do no better than those on the new expanded welfare system.

Still it seems silly to decry government policies as promoting single parent families if we are unwilling to provide some protection to two parent families who are out of work. One possibility is to provide government jobs. Government jobs would cause fewer concerns with jobs, but a jobs based strategy would be both expensive and controversial. Many worry that a jobs program will displace private workers, depress

wages, create an administrative nightmare and do little to enhance the long term prospects of people who are out of work.

A more plausible strategy would be to offer a short-term transitional assistance program for those who have been missed by the disability and unemployment insurance safety net. The program would offer training and education and a stipend paid as long as the family participated in the training or could demonstrate other activities to help its situation, but in no case would benefits extend beyond say 18 to 24 months. This system could also be extended to persons with short-term illness or disability who do not qualify for disability insurance, but who nonetheless are limited in their ability to work for more than a few weeks.

Such a strategy is in keeping with the findings reported earlier that show that most stable two-parent families which experience poverty are poor for a relatively short period of time. By tying training and retraining to benefits, the program could link into existing manpower programs and offer a more comprehensive system of support and human investment.

There is now strong sentiment to extend eligibility for the Aid to Families With Dependent Children (AFDC) welfare program to all two-parent families where the principal earner is unemployed. States are now required only to offer such support to single parents and to those with a disabled primary earner. The states have the option of extending AFDC to the unemployed, but not all states have elected to do so. The AFDC-UP (Unemployed Parent) program as it is called could be required in all states.

While such a move is clearly a step in the right direction, I believe it would be far preferable to move toward a more generous but limited duration program for such families. AFDC benefit levels are frightfully low and they will remain so as long as people perceive welfare as allowing recipients to become dependent. I doubt that UI would be very popular if it lasted forever. Moreover any program which is designed both to provide for long term income maintenance and which hopes to help clients move into independence must wrestle with competing goals: that of insuring economic security and encouraging independence.

A limited duration program simply does not allow for dependence and its goals are quite clear. The perception of the program by both the poor and non-poor is likely to be far more favorable if it is viewed as temporary insurance and a stepping stone to work, rather than an alternative to employment. Moreover a program that ends eventually puts pressure on both clients and administrators to use it as a bridge, as a transition, into self-support and independence.

**Jobs For the Long Term Unemployed--**If the proposals suggested so far were adopted, the results presented in this paper suggest that there would be relatively few two parent families people left in severe poverty. There will no doubt be situations, though, where people still have not been able to find work. For this relatively small group of people, it would make sense to create a government jobs program which paid the minimum wage.

If one is going to insist that families with healthy adults support themselves through work, and if cash assistance is limited in duration, then society needs to offer a way for people who have not been able to

find work to support themselves. Jobs are the obvious solution. By limiting the jobs to those who have been through the transitional program and by keeping wages low, there seems little danger that many private jobs will be displaced or that the cost will be great. It also puts families in a position where they can support themselves, barely, through the route society deems most desirable: work.

There may be a few people that cannot work at even the most modest jobs without far more training and education. The whole point of the transitional assistance program would be to get these people the training they need. If after that period, work is still unlikely, one could imagine other systems of more intensive training/treatment which are offered in the place of the jobs program. But the above evidence suggests that such people would be few. It is inappropriate and illogical to design the whole support/security system around a small group that does not quite fit. They ought to be treated individually.

These suggestions are based on the finding that there are many people who are unequivocally behaving responsibly and the philosophical premise that such people deserve to be able to support themselves and be assured of medical protection without relying on invasive or degrading government assistance. For the disabled, disability protection works rather well, for the working poor, wage or earned income supports look desirable. There is a smaller group of people who appear to be unemployed in the true sense of the term, and they deserve short term transitional services assistance. But for the poor and non-poor alike, it does not seem desirable for such assistance to be unlimited. For the small number of families with employable adults who need longer term

sources of income support, jobs seem to be the appropriate tool. And for everyone medical protection ought to be assured in some way.

#### FEMALE HEADED FAMILIES

Unfortunately the poverty of female headed families defies the "easy" descriptions and prescriptions offered for the two parent poor. Before turning to why single parent families are poor so often, we ought to first consider why the number of children in female headed families has grown so much. There is a widespread perception that the main reason that female headed families have grown so much is that welfare benefits have encouraged family dissolution and out-of-wedlock births.

It is a shock to many people, therefore, to discover that in the period since the early 1970s, when there has been dramatic growth in the number of children in female headed families, the number of children on AFDC, the primary welfare program for single parents, has actually fallen rather considerably! One finds this pattern for both black and white children. If people were splitting up or having babies more and more often in order to get welfare benefits or even if welfare was just a contributing means of support, the number of children on AFDC should have grown, not fallen.

The reason that the number on AFDC fell was that after dramatic increases in the benefits and liberalization in the eligibility rules in the mid to late 1960s, benefits for AFDC have steadily fallen and eligibility rules tightened. After adjusting for inflation, the combined value of AFDC and Food Stamps has fallen at least 25% since the early 1970s. And even though there is enormous variation in welfare

benefit levels across states, there is little or no correlation between benefit levels and the number of children in female headed families.

There is no consensus on what is causing the changes in family structure in our society. It seems likely that the increased independence of both women and men has played a role. Many argue that opportunities for women have risen faster than those for men. Changing norms and expectations surely have played a role. In the black community, most of the changes can be traced to declines in marriage. For some reason marriage is way down among young blacks. William Julius Wilson has offered the most convincing explanation for this phenomenon. Employment among young black men is also way down. Marriage looks less attractive to both parties. And in the ghettos of America the answer is no doubt even more complicated. Women with little hope of achieving the middle class, with little control and limited affection in their life, with few marriageable men around, may see motherhood as one of the few ways to gain some measure of identity and self-worth.

Still it is important to emphasize that no one really understands what caused the changes in American society. This is the frustrating state of the current research. In this situation it is tempting to look for single easy answers, like welfare. Yet there remains no widely cited or highly respected studies which have found much effect of welfare. One must always be cautious, and new evidence may eventually overturn current results. What is clear, and even Murray agrees with this proposition, is that modest changes in the welfare system are unlikely to have any effect on the number of children in single parent homes.

One is also left with a question of what we should do even if we did believe that welfare influenced the formation of families. Murray argues for the complete elimination of all social welfare supports. We have already seen just how poor such families are. Should sacrifice this generation of children in hopes that the next generation won't be born? Such an approach seems extraordinarily harsh. And no one has provided the slightest evidence that the genie can be put back into the bottle. Still one surely must be conscious of the incentives the system is creating. Even though there is little evidence about the strength of family formation incentives they deserve explicit consideration in an income support arrangement.

#### Why Are Single Mothers Poor?

The poverty of two-parent headed families could be easily traced to economic conditions. The poverty of female heads is more complicated. Table 4 illustrates that low wages and unemployment clearly play important roles in the poverty of female family heads. Some 6.4% are already working full time all year and for them the problem is clearly low wages. Another 22% report wanting to work more but unable to find work. And 5% work full year part time and thus were not asked about why they didn't work more. In all perhaps 1/3 of all female heads report low wages or a lack of jobs as being the primary reason for their low earnings (as opposed to 72% of male heads). Another 12.8% point to illness, disability, or retirement as limiting their capacity for work.

By far the biggest reason for not working more is the "taking care of house/children." We are inevitably confronted with the question of how such reports are to be interpreted. We turn to that discussion

Table 4  
 MAIN REASON FEMALE HOUSEHOLD HEADS  
 IN PRE-TRANSFER POOR\* FAMILIES WITH CHILDREN  
 DID NOT WORK MORE WEEKS DURING 1984

		Female Family Heads of Poor Families With Children
Already Working Full Year		
Full Time		7.9%
Part Time		5.4%
Worked Part Year, But Couldn't Find Work During Remainder		10.6%
Unable to Find Work At All		7.7%
Ill or Disabled		10.8%
Taking Care of House/Children		47.4%
Retired		2.0%
In School		3.9%
Other		4.2%
TOTAL		100.0%

Source: Special Tabulations of the Current Population Survey 1984

\* Family income not counting government transfers is below the poverty line.

below. Certainly a portion of the group which reports family responsibilities might work if better opportunities were available. Generally we would not expect them to be as readily influenced by economic conditions alone though as two parent families were where wages and jobs were the most important reported reasons for poverty.

Since limited economic opportunity and wages remain an important direct cause of poverty for female headed families, one would expect that variations in the poverty rate of female family heads would be largely the result of economic variables. Indeed one finds that the earnings of full year full time female workers, and the unemployment rate do predict year to year variation in poverty reasonably well. (Figure 2). But even in the best of times poverty rates remain very high. And in spite of major variations in economic conditions over the 1970s and 1980, the poverty level was relatively flat. It seems quite obvious that in the short run, economic growth and reductions in unemployment will reduce only a modest portion of the poverty of female headed families. The problem of poverty for single-parents runs deeper than the current level of wages and unemployment.

Massachusetts once again offers a helpful example. Whereas the pre-transfer poverty rate for two parent families in the state was half of the national average, the rate for single parent families is 46.2%, close to the national average of 51.9%. Even in good economic times the bulk of the problem remains.

Trickle down won't work nearly as well for single parent families as it does for two parent homes. The clear implication is that if strong economic growth were to persist for a decade, pushing wages up

and unemployment down, the poverty of two parent families would be almost eliminated, but the poverty of single parent families would remain high. Thus in the future, it seems likely that the poverty of children will be increasingly dominated by those in single parent families even if the number of children in single parent families remains the same.<sup>9</sup> A greater fraction of poor two parent families are helped by growth. Single parents will be left behind.

Should the Poor Do More for Themselves?

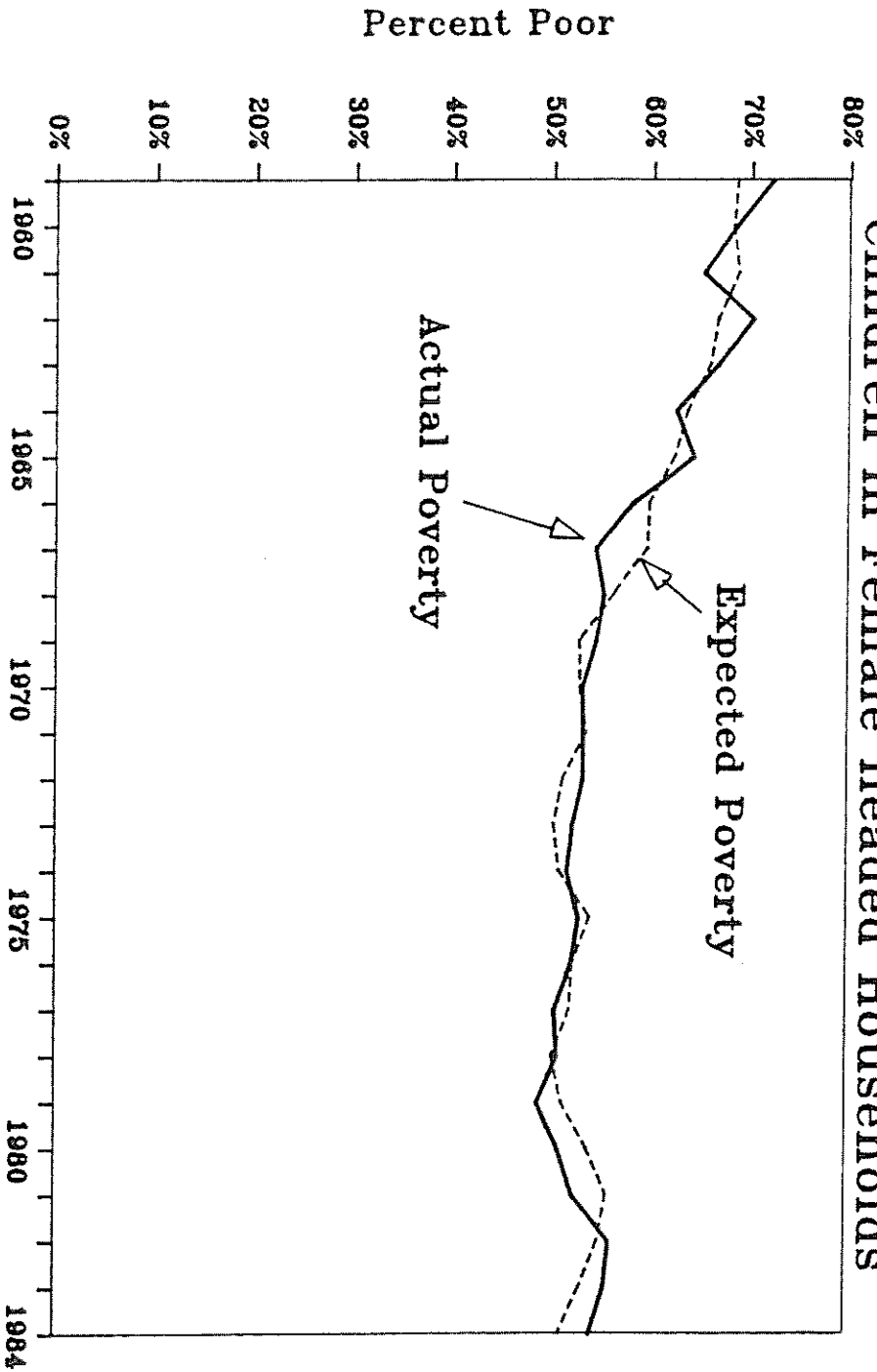
Single mothers are under attack now as failing to meet their responsibilities to society and to their children. In a simpler time, mothers were mainly expected to be the nurturer homemaker for the family. Economic support came from a husband. When our current program of aid to single parents was devised, it seemed unreasonable to expect women to provide both the economic and the social support of the family. AFDC was a program for widows, women with disabled husbands, and a small number of families abandoned by the father.

Two trends have overtaken the system: the dramatic increase in the number of women who are female heads for more "voluntary" reasons, such as divorce, separation, and childbirth, and the equally dramatic increase in the work of married mothers. As a result it no longer seems as appropriate for single mothers to "only" raise their children.

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<sup>9</sup> This is in fact what happened between 1959 and 1969. Children in female headed homes went from being 25% of the poor to almost 50% of the poor even though the proportion of children in female headed homes changed little. Economic growth push a far greater proportion of the two parent poor families out of poverty.

# Actual And Expected Poverty Rate Children in Female Headed Households



Expected poverty based solely on the median earnings of full-year full-time female workers and the unemployment rate

But what are reasonable expectations for single mothers? In two parent families, husbands usually work full year full time. Wives occasionally work full-year full-time, more often work part time, and frequently do not work at all. In essence then the question boils down to this: do we expect female family heads to work like husbands or like wives?

If single mothers are to be self-supporting, they will have to work as much as husbands, and even then many would be poor. We have already seen that many husbands cannot insure that family income will exceed the poverty line by working fully. For women wages are still lower. Still some 90% of single mothers who do work fully, escape poverty, though one would expect those with the greatest earning potential work the most. Others aren't likely to be so fortunate.

On the other hand, wives, like single mothers, are increasingly called upon to fill both provider and child rearing roles. But given the limited opportunities, the cost of day care, the need to maintain the household, and the felt need to stay home with the children, only 27% of married mothers work full-year full-time. Almost 40% work part time. The remaining third don't work at all.

There are strong arguments to made for expecting some work and support from single mothers. Both feminists and psychologists argue that some work can be a very valuable thing for both woman and child. Work can offer women a measure of independence and control, and it can serve as a stepping stone to a more secure future. Some authors also express concern about children raised for long periods of time in a home where no one does labor market work at all. The current welfare system

actually expects little market work of welfare mothers at all (though it offers very low welfare benefits in exchange). A few children literally spend their entire life on welfare and in a home where the mother hardly ever worked for pay. I found in previous work that while welfare serves as a temporary bridge for a great many women, for an important minority (perhaps 25% of those who ever use it), welfare support goes on for 10 years or more. Such dependence seems troubling for all involved.

At the same time it seems both impractical and unfair to expect all single mothers to work all the time. It is easy to argue that the burdens of work are greater for a single mother than a married mother. And the question of what is best for the children remains. Society may be willing to expect all single mothers to work some, except perhaps those with very young children. But to insist that all single mothers ought to work all the time just to maintain their family at the poverty line seems absurd and extraordinarily harsh, particularly when one remembers that at least half of all our children (and thus roughly half of all married mothers) will spend some period in single parent homes. The only fair and practical minimum expectation would seem to be part time work. Those who are willing and able to work more ought to be encouraged to do so. For a minimal income though, half or two-thirds time work would seem to be enough.

Yet our current economic/welfare system offers women just two choices: they can work all the time or they can be on welfare. Part time work alone does not provide enough money to support a family. And under the present system, it usually doesn't pay financially to work part time. After 4 months, the welfare check is reduced by as much as

the new income. Given these choices, single mothers do tend to either work fully or not at all. Whereas part time work is the most common choice for wives, it is the least common for female family heads. Somehow it seems we need to offer a third choice, a way whereby a woman can work part-time yet avoid becoming embroiled in the welfare system with its unpleasant treatment, connotations of failure, and endless rules and regulations. We shall consider the alternatives shortly.

There is a second group whose responsibility might be questioned: absent parents--usually absent fathers. Half of the single mothers do not even have a court ordered payment of child support. Roughly three out of four divorced women have awards. Only 40% of separated women have them, and among never married mothers, only 17% have awards in place. Moreover, of those with awards, only half received the full amount of payments while one quarter received nothing. There is not time in this paper to discuss the multitude of issues surrounding child support. The bottom line is quite simple: only 1/3 of all female family heads with children report receiving any child support payments at all. Among poor female family heads, the figure is just 20%.

I will talk briefly about the reasons for these failures in the next section. Whatever the reasons though, the message being sent out is quite clear; absent parents are not responsible for supporting their children. And the fathers of children born out-of-wedlock certainly seem to bear almost no legally enforced responsibilities--91% paid nothing in child support. I suspect that most Americans would find this

state of affairs highly offensive. The issue here is not economics, it is responsibility. This is a matter of right and wrong.

We are increasingly asking single mothers to provide both financial and social support for their children. Society ought to enforce the same obligation on absent fathers (and absent mothers for that matter). All current and prospective parents ought to know that except in the most extreme circumstances, they have an obligation to share a portion of whatever income they have with all of their children, whether they are absent from home or not.

#### Should Government Do Something Different?

Single parents can now get UI or disability protection if they qualify. But relatively few report receiving it. The main source of government support is AFDC. AFDC is also the program that virtually everyone hates. AFDC seems to be the worst of all worlds. For economic subsistence, many single mothers are forced into a system that offers relatively modest support (well below the poverty line in most areas) and benefits have fallen sharply over the past decade. The system itself is often a nightmare of rules and regulations for clients and administrators alike. Welfare is often described by recipients as humiliating and destructive. It isolates single mothers and labels the welfare recipient as a failure who is a ward of the state.

Yet in spite of the unpleasantness of the experience and often ridiculously low benefits, there clearly are people who stay on welfare for years. Both conservatives and liberals sometimes argue that the whole system robs the poor of their confidence, initiative, and self-esteem, though the reasons offered are usually quite different.

AFDC seems an awkward compromise that simply doesn't work. It takes some of our most precious values -- people ought to be self-supporting, people ought to be treated with dignity and respect, families (preferably two-parent families) ought to provide for and raise the children, people ought to be held responsible for their actions, people ought to be integrated into the society, not isolated from it-- and puts them into terrible conflict.

Social Security causes no such value conflicts. It provides benefits to a virtually all old persons, and the benefits are tied to past work. There is no question of responsibility, self-support, family, isolation or stigma. Benefits were earned through hard work, granted for old age. No wonder AFDC is tossed depending on the current political winds while Social Security is protected even in the most stringent times. One would hope that something much more compatible with our values and aspirations might replace AFDC.

Of course one solution would be to avoid the problem entirely by reducing the number of single parent families. There are a number of ways in which government might try to do that. It could make things even more unpleasant for single parent families by cutting meager welfare benefits still further. We have already seen that a child raised entirely in a single parent home is likely to be poor and dependent throughout childhood. Our society is reluctant to visit the "sins" of the mother on the child. And the majority of people who ever get welfare use it for only a short period of time. They don't deserve this penalty. In any case we've already tried cutting welfare benefits

dramatically in the past decade, and there was no perceptible effect on single parent families.

We could try to improve the situation for two parent families (or childless persons) and thereby make marriage more attractive and divorce/separation relatively less so. I have already discussed some methods for doing that. Similarly we could improve the employment situation for young people so that marriage, particularly in the black community would be more attractive and practical.

We can work desperately hard to educate young people about the impact of childbearing. We could increase knowledge about and the availability of contraception. We could promote the use of clinics in schools, and improve the availability of birth control and abortion. Such measures are controversial. They often raise other difficult value questions. And many have not been carefully validated as effective. But they remain a logical, straightforward, and relatively inexpensive approach to the problem of single parenthood.

Finally we could make things worse for absent fathers by imposing additional obligations on them, which might cause them to think twice before fathering a child (or before they divorce or separate). Imposing additional obligations on a group that is not now doing its fair share would seem the least controversial of the measures. And it may come closest to influencing the decisions of those whose behavior must be changed.

Frankly, I am skeptical that any of these will make a large difference in the number of children being raised in single parent homes. Remember half of all the children born today will spend some

time in a single parent home. Such a trend is not likely to be snuffed out by tampering with welfare or child support. Still it should be clear that there are alternatives to making life worse for single mothers if one is seeking to reduce the frequency with which children are raised in single parent homes.

Ultimately we must confront the economic situation of single mothers. With so many children likely to spend some time in a single parent home, the economic situation of such homes is fundamental to the economic condition of our children. Ideally we would like to do something to improve the economic condition, to encourage greater work and personal control over their financial situation, to reduce dependency, but we'd like to do so in a way that does not encourage the formation of more such households.

Current proposals for change will help, but they do not really solve the problem. "Workfare" increases obligations of single mothers, but still leaves single mothers with two choices: work all the time or be on welfare/workfare. It also ignores the fact that many women come onto AFDC for a relatively short time. It seems unnecessary and even undesirable to insist on work from all single mothers as soon as they enter the program. And workfare does not improve a woman's options so much as it increases her obligations. It leaves workfare mothers almost as isolated from the mainstream as welfare does. All the programs that have been carefully evaluated to date have shown only very modest success in moving welfare mothers into work more quickly than they would have otherwise. More child care and more training can help, but these also do not change the basic choices.

I believe there is a better alternative. It is derived in large part from the work of Irwin Garfinkel and the experiments being tried by the state of Wisconsin. It starts with a massive reform of our current child support system.

Child Support Assurance--Currently child support awards, when they are made at all, are usually made in fixed dollar terms and they largely reflect current circumstances. In inflationary times, the real value of these payments can fall quite dramatically. Judges have enormous discretion, so even when awards are made they vary widely. And since payments reflect conditions of the parties at the time of the award, it often makes little sense to bring a young absent father to court since he often has very little money initially. Yet few men remain penniless their entire life. By not seeking the men immediately, identification becomes much more difficult, and the possibility of imposing child support obligations later becomes remote.

It is the woman's responsibility to press for court proceedings (except in the case where the state pursues the fathers of children on welfare), and to initiate new ones if the father fails to pay or if the mother believes higher payments are warranted. The expense, the unpleasantness, the uncertainty, the often held desire to maintain contact with the father, and the limited money available all mitigate against child support awards and enforcement.

And so the present system ends up sending the clear signal that fathers will not necessarily be held accountable for some support of their children. It leaves many children completely reliant on one

parent for financial support. Even those mothers with awards can't count on the money.

A Child Support Assurance Plan, such as that being experimented with in Wisconsin and elsewhere, would solve virtually all of these problems by creating a more comprehensive and uniform system. And it would displace a large part of the current welfare system. It would consist of a four part reform:

- o Society would commit itself to identifying every father and mother with a Social Security number on a child's birth certificate. Existing fathers would be identified as well. Most experts claim that getting the father's name is not difficult and proving paternity is quite feasible as well. What can be more difficult is finding the father years later if one does not have some sort of social security number. Mothers who did not cooperate would lose eligibility for child support assurance payments, though they could be excused through court order.
- o Each absent parent will be expected to contribute a portion of their income (earnings) which varies with the number of children they fathered or bore. There will be a roughly uniform formula for child support. Wisconsin uses a plan calling for 17% of income for one child, 25% for two, up to 34% for 5 or more children. Courts could deviate from this if circumstance justified. Such a formula would not fully take into account current circumstances, but then our tax system is based on an identical system. Imagine what would happen if we tried to base taxes on all individual conditions.
- o All payments would be collected by employers just like Social Security taxes. Indeed it could be part of the Social Security system. The government would then send this money to the custodial parent. All absent parents would be included in the system, not just those who had been delinquent.
- o In cases where the earnings of the absent parent were insufficient to provide some minimum level of child support, say \$1500 per child, the government would provide that minimum. In effect, when the father fails in his obligation to provide sufficient income for child support, the government will insure that his children get at least some minimum amount.

There is not space available to discuss much of the pros and cons of a uniform guaranteed child support here. But it has many very appealing features. It would reform the most serious abuses of the present system. It would hold fathers accountable and it would take the mothers out of the child support enforcement business. Particularly if combined with an expanded earned income tax credit and a refundable tax credit for children, it can put women in a position where child support (which is seen as the father's obligation) plus a part time job could allow a family to support itself above the poverty line.

Single parents and their children would be a part of a social insurance type child support system which covers all separated parents, not just the poor. It is a system that protects all children. It is a logical way to cope with the emerging majority of children who do spend time in single parent homes.

With at least a minimum level of child support guaranteed, if a mother can find part-time work, she need never see a welfare office. Child support becomes an income supplement She can support her family and raise them When the government must supplement the father's contribution to insure a minimum level of child support, it will be to cover the failure of the father to do his share, not because the mother has failed.

To some this system may seem a disguised AFDC program. The money that used to come in the form of a welfare check now comes as a minimum child support payment. The resemblance is merely superficial. In the welfare system when a woman starts earning money, her welfare check is reduced, often dollar for dollar with her earnings. In extreme

contrast, the support payments would reflect the absent parent's obligation and contribution (guaranteed by the government). The check would not be affected by the mother's work. She keeps every dollar of earnings. Nor would a woman have to visit a welfare office, report all her earnings, be investigated by caseworkers, or treated as a failure in order to get her child support.

Most importantly this would be a system for all separated families and parents. Children at all ends of the income spectrum would have much better protection in the event that the family split up. The system would tend to integrate poor single mothers rather than isolate them. Poor single mothers would get a child support check reflecting government collections (and any subsidy) just as middle and upper income women would. The system could emerge as being more like the Social Security system than welfare. Social Security also provides minimum benefits and has little income testing. It is popular in part because it covers the whole population.

Most amazing of all, according to its architects, this system will improve the well-being of single mothers without increasing the cost of assistance at all. Increased costs for the minimum child support protection will be offset by savings in AFDC and increased collections from fathers.

There are some disadvantages. Any system which treats people relatively uniformly will not take full account of individual circumstance. Some absent parents will argue that their position is in fact worse than that of the custodial parent. Going after every absent parent may be costly. But the present system is absurd. It leaves an

enormous number of children completely unsupported. And it sends a clear message about parental responsibility, particularly to those who father children out of wedlock.

The appeal of the child support assurance system is that it puts single mothers in a vastly more realistic position to become self-supporting, integrates them into a mainstream insurance/protection system, and simultaneously reinforces the responsibilities of absent fathers for the support of their children. The increased responsibilities may even serve as a deterrent to the fathering of children outside of marriage. It comes close to offering something for nothing. More responsibility, more options, more independence, with no more money.

**Short Term Transitional Support, Jobs for Long Term Support--**Not all women will find part time work immediately. And some mothers will still prefer to stay at home with their children. We will continue to need some sort of welfare/income support for single mothers. With child support assurance in place though, one could provide assistance using something similar or identical to the transitional short term and employment based long term support system described for two parent families.

Currently welfare serves two roles: it is a temporary bridge for many, and it is a source of long term income support for others. The majority of users do not stay more than a few years, but a smaller number use it for a very long period of time. The mixed goals imply mixed messages to recipients, administrators, and the public. The goals can conflict sharply. The more generous the long term support is the

less incentive there is to become self-supporting. Public support is diminished by the perception that the system is encouraging dependence and legitimizing an underclass.

The simplest and most logical solution is to cleanly separate the two functions. Single mothers would first enter a transitional support plan similar (identical?) to the one offered to two parent families. The program might last 18-36 months (depending on the age of the children). During that period women could elect to participate in a variety of training and education programs. Day care would be provided along with other services. And reasonably generous income support would be offered which would supplement the child support payments. The program would seek to offer dignity, personal investments, and choice.

The support wouldn't last indefinitely, though. After the benefit period was used up, the only available source of support would be a jobs program, again similar to that for two parent families. Long term income maintenance would be in the form of work not welfare. With the child support assurance plan in place, such women would only need to work part time to support their family. Just as in the case of two parent families, there will be people who need special, intensive services, who somehow don't qualify for the disability programs, but who cannot make it on their own. They need to be treated on a case by case basis. They should not be allowed to drive the shape of the whole social welfare system.

In some respects this transitional support plan followed by a jobs package is similar to current welfare reform proposals and some state programs such as California's GAIN program, which require some search or

training followed by workfare for welfare recipients. These proposals may offer a workable alternative. They move in the right direction. Yet I believe that it is essential to make clear to all those concerned, both recipients and the public, that the core support program is a transitional one. The program would be generous, but time limited. Eventually the person will have to go to work. Cash assistance goes to those in transition. Work goes to those needing long term support. Both the transitional support and the jobs program seem likely to be more demanding and effective and are more likely to have a better image among poor and non-poor alike, if the missions and expectations are divided and clear.

Note that the child support assurance system is critical to the success of any plan of this sort. Unless single mothers are put in a position whereby they can realistically be self-supporting while working half or two-thirds time, society cannot resolve the dilemma of whether single mothers ought to work all the time. If single mothers are going to fulfill both nurturing and economic support roles, if society is going to expect them to take more responsibility for their families, then they must be given more realistic alternatives, more options and opportunities.

#### A BRIEF NOTE ABOUT AMERICA'S GHETTOS

There really is a third group that merits attention: the ghetto poor. In my book, I do spend considerable time discussing the special situation one finds in the poorest neighborhoods of our central cities. In this paper, I want to comment on the problems only briefly. What one

sees in ghetto neighborhoods is distressing. Ghetto areas deserve special and intensive attention. But the ghetto residents the Nicholas Lehman writes about and that speak on Bill Moyer's special must not become our new stereotypic image of the poor. Minorities living in the poorest neighborhoods (those with a poverty rate of 40% or more) in the top 100 central cities constitute only 7% of the poor. No matter what one sees in these neighborhoods, the entirety of social policy certainly should not be based on what one sees there.

What one does see in America's ghettos is concentration, as poor people are crowded together, isolation, as middle class families move out, deprivation, as children grow up poor, terrible education, as central city schools decay, and limited opportunity, as low skill jobs evaporate or move out of the city. Crime and drugs add additional elements. Children living in this environment see few role models, limited opportunity, a horrible educational system, intimidating yet respected criminals, and a decaying infrastructure. At best, such a child is left with despair. She sees no opportunity of joining the mainstream she sees in abundance on television. He has little reason to believe that something he will do can change his life, after all all his friends are poor. Virtually none have jobs. Frankly if pathologies did not develop in an environment as horrible as this, it would be a modern miracle. A group that is so isolated geographically, economically, and socially will become an underclass.

Charles Murray claims all this despair is the result of the elite liberal wisdom which brought us welfare rights and a don't blame the victim mentality. Welfare probably played some role. It does help

sustain the community. Yet only 40% of families in these areas report receiving public assistance income. And the worst off group is probably young black men, and they get no welfare.

In a context such as this, questions of why young girls get pregnant or why young people don't marry or why people don't work more seem almost trite. For a young girl who sees no chance of joining the mainstream, few sources of affection in her life, few ways to control her hostile environment, few opportunities to marry an employed and responsible man, a child may seem a very natural and desirable thing. Even if work were available, it would seem to offer little immediate chance for escape. Why should a youngster who sees the past as a series of happenstance events expect his actions to change the future?

The predominant impression one gets of ghetto life is helplessness and defeatism. Conservatives claim that this is borne of a social welfare system which rewards the failures. What is needed for ghetto residents is a good swift kick. I suspect that swift kicks are about all that life has offered ghetto residents so far. Helplessness is born of a system where the motivated do not succeed, where the system offers a boot to all who come by.

Glenn Loury has been prominent in proclaiming that the black community should do more to condemn illegitimacy, to demand responsibility, to instill middle class values. And so they should. But it is hard to see how condemnation and pronouncements will really change people in such an environment. Surely the poor could do more for themselves and surely the call to self-control would have more power if people saw a real chance to escape the despair.

It seems easy to dismiss this group as irresponsible or unreachable. But the the fundamental premises of our values call for people to have the opportunity to make it into the mainstream. If my children grew up in this sort of world, I cannot imagine that they would have that chance. Somehow one must make it possible and then make it plain that the motivated do succeed and that their lives are better than the underground alternatives offered in the ghetto.

Probably the most important thing society needs to do is to offer hope. Millionaire Robert Lange offered hope to a group of 6th grade youngsters in Harlem, by offering them a free college education and then following their progress in school. As seniors virtually every one is still in school and headed for college--in sharp contrast to all the others before them. It appears that when very young people believe they are special and when they think that they have a chance to "make it", they can and do respond. In an environment where there is lots of failure and little success, there is no reason to be hopeful.

What is not needed is lots more welfare dollars delivered in the same system that now exists. These will do little to help people escape. But welfare cuts seem likely to only add to the despair. The Responsible Security policies I have suggested will help. They can improve opportunity, while emphasizing personal control and responsibility. They would guarantee that people could support themselves at the poverty level through work. But these policies will not solve all of the problems one finds in the ghettos.

The sad truth is that we have only glimpses of where to look for deeper and more effective answers to the problems of the ghetto poor.

There will be no quick fixes, no magic silver bullets. Pre-school education really does seem to make a difference. More and better opportunities can help. What we need is intensive, long term experimentation and commitment to education, opportunity, and empowerment. If we cannot offer a real vision, a real hope to those in our most hostile neighborhoods, America may lose an important segment of our society.

Regardless of what is done for the ghettos, policymakers and the public must not get trapped into the easy image of the ghetto resident as the stereotypical poor person. There is much that can be done to improve and rationalize the way in which we help all the poor in America. The despair of the ghetto which is less than 1/10th of the poor cannot be allowed to dominate our images.

#### CONCLUSION

"Work" and "responsibility" seem to be the words with the greatest currency in this most recent push for welfare reform. It does appear that our current social welfare system has lost sight of these concepts at times. But if the society is to urge work and responsibility on its poorest citizens, then it must take responsibility for insuring that those people who are working and who are behaving responsibly can at least achieve our minimal standard of living. It must also insure that people who are willing and able to work can find a way to support themselves. Responsible security involves mutual responsibilities.

Our current social welfare system treats the disabled and the elderly relatively well. It offers somewhat haphazard and often meager

protection for the unemployed. It offers almost nothing for the full-time working poor family. It seems somewhat perverse that the poor who are working most get the least medical protection and the least income support.

People who are working "enough" and still not making it need some sort of supplements. They must have some form of guaranteed medical protection. And we need to supplement their income, not with welfare, but with non-invasive, non-degrading supports that reinforce work and personal responsibility where possible. For two parent families, those supports could include wage subsidies, further expansion of the earned income tax credit, and changing of the current tax exemption for children into a refundable tax credit. All of these avoid degrading the working poor or imposing special requirements on them. They help without welfare.

Single parents need extra support. They typically have just one person to fill the role of both bread-winner and nurturer. An obvious source of support is the absent parent. With less than 1/3 of absent parents contributing to their children today, it is little wonder that so many single women cannot escape poverty. A universal child support system with money withheld by the employer from the wages of absent parents, coupled with a minimum support level insured by the government, can along with the wage subsidies or a refundable tax credit, put women in a position where those who work part time or 2/3s time really can support their family without any need for traditional welfare. Moreover such a policy sends a clear message: both parents are responsible; both parents have an obligation to share their income with a child.

Most people who are not working as much as might be hoped are in the midst of a temporary crisis--either physical (temporary disability), economic (loss of a job), or personal (divorce or separation). For them the logical form of support is transitional support. Most Americans are willing to be generous, I suspect, if they don't feel their contributions are being abused. A system which is transitional and temporary sends the clear message to recipient and non-recipient alike, that the aid is designed to move people into self-sufficiency, not substitute for it.

Finally there will be a few healthy people who will not be self-supporting even with the earned income and child support supplements, and after they have received transitional aid. Jobs seem the appropriate form of long-term income maintenance for these people. Some may need special aid or intensive support. Those cases can be handled separately.

Responsibility and security can be combined. If we are to truly help the poor and if we are to create a social welfare system that has political credibility, it must confront both values and realities associated with the diverse causes of poverty. It is far easier to divide and conquer poverty than to magically transform it with some ultimate solution. A sum of parts can do far more than a seamless but undiscerning whole.