CITIES IN TROUBLE: AN AGENDA FOR URBAN RESEARCH

Anthony H. Pascal, Editor


With an introduction by Adam Yarmolinsky
CITIES IN TROUBLE:
AN AGENDA FOR URBAN RESEARCH

Anthony H. Pascal, Editor
S. M. Genensky, W. A. Johnson, D. F. Loveday, I. S. Lowry,

With an introduction by Adam Yarmolinsky
PREFACE

A Workshop on Urban Programs, financed jointly by the Ford Foundation and by The RAND Corporation, was held at RAND from December 18, 1967 to January 10, 1968. The Workshop was attended by 56 scholars, representing a number of disciplines, from universities and research centers, the Federal Government, city governments, and RAND.

The Workshop had the following objectives: to provide a point of focus for some of the best current thinking on urban programs; to increase the familiarity of a wide spectrum of RAND staff members with important urban policy issues; to signal the Corporation's intention of taking an active and innovative role in analyses for the improvement of social policy. Hopefully, this Memorandum indicates at least the partial accomplishment of these objectives. A selection of papers presented at the Workshop is contained in Contributions to the Analysis of Urban Programs, P-3868, August 1968.

Invaluable assistance was given to the Workshop by the following session rapporteurs: Gerti Brunner, Patricia Katsky, Valentina Laffin, Stephanie Nordlinger, Joan Roberts, and Helen Turin. The Workshop participants are also grateful to Lee Cummimg and her staff who provided clerical and housekeeping support.
WORKSHOP PARTICIPANTS

Kenneth Arrow - Stanford University
William Capron - Brookings Institution
Benjamin Chinitz - Brown University
Kenneth Clark - Metropolitan Applied Research Center
James Coleman - Johns Hopkins University
Chester Cooper - Institute for Defense Analyses
John Deutch - Princeton University
Robert Dorfman - Harvard University
Don Elliot - New York City government
Stephen Enke - General Electric TEMPO (alternate chairman)
Herbert Gans - Columbia University
Nathan Glazer - University of California
Erving Goffman - University of California
David Grossman - New York City government
Fred Hayes - New York City government
Jack Jones - Los Angeles Times
Irving Kristol - The Public Interest
Howard Leary - New York City government
Robert Levine - Office of Economic Opportunity
Seymour Lipset - Harvard University
Edward Logue - Boston University
Julius Margolis - Stanford University
William Pendleton - Ford Foundation
Nora Piore - Hunter College
Alvin Poussaint - Tufts University
Earl Raab - San Francisco Jewish Community Relations Council
William Rafsky - Old Philadelphia Development Corporation
James Real - Center for the Study of Democratic Institutions
Marshall Robinson - Ford Foundation
Jacob Rosenthal - Harvard University
Lester Thurow - Harvard University
Burton Weisbrod - University of Wisconsin
Walter Williams - Office of Economic Opportunity
Charles Wilson - University of California, Los Angeles
Albert Wohlstetter - University of Chicago
Adam Yarmolinsky - Harvard University (Chairman)

The RAND staff members who were major participants in the Urban Workshop included:
Kathleen Archibald
Ben Bagdikian
Daniel Ellsberg
Edward Forgotson
Samuel Genensky
Herbert Goldhamer
Leo Holliday
William Johnson
Roger Levien
Douglas Loveday
Ira Lowry
Anthony Pascal
Guy Pauker
Robert Rosenkranz
Harry Rowen
Robert Specht
Peter Szanton
Vincent Taylor
C. T. Whitehead
Charles Wolf, Jr.
Barbara Woodfill
CONTENTS

PREFACE ........................................ iii
WORKSHOP PARTICIPANTS ......................... v

Section
I. INTRODUCTION by Adam Yarmolinsky ........ 1
II. HOUSING by Ira S. Lowry assisted by Barbara Woodfill ... 4
III. URBAN EDUCATION by Daniel M. Weiler .......... 27
IV. MANPOWER TRAINING AND JOBS by Anthony H. Pascal .... 47
V. PUBLIC ASSISTANCE by William A. Johnson and Robert Rosenkranz .......... 80
VI. PUBLIC ORDER by Douglas F. Loveday and Samuel M. Genensky .... 108
VII. HEALTH SERVICES by C. T. Whitehead ......... 142
I. INTRODUCTION

Adam Yarmolinsky *

The following chapters present not only the ideas summarized from the RAND Workshop on Urban Programs, but also present an agenda for research on the problems of American cities. They were prepared by members of the RAND staff, following the Workshop. The authors are indebted to the Workshop participants for their valuable contributions, but it should be understood that this Memorandum does not represent any kind of consensus of the participants, nor are the participants in any way responsible for its content.

ASSUMPTIONS AND PROBLEM AREAS REGARDING THE CITIES

This study of the problems of American cities today assumes first that cities are important. It assumes further that all the problems of cities are aggravated by the twin phenomena of poverty and of race, and that those phenomena are therefore crucial to an understanding of the problems of cities. And it assumes that all these problems need to be illuminated by much more thorough exposition of their factual underpinnings, and more thorough exploration of alternative courses of action that may be available to deal with them.

As Arthur Schlesinger, Sr., pointed out in a classic essay, cities have been the primary focus of development in American society. ¹ The United States is increasingly an urban society, and even for the decreasing portion of the population that does not live in cities, what happens in cities largely determines the shape of the future. The sporadic violence and destruction that is taking place in American cities today is symptomatic of the fact that national problems as well as national opportunities are concentrated in the cities.

Surprisingly little systematic information is available about American cities. This is so at least in part because relevant information cuts across the boundaries of a number of academic disciplines

* Harvard Law School; Consultant to The RAND Corporation.

-- economics, political science, sociology, law, medicine, engineering, and design. At the same time, city government is ill-equipped with analytical machinery, and responsibility for the most crucial problems is often fragmented among a number of city departments.

What is especially lacking is a factual base of agreed data. For example, we know remarkably little about the welfare population, and particularly about the population from which additions to the welfare rolls are drawn. Also, there is an inadequate catalog of available policy alternatives, and of the consequences that may flow from the choice of particular alternatives. Such a catalog, of course, must be constantly revised, and is heavily dependent on improvements in data collection and on experimental and demonstration projects.

Every urban problem is made more acute by the concentration of poor, black people, and other minorities in the cities. The problems of poverty and race are as much rural as they are urban problems, of course, but slums and ghettos are the focus of every problem that afflicts the cities.

All the problems of cities are to a degree overlapping. Employment depends on job training and on the quality of primary and secondary education. Education in turn is related to home life, which is affected by the pattern of employment. And employment affects the welfare system and the state of public order, which in turn affect the physical setting in which people live.

ORGANIZATION

In the discussions on construction of this Memorandum, the subject matter was organized in two ways. A series of discussions was conducted under the functional headings of education, jobs and training, welfare, health, housing and physical development, and public order. Then a second series of discussions took up such conceptual issues as integration, metropolitanization, bureaucracy, decentralization of services, and the like. It was intended that these two ways of arranging the subject matter would form the warp and woof of the discussion. In organizing the Memorandum itself, we chose the
functional breakdown of topics, allowing a number of conceptual themes to cut across a number of chapters.

The chapters are intended to point out the areas where research is needed and could be profitable. They offer no solutions. They do not provide any detailed outline of research to be accomplished, nor do they set up a system of priorities among the items. They are not, nor are they intended to be, exhaustive. Some issues have inevitably been slighted either because of omissions in the roster of the Workshop, or because of biases within the RAND staff preparing the agenda. There is very little material, for example, on needed research in architecture, city planning, transportation, and related technologies, or in problems of finance, administration, and public personnel.

CONCLUSIONS

If it is appropriate to draw any conclusions at all from an exercise of this kind, three tentative ones emerge:

First, there are no panaceas for the problems of American cities today. The unsolved problems of our cities may not be intractable but they are extraordinarily deep-rooted, complex, tangled, and not likely to respond to superficial or short-range attacks with limited resources. Solid analytical work is a prerequisite to effective programs.

Second, a fragmented approach to urban problems cannot succeed. No single academic discipline has the tools to deal with any of the major issues facing the cities. An no single municipal agency or bureau has either the time or the basic data to work out a comprehensive program to deal with any of these issues.

Finally, there is a role for problem-oriented, quantitative work that can be carried out in the universities and in the private research organizations, cutting across disciplinary lines, gathering data in the field as well as in the library, and maintaining and renewing an openness to ideas. Even the most effective action-oriented research will not be enough to resolve completely the problems of our cities, but without it those problems will not be resolved even in part.
II. HOUSING
Ira S. Lowry
Assisted by Barbara Woodfill

FEDERAL POLICY AND THE EVOLUTION OF FEDERAL PROGRAMS

The enduring goal of federal housing policy was set by the Housing Act of 1949: "...the realization as soon as feasible...of a decent home and suitable living environment for every American family." The Act reorganized the FHA mortgage insurance program (inaugurated in 1933) and the federal public housing program (inaugurated in 1937). It added a program of direct federal assistance to farm families for home improvement, and another of federal aid to local government for slum clearance and urban renewal. It also established a precedent for federal assistance to urban planning by requiring a "workable program" for community improvement as a condition of project support.

Earlier housing programs were dedicated more narrowly to the production of "decent" dwelling units. FHA, serving a strictly middle-income clientele, had a tremendous liberalizing influence on the terms of residential finance, most durably with respect to downpayments and payoff periods. The public housing program, whatever the intent of its founders, became the vehicle by which the more prosperous cities constructed housing for their poor, but seldom for their desperately poor.

The Housing Act of 1949 began the federal attack on physical deficiencies of the neighborhood environment, as distinct from improving individual dwellings. Subsequent legislation has expanded this initiative to include assistance to local agencies for metropolitan planning. Recently, there has even been serious discussion of federally sponsored planning of even broader scope: the formulation of a national urban policy concerned with the size and location of cities and with the rural-urban "balance."

The scope of federal involvement has expanded functionally as well as spatially. Experience with housing programs for the poor made it increasingly obvious that improving the physical facilities of a dwelling or neighborhood is a relatively ineffective means of raising the
level of health and social performance of its inhabitants. The Housing and Urban Development Act of 1965, in its Model Cities Program, provides federal support for integrated programs of social therapy -- education and training, medical care, job placement, counseling and legal assistance, and so forth -- in addition to the production and rehabilitation of housing and community facilities.

The effectiveness of the Model Cities program in achieving its social objectives remains to be seen. With respect to the more traditional objectives of federal programs -- production of new housing, rehabilitation of the standing stock, slum clearance and rational redevelopment of urban land, production of community facilities, and so on -- the federal agencies have been dogged by two persistent problems:

- Interminable delays in the planning and execution of individual projects. The circumstances differ among programs, but delays are generally accountable to three factors: (1) local disagreement about project details, (2) protracted negotiations or legal actions involving landowners and affected residents, and (3) the ponderous deliberations of cognizant federal agencies over applications for assistance and project plans.

- A strong tendency for programs to be diverted from their normal purposes or to serve a more limited clientele than the legislative charter allows. Thus, Title I of the Housing Act of 1949 was conceived by its legislative sponsors as a measure for replacing slums with decent housing for the poor. It has been used by most cities as a means of displacing the poor in favor of more substantial citizens, business enterprises, or community facilities. Public housing projects have developed tenant selection policies that exclude both the poorest and the worst-housed members of the community. FHA until recently has systematically refused
to use its resources in support of urban renewal objectives or housing for minority groups. The least prosperous cities and the least prosperous citizens have failed or refused to participate in programs directed at their problems.

Federal responses to these impediments have assumed several forms. One is legislative proliferation of new programs designed either to reach communities or individuals who for one reason or another were not benefited by preceding programs, or to bypass obstacles to project execution by rerouting federal funds or decentralizing decisions. Another response is federal assumption of increased shares of project costs through amendments to grant and loan formulae. Finally, there have been attempts to change the policies and procedures of federal housing agencies by replacing obdurate executives and by pressure from above.

A word about the funding of federal housing and urban development programs is in order. With the possible exception of FHA, the department's programs of assistance have never been funded on a scale commensurate with their national goals. For instance, at the end of 1965, there were about 600,000 units of public housing in the United States, and the waiting list for these units was estimated to include 500,000 families. The number of families eligible as tenants under federal criteria has been estimated at 8.5 million. It is anyone's guess how many of these families would take advantage of the program if public housing units were available for occupancy in their communities, but certainly the number is several times the actual waiting list.

Although federal funds have been too small to have a significant impact nationally, it is possible for a particular community to secure a large allotment of funds by aggressive grantmanship. Surprisingly few have done so. The outstanding case is New Haven, which obtained over $120 million of Title I (urban renewal) funds, or nearly $800 per
resident.\textsuperscript{1} New York City has built 145,000 units of public housing under federal, state, and city subsidies -- a fourth of the national total of public housing but less than 5 percent of all housing units in the city.

\textbf{HOUSING CONDITIONS}

The U.S. housing inventory as of mid-1966 is described in Table 1. Of all occupied units, 79.5 percent were structurally sound and equipped with hot and cold running water, private shower or bath, and private flush toilet. Another 8.7 percent had this equipment, but showed some signs of structural deterioration. Altogether, 88.2 percent of the nation's households lived in dwellings that posed no apparent threat to health or safety.\textsuperscript{2}

Dilapidated structures accounted for 5.5 percent of all occupied units. About 6.4 percent of occupied units were classified as sound or deteriorating, but lacking some or all plumbing facilities. Altogether, 11.9 percent, or 6.9 million occupied units, were seriously deficient in structural condition or lacking in plumbing equipment. Indoor plumbing has a clear sanitary significance for urban housing where population densities are high. In rural areas, outdoor toilets and hand-pumped water may be inconveniences, but are not particularly less sanitary than indoor equipment that is not connected to municipal sources of supply and disposal. If rural dwellings with only deficiencies of plumbing are excluded from the total above, there remain about 4.7 million occupied units in the deficient class, or about 8.1 percent of all occupied units.

\textsuperscript{1}For a description of the New Haven experience, see Chapter 9, "What Urban Renewal Can and Cannot Do," in Jeanne R. Lowe, Cities in a Race With Time, New York: Random House, 1967, pp. 405-554.

\textsuperscript{2}This statement requires two caveats:
2) Evidence relating tenant health and safety specifically to structural condition and/or plumbing is lacking.
Table 1
ESTIMATED HOUSING INVENTORY, JULY 1, 1966

<table>
<thead>
<tr>
<th>Subject</th>
<th>Number (thousands)</th>
<th>Percent of Total</th>
<th>Percent of Total</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All housing units</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupied</td>
<td>65,178</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sound</td>
<td>58,334</td>
<td>89.5</td>
<td>83.1</td>
<td>100.0</td>
</tr>
<tr>
<td>With all plumbing facilities</td>
<td>48,488\textsuperscript{a}</td>
<td>74.4</td>
<td>83.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Lacking some or all facilities</td>
<td>46,352\textsuperscript{a}</td>
<td>71.1</td>
<td>79.5</td>
<td>95.6</td>
</tr>
<tr>
<td>Deteriorating</td>
<td>2,136\textsuperscript{a}</td>
<td>3.3</td>
<td>3.7</td>
<td>4.4</td>
</tr>
<tr>
<td>With all plumbing facilities</td>
<td>6,654\textsuperscript{a}</td>
<td>10.2</td>
<td>11.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Lacking some or all facilities</td>
<td>5,062\textsuperscript{a}</td>
<td>7.8</td>
<td>8.7</td>
<td>76.1</td>
</tr>
<tr>
<td>Dilapidated</td>
<td>1,592\textsuperscript{a}</td>
<td>2.4</td>
<td>2.7</td>
<td>23.9</td>
</tr>
<tr>
<td>Vacant</td>
<td>3,192</td>
<td>4.9</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Designed for year-around occupancy</td>
<td>6,844</td>
<td>10.5</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Sound or deteriorating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for sale or rent</td>
<td>4,954</td>
<td>7.6</td>
<td>72.4</td>
<td>100.0</td>
</tr>
<tr>
<td>With all plumbing facilities</td>
<td>4,498</td>
<td>6.9</td>
<td>65.7</td>
<td>90.8</td>
</tr>
<tr>
<td>Lacking some or all facilities</td>
<td>2,217</td>
<td>3.4</td>
<td>32.4</td>
<td>44.7</td>
</tr>
<tr>
<td>Statistical discrepancy</td>
<td>1,836</td>
<td>2.8</td>
<td>26.8</td>
<td>37.1</td>
</tr>
<tr>
<td>Rented or sold, awaiting occupancy</td>
<td>361\textsuperscript{b}</td>
<td>0.6</td>
<td>5.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Held for occasional use</td>
<td>20\textsuperscript{b}</td>
<td>0.03</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Held for other reasons</td>
<td>326</td>
<td>0.5</td>
<td>4.8</td>
<td>6.6</td>
</tr>
<tr>
<td>Dilapidated</td>
<td>456</td>
<td>0.7</td>
<td>6.7</td>
<td>9.2</td>
</tr>
<tr>
<td>Seasonal</td>
<td>1,499</td>
<td>2.3</td>
<td>21.9</td>
<td>30.2</td>
</tr>
<tr>
<td></td>
<td>1,890</td>
<td>2.9</td>
<td>27.6</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
\textsuperscript{a}Current data on qualitative characteristic at the occupied housing supply are based in part on qualitative changes from December 1956 to December 1959 and assumptions of qualitative improvements since April 1960 and should be considered only as general estimates. (Note transcribed from source table.)

\textsuperscript{b}Discrepancy was not noted or explained in source table.

Source:
As the note to Table 1 indicates, these estimates of condition and equipment lack a firm base in field surveys. They will nevertheless serve to illustrate the cost of providing a "decent" house to every American family. If all occupied dilapidated dwellings were replaced by new units at $20,000 each, and occupied nondilapidated dwellings that are deficient in plumbing were remodeled at $5,000 each, the total cost would be $82.5 billion. In the mid-1960s, the annual value of residential construction, including additions and alterations, was in the vicinity of $26 billion.

The quality and equipment of the nation's housing inventory has improved steadily since the first national data were collected in 1940. Table 2 shows the rising incidence of indoor plumbing, furnace heating, and gas or electric cooking equipment during the period 1940 to 1960. Table 3 shows improvements in conditions of structure and the rising proportion of new units in the inventory. For occupied units, it shows declining numbers of persons per unit, as well as declining numbers of persons per room. Vacancy rates have risen greatly since 1950 despite the spreading-out implied by the reduction in persons per unit and per room.

Of course, housing markets are local, not national -- surpluses in Idaho may be concurrent with shortages in Manhattan. Characteristically, metropolitan areas have reported lower vacancy rates than non-metropolitan areas: for the first quarter of 1967, the rental vacancy rate for Standard Metropolitan Statistical Areas (SMSAs) was 6.2 percent as compared with 7.6 percent outside SMSAs; homeowner vacancy rates were 1.2 and 1.4 percent for the same areas. Within SMSAs, rental vacancy rates have been slightly higher and homeowner vacancy rates slightly lower in the central cities than in the metropolitan fringes.

Finally, the incidence of substandard housing is much higher in rural areas and small towns than in large cities. In 1960, 7.4 percent of all rural households occupied dilapidated dwelling units, as compared with 3.1 percent of all urban households, and 3.0 percent of the households living in metropolitan central cities. Of the total stock of occupied dilapidated structures, 48.3 percent was located in rural
Table 2
SELECTED INDICES OF HOUSING QUALITY, 1940-1960

<table>
<thead>
<tr>
<th>Subject</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Supply</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Hot and cold water piped inside structure</td>
<td>74.2</td>
<td>70.1</td>
<td>87.2</td>
</tr>
<tr>
<td>Only cold water piped inside structure</td>
<td>12.7</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>No water piped inside structure</td>
<td>25.8</td>
<td>17.2</td>
<td>7.1</td>
</tr>
<tr>
<td><strong>Toilet Facilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Flush toilet, exclusive use</td>
<td>59.7</td>
<td>71.4</td>
<td>86.8</td>
</tr>
<tr>
<td>Flush toilet, shared</td>
<td>5.0</td>
<td>4.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Other toilet facilities, or none</td>
<td>35.3</td>
<td>24.5</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>Bathing Facilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Bathtub or shower, exclusive use</td>
<td>56.2</td>
<td>69.3</td>
<td>85.2</td>
</tr>
<tr>
<td>Bathtub or shower, shared</td>
<td>4.7</td>
<td>3.9</td>
<td>2.9</td>
</tr>
<tr>
<td>No bathtub or shower</td>
<td>39.1</td>
<td>26.8</td>
<td>11.9</td>
</tr>
<tr>
<td><strong>Heating Equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Steam or hot water</td>
<td>21.8</td>
<td>23.5</td>
<td>21.8</td>
</tr>
<tr>
<td>Warm air furnace, with ducts</td>
<td>16.8</td>
<td>26.9</td>
<td>31.5</td>
</tr>
<tr>
<td>Floor, wall, or pipeless furnace</td>
<td>3.5</td>
<td></td>
<td>11.2</td>
</tr>
<tr>
<td>Other means, with flue</td>
<td>46.6</td>
<td>36.0</td>
<td>22.6</td>
</tr>
<tr>
<td>Other means, without flue</td>
<td>(NA)</td>
<td>12.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Not heated</td>
<td>(NA)</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Cooking Fuel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Gas or electricity</td>
<td>54.2</td>
<td>74.6</td>
<td>94.5</td>
</tr>
<tr>
<td>Wood, coal, or coke</td>
<td>35.1</td>
<td>17.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Fuel oil, kerosene, or other fuel</td>
<td>10.3</td>
<td>7.5</td>
<td>1.2</td>
</tr>
<tr>
<td>No cooking fuel</td>
<td>0.4</td>
<td>0.3</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source:
Table 3
SELECTED MEASURES OF HOUSING CONDITION
AND UTILIZATION, 1940-1966

<table>
<thead>
<tr>
<th>Subject</th>
<th>1940</th>
<th>1950</th>
<th>1960</th>
<th>1966</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Condition of Structure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Dilapidated</td>
<td>NA</td>
<td>90.2</td>
<td>92.8</td>
<td>94.4</td>
</tr>
<tr>
<td><strong>Age of Structure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All housing units, percent</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>NA</td>
</tr>
<tr>
<td>10 years or less</td>
<td>15.9</td>
<td>20.8</td>
<td>27.5</td>
<td>NA</td>
</tr>
<tr>
<td>11-20 years</td>
<td>24.6</td>
<td>13.4</td>
<td>14.8</td>
<td>NA</td>
</tr>
<tr>
<td>Over 20 years</td>
<td>59.5</td>
<td>65.8</td>
<td>57.7</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Occupancy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Persons per occupied unit, median</td>
<td>3.3</td>
<td>3.1</td>
<td>2.9</td>
<td>NA</td>
</tr>
<tr>
<td>Persons per room, percent of occupied units</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>NA</td>
</tr>
<tr>
<td>0.75 or less</td>
<td>54.9</td>
<td>60.1</td>
<td>65.3</td>
<td>NA</td>
</tr>
<tr>
<td>0.76 to 1.00</td>
<td>24.9</td>
<td>24.1</td>
<td>23.1</td>
<td>NA</td>
</tr>
<tr>
<td>1.01 to 1.50</td>
<td>11.3</td>
<td>9.6</td>
<td>7.9</td>
<td>NA</td>
</tr>
<tr>
<td>1.51 or more</td>
<td>9.0</td>
<td>6.2</td>
<td>3.6</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Vacancy Rates</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeowner vacancy rate (^b)</td>
<td>NA</td>
<td>0.9</td>
<td>1.6</td>
<td>1.4(^a)</td>
</tr>
<tr>
<td>Rental vacancy rate (^c)</td>
<td>NA</td>
<td>2.6</td>
<td>6.7</td>
<td>7.5(^a)</td>
</tr>
</tbody>
</table>

**Notes:**

\(^a\) First quarter, 1966.

\(^b\) Vacant units for sale as percent of all owner-occupied units and units available for sale.

\(^c\) Vacant units for rent as percent of occupied rental units and units available for rent.

**Sources:**

areas. Nearly 60 percent of all occupied units with deficient plumbing is in rural areas, accounting for one fourth of the occupied rural housing stock. Only 7.4 percent of occupied units in central cities reported plumbing deficiencies, and that number is believed to have diminished considerably since 1960.

ISSUES IN FEDERAL HOUSING POLICY

The data presented above indicate that somewhere between 88 and 95 percent of American households occupy structures that are physically adequate for health and safety, and that vacancy rates, at least since 1960, have been high enough to serve as brakes on new private construction. It would be hard to find justification in these data for new federal programs designed to raise physical standards of housing for the general public except as part of a massive program of redistribution.

Even for the worst-housed group -- for example, the 3.2 million households occupying dilapidated quarters -- it is reasonable to ask whether their housing poses so critical a threat to health and safety that categorical aid for housing is a superior alternative to general measures for income maintenance. And if housing is indeed the critical variable, there is a peculiar bias in existing programs that focus federal efforts on improving housing for the urban poor. At least half the substandard housing is rural, and no more than a fourth is located in large cities.

Still, there is something clearly amiss in our cities, something that finds its most visible expression in the residential environment and pattern of life in the central-city racial ghetto. During the past 20 years, these ghettos have grown rapidly, most by in-migration of Negroes and Puerto Ricans. The Negro population of all metropolitan central cities increased by about 3.5 million persons between 1950 and 1960 while the white population of these same cities increased by 2.1 million persons; between 1960 and 1966 the Negro population grew by 2.5 million, while the white population declined by .8 million.\(^1\) At least

half the growth in Negro population was due to in-migration and much of the remainder is accounted for by births to recent migrants.\textsuperscript{1} During the same period, perhaps half a million Puerto Ricans immigrated to the United States, most of them settling in central cities of the Eastern seaboard.

The immigrants are mostly people with rural traditions, irregular family structures, and few skills relevant to earning a living in the urban economy. Because the newcomers are poor they live as tenants in the cheapest housing available;\textsuperscript{2} lacking traditions of urban housekeeping, they contribute to the shabbiness of their homes and streets even more than poverty requires. Unemployed and propertyless strangers in the city lack commitment to the larger social and economic order of urban life, forming instead a subculture within which vandalism, theft, casual violence, alcoholism, prostitution, and dope addiction flourish. In the case of the Negroes, a long history of racial oppression provides a genuine grievance which has lately found expression in Black Power militancy, riots, arson, and looting.

Dilapidated housing and dirty streets did not produce this subculture. The physical environment of the ghetto reflects the design standards of the era in which the neighborhood was first developed and its subsequent history of maintenance. It is not at all difficult to find dismal slums that were once comfortable and attractive neighborhoods, and could have remained so had they been continuously inhabited by a population with the means to maintain their houses, an interest in domestic and civic housekeeping, and enough political influence to obtain a fair share of municipal services and public facilities.

\textsuperscript{1} Computations by the authors based on 1950 and 1960 census data for the 52 largest SMSAs indicate that the nonwhite populations of these cities grew during that period by 3.4 million persons, with net in-migration accounting for 1.7 million of that total. "Nonwhite" does not include Puerto Ricans or other persons of Spanish surname.

\textsuperscript{2} In 1960, 1 out of 4 nonwhite households in the central cities occupied housing units that were dilapidated or lacking in plumbing equipment, while only 8 percent of white households resided in deficient units.
A decayed neighborhood can be temporarily renewed by public investment in rebuilding and rehabilitation; in the process some obsolete design features can be permanently altered for the better. But few such physical improvements will endure or even much matter unless the inhabitants of the neighborhood are financially able and willing to maintain them and to secure the continuing cooperation of municipal government in doing so. The principal objective of federal housing policy with respect to the urban poor has usually been seen as the replacement of dilapidated or substandard housing by rebuilding or rehabilitation, on the implicit premise that such improvements are irreversible. Neighborhood histories testify to the contrary.

We suggest then that the more pertinent question is whether housing programs can be used effectively to assimilate in-migrants to the urban milieu, to resolve racial grievances, to penetrate the subculture of urban poverty and develop the poor themselves as resources for their own betterment. An eventual part of this betterment will surely be more comfortable and more attractive housing, cleaner and more orderly neighborhoods, but only as the newcomers acquire the means and develop the interest and political influence to maintain these amenities.

No doubt some of these premises are arguable, and one clearly fruitful area for research is the etiology of structural and neighborhood deterioration. On the other hand, a good deal of research has been done on the question of whether physical improvements in housing have an impact on the health, morale, and social performance of the urban poor -- with generally negative or inconclusive results. A private bath and toilet does not seem to cure juvenile delinquency or even much reduce the incidence of disease.¹ But there are other avenues through which housing or housing-related programs may act on the

social and economic conditions of ghetto life, and the burden of this report is to urge their examination.

To illustrate the possibilities, we have identified four separable objectives of ghetto reform—separable in the sense that no one of these objectives clearly and unmistakably implies another as either consequence or antecedent. These objectives are listed below.

- Raising real incomes of the urban poor above the Orshansky standards.¹
- Training the urban poor, and especially the recent immigrants, in skills useful for urban life.
- Inducing in ghetto residents a moral commitment to civic order and neighborhood improvement.
- Reducing racial tensions below the threshold of violence.

We suggest that if substantial progress can be made on these objectives, the ghetto and its inhabitants will cease to be the focus of public concern and we can get on with other enterprises of civic betterment that are less sharply regulative and redistributive in character.

Let us consider how programs involving housing and housing-related services might contribute to these objectives. Our impressions of the interesting possibilities are summarized in Tables 4-7. The programs identified there by no means exhaust the possibilities, and some alternatives are mutually inconsistent. We only mean to provide a matrix of possibilities that will suggest useful analyses and experiments.

RECOMMENDATIONS FOR RESEARCH

The very elementary program analysis represented by Tables 4-7 can and should be elaborated and refined as a means of illuminating program alternatives and their consequences for social objectives. It also provides a context for judging the relevance of specific proposals for research and experiment such as those described briefly below.

¹Equivalent incomes at a poverty level for a large number of different family types were defined in Mollie Orshansky, "Counting the Poor: Another Look at the Poverty Profile," Social Security Bulletin, Jan. 1965, pp. 3-29.
<table>
<thead>
<tr>
<th>Type of Program</th>
<th>Direct Benefits</th>
<th>Offsets or Constraints</th>
<th>Nonhousing Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidize employment in ghetto rehabilitation and maintenance.</td>
<td>Earned income.</td>
<td>Benefits limited to employables.</td>
<td>Employment in other industries.</td>
</tr>
<tr>
<td>Disperse ghetto population into other neighborhoods.</td>
<td>Larger share of municipal services.</td>
<td>Income gain probably small.</td>
<td>Relocate public services to ghetto.</td>
</tr>
<tr>
<td>Subsidize low-rent public housing.</td>
<td>Transfer payment in kind.</td>
<td>High administrative costs.</td>
<td></td>
</tr>
<tr>
<td>Subsidize low-rent private housing (rent supplements, tax abatements, low interest loans).</td>
<td>Transfer payment in kind.</td>
<td>Rent and profit control required.</td>
<td></td>
</tr>
<tr>
<td>Distribute rent certificates to poor families.</td>
<td>Restricted transfer payment.</td>
<td>Disincentive effects.</td>
<td></td>
</tr>
<tr>
<td>Give capital grants to poor families for home purchase.</td>
<td>Restricted transfer payment.</td>
<td>Reduces job mobility.</td>
<td></td>
</tr>
</tbody>
</table>
## Table 5

### HOUSING PROGRAM OBJECTIVE: TRAINING IN URBAN SKILLS

<table>
<thead>
<tr>
<th>Type of Program</th>
<th>Direct Benefits</th>
<th>Offsets or Constraints</th>
<th>Nonhousing Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Juvenile Education:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disperse ghetto population into other neighborhoods.</td>
<td>Better schools. Association with non-ghetto children</td>
<td>Education can't be specialized to needs of ghetto children.</td>
<td>Improve ghetto schools. Bus ghetto children to better schools.</td>
</tr>
<tr>
<td><strong>Consumer Education:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish on-site training programs (home economics, child care) in public housing projects.</td>
<td>Immediate pay-off to participants. Easy to reach project residents.</td>
<td>Lack of peer-group models.</td>
<td>Home visits by extension agent. Off-site community training centers.</td>
</tr>
<tr>
<td>Disperse ghetto population into other neighborhoods.</td>
<td>Association with middle-class models.</td>
<td>How good are these models? Would neighbors actually mix?</td>
<td></td>
</tr>
<tr>
<td><strong>Job Training:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish live-in training centers or camps (Job Corps).</td>
<td>Formal skill training. Participants separated from distractions.</td>
<td>Practically limited to single persons. Less useful than on-the-job training?</td>
<td>Day or night schools in the ghetto.</td>
</tr>
<tr>
<td>Type of Program</td>
<td>Direct Benefits</td>
<td>Offsets or Constraints</td>
<td>Nonhousing Alternatives</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>------------------------------------------------------</td>
<td>---------------------------------------------------------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>Organize tenant-managed rental housing projects.</td>
<td>Gives tenants sense of control and responsibility.</td>
<td>How good would management be?</td>
<td>Local control of other community institutions (schools).</td>
</tr>
<tr>
<td>Promote and subsidize home ownership.</td>
<td>Owner acquires stake in local property values.</td>
<td>Risk of demoralizing capital loss.</td>
<td>Promote ownership of other assets.</td>
</tr>
</tbody>
</table>
Table 7  
HOUSING PROGRAM OBJECTIVE: REDUCING RACIAL TENSIONS

<table>
<thead>
<tr>
<th>Type of Program</th>
<th>Direct Benefits</th>
<th>Offsets or Constraints</th>
</tr>
</thead>
</table>
| Pass and enforce open-housing ordinances.| Legal barrier to discrimination.  
Symbolizes public intent.                                    | Not effective tool for integration.  
Fair employment laws.                                    |
| Disperse ghetto population into other neighborhoods. | Intra-community contact may destroy stereotypical responses.  
Dispersion of ghetto population impedes crowd formation, rioting.  
Dispersion of ghetto population impedes political organization on racial lines. | More opportunities for interracial crimes, verbal abuse.  
White hostility may increase with neighborhood invasion by Negroes.  
Negroes may feel disenfranchised. |
| Concentrated effort to improve conditions of ghetto life (housing, municipal services). | Reduces material basis for grievances.  
Does not dilute political influence.                      | Would this reduce hostility?  
Transfer payments to Negroes.                            |
Prospects for Ghetto Growth

Negroes, Mexican-Americans, Puerto Ricans, and Appalachian whites are pouring into our cities at alarming rates and are multiplying rapidly thereafter. They present major problems of economic and civic assimilation. The rest of the urban public has only a vague notion of the dimensions of these problems, an ignorance that does not bode well for public acceptance of realistic strategies for coping with it. We suggest the usefulness of a competent and authoritative quantitative analysis of the probable growth of these ethnic groups in each of the 50 largest metropolitan areas over the next 10 to 15 years. The findings would of course be pertinent to all the subject areas discussed at this Workshop. The implications for urban housing markets are particularly direct in terms of the demand for low-priced housing and the possible use of public powers to channel the pattern of settlement within the metropolitan areas. As part of these projections, it should be feasible to show the territorial implications of ghetto growth in each city.

Background research needed for such projections includes a systematic analysis of the sources of migratory flows over the past two decades and the reserve capacities of these sources to supply future migrants; an analysis of the circumstances under which these flows have been redirected from one group of cities to another; an analysis of the demographic determinants of natural increase among the in-migrants in order to assess future rates of growth; and a comparative analysis of the characteristics of neighborhoods annexed by growing ghettos as distinguished from those that have resisted invasion.

Although the need is urgent, we suggest that this study be undertaken in early 1969 and designed in anticipation of incorporating data from the 1970 Censuses of Population and Housing. In the interim, demographic accounting systems, migration models, and models of ghetto expansion could be developed and tested with earlier data. The enterprise should be rushed to completion as soon as the 1970 data are available.
Neighborhood Deterioration

The study suggested above should cast some light on the process by which once-pleasant residential neighborhoods are transformed into slums. It would also be fruitful to examine this process at a more microscopic level. Present policies of urban housing reform are heavily committed to the idea that a useful purpose is served by localized heavy doses of capital investment in housing reconstruction and rehabilitation. We offer the hypothesis that the effects of such investment are quite transient unless there are accompanying measures that alter the subsequent balance between damage and repair; we also suggest the possibility that the capital resources now applied to urban renewal could be more profitably applied to direct redress of this balance in neighborhoods whose housing stocks are threatened with decay.

Damage to the residential environment may be inflicted by tenants, by street traffic, by vandals, by weather, by failures of wiring or plumbing -- to name a few of the possibilities. How does the incidence of damage vary with the characteristics of a house, its tenants, the form of tenure, the type of management, the kind of street traffic, and so on? What factors are conducive to prompt and systematic repair? These may include the frequency of damage, the system of municipal code enforcement, the presence of a resident manager, the financial resources of the owner, the condition of the local housing market, and other things as well. There is of course particular interest in finding configurations of circumstances that result in low-level equilibria between damage and repair, with the hope that public policy can be used to reproduce these circumstances in neighborhoods that lack them.

George Sternlieb's study of tenement landlords in Newark reveals the depth of popular and professional misconception of the nature of housing ownership and management in the low-priced market.¹ His field

¹George Sternlieb, The Tenement Landlord, New Brunswick, N.J., Urban Studies Center, Rutgers University, 1966. Sternlieb found, for example, that the majority of tenement landlords were neither professional real estate brokers nor managers. Furthermore, the professional managers, who are commonly considered as "the slumlords," maintained their buildings better than other nonresident owners.
survey techniques could be supplemented to produce data on both the determinants of damage and the maintenance practices of property owners in a variety of urban neighborhoods. RAND hopes to pursue some aspects of this topic in New York City, where Sternlieb will also undertake some additional work.

Ghetto Employment in Housing Maintenance

This is by now a familiar idea, but so far as we know it has only been tried with unpaid volunteers or on public property. We suggest a government-subsidized nonprofit corporation employing unskilled ghetto males under the supervision of skilled craftsmen whose services are offered to slum property owners at bargain prices under maintenance contracts. The workers would receive on-the-job training in permanently useful skills; working in their own neighborhoods, it is at least conceivable that they would come to feel protective toward the results of their labor.

This is a plan that could be tried experimentally on a small scale. There are two obvious impediments to its success: opposition of the building trades unions, and the fact that the plan offers a visible benefit to owners of rental property who are not ordinarily esteemed by their tenants. Union cooperation would have to be negotiated; the use of union members as crew supervisors might help overcome opposition. On the second point, it may be possible to invent contractual and publicity formulae that stress the perfectly valid point that the tenants would also benefit.

Municipal Services for Slums

There is a good deal of anecdotal evidence that low-income neighborhoods within most municipalities are less well served by municipal government than high-income neighborhoods. No systematic evidence has ever been collected on the subject. We suggest studies in five large cities designed to reveal neighborhood disparities in per capita expenditures for specific services such as education, police protection, fire protection, garbage collection, street cleaning and repairs,
libraries, recreation programs, and so on. These studies should also attempt to measure the level of service actually achieved in each neighborhood. For example, more police per capita may be required to hold the incidence of street crimes to a given level in a poor neighborhood than in a prosperous neighborhood. There is greater demand for free library facilities in prosperous neighborhoods than in poor ones. Parity in public services is a slippery concept.

There is reason to suppose that some form of parity in public services for low-income neighborhoods might raise the morale of the neighborhood population and increase its civic commitment, although the point is by no means established. With this end in view, the data gathered for the proposed case studies should be sufficiently detailed to estimate the costs of achieving parity by raising services in all neighborhoods to the level of the best-served neighborhood. The alternative of equalization by redistribution seems politically infeasible.

Patterns of Residential Segregation and Integration

Southern whites and Black Power militants see substantial advantages to continuation of residential segregation in the familiar pattern of large racial ghettos. There is an influential body of opinion, both black and white, committed to residential integration as a desirable if distant goal. Social benefits have also been claimed for other forms of residential integration, especially mixing disparate income groups.

Despite the prominence of the issue, there has been virtually no discussion or analysis of the spectrum of possibilities between the polar cases of the monolithic ghetto and salt-and-pepper integration. Even without data, it would be useful to explore the social, political, and economic consequences of alternative grains and kinds of residential integration. For example, disparate populations could conceivably be mixed within individual structures or within individual city blocks. Alternatively, black families might be settled in white territory, but in colonies of various sizes, and vice versa. Residential integration of races might be designed to preserve or to violate existing patterns of segregation by income. These alternatives would surely differ in
ease of implementation and in their consequences — for example, frequency of inter-group contact, the sense of peer-group support, occasions for goal-oriented cooperation or conflict, ability to secure political representation, creation of specialized consumer markets and opportunities for entrepreneurship, and so on.

Although it is easy for a study of this type to drift into unsupported speculation, it need not. Isolated instances of most of the possible forms of integration and segregation are available for empirical study; in fact, many have already been studied, but no comparatively. The range of practical, and therefore interesting, possibilities might also be narrowed by simulating integration schemes in a particular urban context. We might, for example, choose the Chicago metropolitan area and actually map alternative population distributions consistent with the area’s overall ethnic and economic mix and with the existing spatial distribution of housing of various types and prices.

Incentives for Residential Integration

Without prejudging whether ghetto dispersion is on balance desirable, we can observe that it is unlikely to occur without stronger measures of public policy than have yet been applied. In particular, open housing ordinances may have symbolic value as an expression of public intent, and may even serve to remedy individual instances of discrimination, but there is no prospect of their yielding more than token integration. A systematic review of experience under the variety of private schemes for achieving racially balanced neighborhoods would be instructive, but we would not expect to find any that could be applied on a broad scale.

We suggest a new scheme that just might work. Suppose we simply pay the public, both black and white, to mix residentially. A federal agency could be established in each metropolitan area with the function of keeping score on the racial mix of individual census tracts. The agency would offer a payment to each black family moving into a white neighborhood and to each white family moving into a black neighborhood. Both renters and home-buyers would be eligible for the payment, which would be a fixed percentage of the monthly rent or purchase price. The landlord or seller would receive a similar payment. When a neighborhood's population reached a mixture corresponding to that of the metropolitan areas as whole, no further movement into that particular neighborhood would be subsidized, although payments to prior movers would continue for a specified term of years.

This scheme offers a direct financial incentive to the only two parties whose assent to the transaction is really required, bypassing all other centers of resistance. It is left to individual buyers and sellers to find each other and agree on the terms of the transaction, whereupon they may apply for their respective payments. The knowledge that the subsidy offer would terminate when the neighborhood reached racial balance would serve both to dampen the inflationary effects of the subsidy and to calm local fears that the neighborhood might tip.

Details of this scheme need to be worked out, together with safeguards against various possibilities of its abuse. It could be experimentally tried in a single neighborhood with private funds and without legislative authority. Some such experiment would be necessary to discover the minimum effective level of payment to buyer and seller, which we guess to be about 10 percent of the price of the house to each party.

The Incidence of Housing Subsidies

Few of us are aware of the variety of housing subsidies, direct and indirect, offered to special groups in our population: below-market rents, rent supplements, below-market purchase and rehabilitation loans, urban renewal land subsidies, real estate tax abatements,
state and federal income tax deductions, accelerated depreciation, and so on. So far as we know, no one has ever made a systematic study of the incidence of subsidy benefits within the population.

Such a survey would surely show that the benefits are unequally distributed within any given income group, and probably that some upper income groups are more liberally subsidized than some lower income groups. If these hypotheses are correct, their quantitative confirmation would provide a powerful basis for advocacy of reform.

Since the levels and incidence of many of these subsidies vary with local population composition and local real estate values as well as with state and local housing, welfare, and tax programs, it would certainly be easier and probably more fruitful to analyze incidence for a single municipal jurisdiction than to undertake an aggregate national assessment. At any rate, this is one of the studies that RAND plans to do in New York City.
III. URBAN EDUCATION

Daniel M. Weiler

INTRODUCTION

At the aggregate national level, there are many signs of steady growth and improvement in American education. Nationally, the number of pupils on curtailed sessions has been decreasing, pupil retention rates have gone up, and Americans are completing more years of education. Annual current expenditures per pupil have almost doubled over the last decade, and pupil-teacher ratios continue to decrease. Total expenditures on education virtually doubled between 1960 and 1966 (from about 25 billion dollars to almost 50 billion), and yearly form an increasing share of the gross national product.

What these aggregate national statistics do not show, of course, is the difference between the academic achievement of the urban poor (mostly Negro, Puerto Rican, and Mexican-American) and the urban middle class (mostly white). Mounting evidence, recently including data gathered by nation-wide, federally sponsored studies (and confirming the personal experience of countless observers) has revealed wide disparities between the quality of educational staff, plant, and facilities available to Negro and white children, widespread, deepening segregation, and great gaps in educational achievement. Readers of this chapter doubtless do not require extensive elaboration of these well-known facts. One recent study illustrates the main point only too well: In the eighteen month period between

---

1 The author is indebted to Robert D. Specht, James S. Coleman, John Kain, Thomas I. Ribich and Adam Yarmolinsky for helpful comments and criticism on earlier drafts of this chapter.


June 1964 and December 1965, the armed forces gave 383,000 18-year-olds a mental qualification test (AFQT). Of the whites tested, 18.8 percent failed. The Negro failure rate was 67.5 percent.¹ A 1963 Department of Labor study of 2,500 AFQT rejectees showed that Negroes who failed averaged one more year of school than white failures. The majority of rejectees, regardless of race, were products of poverty.² The AFQT test results reflect conditions in rural Mississippi as well as in New York or Chicago. But the great majority of Negroes are city dwellers, even in the South, where three out of five Negroes live in urban areas.³

Many authorities have been led to conclude that race is the problem in urban education, that "the most urgent urban educational challenge of the day is not curriculum or instruction. It is the challenge of changing race relations."⁴ It cannot be denied that many white, middle-class schools, despite better records of academic achievement by their students, are also not as effective as they should be. However great their need for improvement, though, it does not compare with the urgent and immediate problems of the crowded, segregated schools of our central cities. Where priorities for resource allocations must be established — as they must always be — the urban education problem is indeed the

¹Richard de Neufville and Caryl Conner, "How Good Are Our Schools?" American Education, October 1966, pp. 2-9. Negroes in the state of Washington did better than did whites in ten other states (the Negro failure rate in Washington was 25 percent; the white failure rate went as high as 43.7 percent in Tennessee). The authors believe that these test results are "the closest thing there is to a national index of educational strengths and weaknesses." (We do not yet have a comprehensive pictures of how well American children are educated, and debate continues over the wisdom and feasibility of attempting such an assessment. See, for example, National Education Association, National Educational Assessment: Pro and Con, Washington, D.C., 1966.

²De Neufville and Conner.


"failure of the schools to respond to the special problems of American youngsters who are the victims of deprivation, neglect, and prejudice."\(^1\)

RESEARCH

The first goal of urban education policy, it is widely agreed, is that of vastly improving the academic achievement of disadvantaged children and of stimulating marked growth and improvement in their self-esteem, motivation, awareness, and attitudes toward such issues as work, school, family and race. In addition, school integration is for many a goal in itself, related more to the moral and social imperative of an integrated society than to its impact on academic achievement or motivation.

A research agenda for urban education must address two kinds of questions: (1) What should be done? (2) How shall it be done? The distinction is simple but important. The setting of research priorities must rest in part on informed expectations about the relationship of research results to the actual achievement of policy goals. It is possible to spend much time and effort on research programs of great scholarly virtue without having much impact on ameliorating the major problems of concern. This familiar hazard is especially pertinent to urban education, where often the problem is not finding the most effective policies, but getting effective policies efficiently implemented. Needless to say, this is not an assertion that no further work is needed on the problem of how best to educate disadvantaged children; the opposite is the case. But it does seem clear that, with rare

\(^1\)National Advisory Council on the Education of Disadvantaged Children, Annual Report, Washington, D.C., 1968, p. 28. If present demographic trends continue over the period in which substantial educational reforms might be realized (say, 10-20 years), the urban and Negro education problem in many cities will literally be synonymous, as Negroes and other minorities increasingly occupy the metropolitan areas, and whites "ring" the cities in incorporated suburbs -- with separate school districts. "Solutions" to the urban education problem that do not help to reverse this trend, or at least find ways of coping with it, may be no solutions at all.
exceptions, elementary and secondary education in our cities, as it is at present managed and organized, is not succeeding in meeting these challenges. One is led inevitably to suspect that what may be needed most is not better information but better school boards. The precise extent of innovative reorganization required need not remain a matter of conjecture and opinion; it is susceptible to research and experiment, and will depend in large part on the organizational and administrative requirements suggested by "hard" information about the kinds of policies and programs that will be most effective for educating disadvantaged children.

Research on the question of what should be done seeks to ascertain the expected educational (and associated) consequences of changes in teaching techniques, curricula, student peer characteristics, class size, physical resources, parent involvement, and related variables. We have much information; we need much more. There is powerful evidence that marked improvements in the academic achievement of disadvantaged children result from their attending racially integrated, middle class schools.\(^1\) We know also, despite a largely discouraging record, that some kinds of compensatory education programs show promise of achieving results.\(^2\) We need to know more about the impact of different mixes of compensatory programs on student populations of varying characteristics. We need more information on the most effective ways in which to combine compensatory programs and integration; on the role of technological aids in teaching the disadvantaged; on the best ways in which to involve

---

\(^1\)OE Survey; CCR. The findings of these studies on the effects of integration on academic achievement have been confirmed by a number of evaluations of continuing integration programs (for example, White Plains and Syracuse, N.Y.; Evanston, Illinois; Riverside, California).

parents; on the impact of teacher expectations of student performance;
and on changes in teaching methods and techniques.

Though more information is needed on what policies will be effective,
school boards and their staffs must make decisions in the present -- and
in the near future -- on the basis of what is already known. Often they
do not have ready access to the necessary information and expertise, and
there are wide variations in the capacity and the willingness of education
decisionmakers to act on the basis of the considerable knowledge already
at hand. These issues are the concern of research on how to implement
effective policies for educating the disadvantaged. Such research should
concentrate on problems of educational organization, management, and
decisionmaking, and would also attempt to create a body of ready knowledge
on new or difficult technical problems as an aid to school board staffs
and community leaders for whom such information is not ordinarily available.

The "compensation versus integration" debate is a useful illustration
of some of these problems. At present, the favored (and funded) solution
for the poor record of ghetto schools is compensatory education. The evi-
dence suggests that integration will be more effective, and that integra-
tion plus compensatory programs more effective still. But integration is
widely regarded as politically, financially, and organizationally infea-
sible (at least when compared with compensatory programs), particularly in
the big cities. At the same time, compensatory and quality improvement
programs of demonstrated effectiveness are rare.

Not all of these problems will yield to good research, but some may.
The political obstacle to school integration that is represented by
hostile whites may often be insuperable at present, but widely assumed
financial barriers ("integration is too expensive") and organizational
difficulties ("we could never move that many children around") may well be
matters of assertion rather than fact. These questions also influence the
political equation, which is not altogether insensitive to assumptions
about program costs and technical feasibility, and to other assumptions on
which we already have good information, such as the consequences of inte-
gration for academic achievement. In addition, political "feasibility"
depends in large part on the manner in which school districts are governed,
meaning not only their formal organization and structure, but the skill, political courage, and administrative talent of their officials and their staffs. The quality of compensatory education programs and of the schools in general also depend heavily on the quality of school district administrations, who must be willing and able to make careful evaluations of the effect of variations in program content, and to make the most effective use of available information from around the country on what kinds of programs are most likely to be successful.

The balance of this chapter is devoted to the presentation of research suggestions that reflect the problems and prejudices discussed above. The research goal is always that of presenting a range of strategies for making progress toward quality education and integration for the disadvantaged children of the central cities. In each case, the aim of research should be to make explicit the costs and benefits that can be anticipated from various policies that might be adopted in a given community, so that choices can be made from a set of alternatives. Ideally, such research would be broadly useful to communities of widely varying characteristics. Many such communities have urban education problems that are generally similar, and therefore generally susceptible to similar kinds of solutions, with specifics remaining to be adapted to local requirements. At the very least, methods of analysis revealed by such research should have broad applicability. Ultimately, much of the necessary work will have to be tailored to the particular requirements of different locales, in particular for the big cities, where unique and difficult problems exist.

MAJOR RESEARCH TASKS

Integration and Compensatory Education

It is estimated that by 1975, barring new policies, 80 percent of all Negro pupils in the 20 largest cities of the nation will be attending 90-100 percent Negro schools.\(^1\) Already, "seventy-five percent of the

Negro elementary students in the nation's cities are in schools with enrollments that are nearly all-Negro (90 percent or more Negro).... Nearly nine of every 10 Negro elementary students in the cities attend majority Negro schools.¹ Proposals aimed at halting, reducing, and ultimately eliminating de facto school segregation in the cities are meant to secure the eventual placement of disadvantaged minority group students among middle class, majority group student populations.

Compensatory programs are distinguished from "normal" upgrading and improvement in the schools by their intensive, concentrated character and by their highly specialized nature (designed to meet the problems of students with special disadvantages resulting from poverty). They are regarded as "add-ons" rather than substitutes for standard programs and curricula, though many programs heralded as compensatory education in ghetto schools would likely be considered normal quality improvements in wealthier communities (for example, special field trips, released time for special instruction, instructional television, language laboratories).

In practice, integration and compensatory education have to date been treated largely as mutually exclusive alternatives, although they could be mutually reinforcing, and many observers are pessimistic about the usefulness of compensatory programs that attempt to "solve problems stemming in part from racial and social class isolation in schools which themselves are isolated by race and social class."²

Every city that wishes to integrate its school system faces unique problems of school district organization, community politics, geography, demography, school plant, transportation, and finances. Each city must find a "best" mix of methods, from a finite set of possibilities, for solving its particular school integration problem.

There have been many proposals for policies designed to eliminate de facto school segregation:

¹CCR I, p. 199.
²CCR I, p. 139.
Pairing, sometimes called the Princeton Plan, combines two or more schools in adjacent attendance areas into a single attendance zone. All children in the new zone attend school on the basis of grade assignments, and a variety of integrated grade combinations becomes possible.

Central schools convert one or more schools into central facilities (for one or more grades) to serve all or part of a city (pairing may achieve this result in very small communities).

Educational complexes are networks of public schools which broaden attendance areas by grouping existing schools and consolidating their attendance zones. Complexes contain fairly proximate schools, and although students are assigned to "home schools" according to old neighborhood boundaries, they also travel to other schools within the complex. The complex pools teachers and services, and emphasizes desegregation.

Educational parks would be very large, consolidated, new, unified school plants built in the manner of university campuses and zoned to serve a large number of surrounding neighborhoods, subcommunities, or combinations of communities. Thousands of children could go to school on a single site and use central facilities on an integrated basis.

Magnet schools offer specialized courses or educational services in carefully located areas in an effort to provide special attractions to majority pupils, and thereby to create attractive desegregated schooling for all students.

Supplementary centers offer programs in addition to basic academic skills as taught in neighborhood schools, and provide for part-time attendance on an integrated basis.

School closing shuts down all or parts of a segregated school and assigns its pupils to other schools in the city system.

Feeder pattern modifications change the patterns by which elementary schools feed students to junior high schools, and junior high schools feed to senior high schools, with desegregation as a central criterion.

Redistricting rezones neighborhood school attendance areas in order to maximize desegregation.

Site selection for new school construction attempts to maximize racial balance by emphasizing integration as a criterion for selecting the location of new school buildings.

School transfer plans, such as open enrollment policies, permit children to attend any school in the city system in which there is available classroom space. Where the facilities of integrated or all-white schools are underutilized, and the facilities of segregated schools overcrowded, this policy allows minority children to transfer into integrated school environments. However, it also permits white students to flee integrated schools. Permission for transfers is therefore sometimes restricted to
cases where it can be demonstrated that an increase in school integration will result. This restriction normally requires that students making transfer requests attend or would attend a segregated neighborhood school. School transfer plans are sometimes accompanied by provisions for free transportation.

- Voucher systems would subsidize attendance at private schools with public funds, providing that these schools met the requirement of an integrated student body, as well as other standard quality requirements.

- Busing plans attempt to achieve desegregation through agreement for inter-district (for example, city-suburb) or intra-district (central city-periphery) busing. Busing can be one- or two-way (from the central city out or as an exchange of students). Busing is also required as part of other desegregation methods on this list — notably educational parks and complexes, supplementary centers, pairing, central schools, and school transfer plans.

In general, these methods attempt to achieve integration through the use of one or more of five strategies: (1) Enlarging attendance catchment areas (pairing, central schools, complexes, parks); (2) offering special attractions (magnet schools, supplementary centers, complexes, parks); (3) making segregated schools unavailable (school closing, feeder patterns, redistricting); (4) making integrated schools available (site selection, school transfer, busing); and (5) offering incentives to competing systems (vouchers).

Typical compensatory programs include:

- Remedial programs, in particular remedial reading.
- Individual instruction.
- Pre-School programs such as Head Start.
- Intensive guidance and psychological counseling programs.
- Student tutorial programs.
- Classes to teach parents how to motivate and encourage their children.
- Expanded health care, nutrition, and physical fitness programs.

---

"Super field trips," in which students are exposed to a variety of cultural and recreational activities available in the city.

Work-study programs designed to provide part-time jobs for youngsters as an incentive for them to remain in school (for example, Neighborhood Youth Corps).

Released time arrangements for special instruction.

Extensions of the school day, week, and year, including summer camps.

Evidence about the kinds of compensatory programs that may be effective points to "teacher quality and attitude, individualized instruction, and high expenditure comprehensive programs as crucial."¹

Comprehensive programs are of necessity quite expensive in that they adapt academic content to individual needs, provide for attitude and curriculum training for teachers, devote attention to nonacademic needs of poor children (such as food, welfare and health), and attempt to reenforce school programs through school involvement with the family and the community.

It is proposed that research be conducted in a number of selected large and middle-size school districts, to create a range of integration-compensatory education options that will enable each city to choose among alternative policy packages.² Proposals should be made applicable to both current problems and longer-range plans in each case. The basic measure of effectiveness for each program would be results expected in terms of academic achievement and attitudinal improvements for disadvantaged children. A corollary measure would be the extent of integration provided, without respect to its impact on academic achievement. On such a scale, the "most effective" package would be one that combined maximum integration with the greatest improvement in achievement and attitude. Because of the strong positive correlation between integration and achievement, this criterion for effectiveness should result in little or no

¹Michael W. Kirst, "What Types of Compensatory Education Programs Are Effective?" paper prepared for the U.S. Civil Rights Commission, 1967 (mimeo). See also footnote 2, p. 30.

²Obtaining the necessary cooperation of local school boards and their staffs for the conduct of such research would be the first -- and possibly the most important -- obstacle.
conflict. A "less effective" program would be one that provided for less than the optimum possible amount of integration, but nevertheless also secured the greatest possible improvement of student achievement and attitudes, perhaps through provision of comprehensive compensatory programs. Here, the achievement criterion is crucial, for if what is demanded is "maximum possible" improvement in achievement and attitude, the point may be reached rather early where compensatory programs alone will be an inadequate substitute for integration plus compensatory education. Identification of these kinds of tradeoffs, with associated system costs, is what is desired.

A first step for such a research program would be the gathering and analysis of the broadest possible spectrum of program evaluations and experience from around the country. To date, compensatory programs have had rather mixed results, and good evaluation data are relatively scarce, but those programs that have demonstrated some success should be analyzed to see where extrapolation and expansion of useful techniques might be applicable. In like manner, the relative success of integration programs in some localities should be examined for useful lessons.\footnote{A sample list: Syracuse, Greenburgh, and White Plains, New York; Evanston, Illinois; Berkeley and Riverside, California; Teaneck, New Jersey; Hartford, Connecticut.}

There have been no large programs -- and only rare feasibility studies -- in the larger cities.\footnote{See Board of Education, City of Chicago, \textit{Increasing Desegregation of Faculties, Students, and Vocational Education Programs}, Chicago, 1967; William J. Platt and Robert A. Harker, \textit{Improving Racial Balance in the San Francisco Public Schools}, Menlo Park, California, Stanford Research Institute, Research Memorandum No. 8 -- Summary Report, 1967. The SRI study for San Francisco was presented in eight research memorandums and two working papers. The San Francisco United School District subsequently wrote its own analysis, based in part on the SRI study.}

For any given school district, presentation of a range of options would require analysis for each policy package of:

\begin{itemize}
\item Expected results in terms of achievement, attitudes of all ethnic groups, and integration.
\end{itemize}
New school plant and equipment requirements.
Incremental costs.
Revenue sources.
Size and characteristics of the population affected, yearly and cumulatively.
Possible implementation dates.
Evaluation requirements.
Transportation requirements and routing plans where applicable.
Administrative requirements.
Life expectancy of the program.
Relationship to possible future programs.
New personnel requirements.
Relationship to ongoing programs in housing and unemployment.
Special requirements for teacher training.
The role of the community.
The impact on the whole school system of probable resource diversions.

From a set of such analyses in a number of selected cities, it might eventually be possible to develop more accurate estimates than we now have of the range of potential costs and benefits that might be expected from various approaches. Another hopeful outcome from such research would be the explication of methods of analysis that are broadly applicable; possible even the construction of a "set of rules" that could serve as a checklist for guiding school districts across the country in making similar studies.

The Government, Organization, and Administration of Education

Virtually every school board in the United States wishes to improve the quality of all its schools, introduce effective compensatory education programs where appropriate, or in some cases begin a program of school integration. But there are wide variations in school board capability and willingness in implementing new programs, administering experiments, and making effective use of knowledge and research. More knowledge is needed on how differences in such variations may be correlated with different ways of organizing the government and management of
education, with differences in "informal" rules and practices, and with differences in political skills and preferred strategies.

Proposals for educational reorganization seek to improve schools and effect integration by rearranging lines of responsibility for the making of school policy, or by altering the size and character of the schools' constituency. It is common practice to merge school districts in order to effect cost savings, promote bureaucratic efficiency, and take advantage of a wider tax base, thereby increasing the revenues available to the new combined district. Recent proposals go quite in the opposite direction and involve radical decentralization of large existing school districts in order to place more authority over schools within the communities they serve.¹

Other reorganization proposals envision the creation of schools that would compete with those of the existing system. Improvements in education are sought through diversity of approach, the fostering of competition, increased school accountability, rejection of the neighborhood school tradition, and division of the attack on slum education into manageable bites. A few examples of such schools already exist;² others are in the planning or proposal stage.³ A wide variety of suggestions have been made for the organizational and operational patterns of such schools, including suggestions for state or federal regional schools, college and university schools, college laboratory schools for the poor,


²For example, the New School for Children (Roxbury [Boston] Mass.); the Children's Community (Ann Arbor, Mich.); the Adams School (Washington, D.C.); Roxbury Community School (Boston).

³The University of Illinois and the University of Chicago are planning laboratory schools for the children of the poor. In Boston, the Community for Educational Development, Inc., is asking the Massachusetts legislature to authorize the State Education Department to sponsor such a school and to subcontract a private group to run it. The New York City Model Cities plan includes provision for studying the feasibility of setting up community-run schools.
community education centers, parent-planned cooperative schools, "mini-
schools" (28 students and 4 teachers), technology-based schools, and
others.¹

It is proposed that a major research program be initiated on a
comparative study of educational government and organization in urban
areas. The principal aim of such research would be the collection and
analysis of information on how different forms of organization and
government in urban education, and different modes of administrative
behavior, meet the obligations of school integration and educational
improvement, for disadvantaged children and for school systems in
general. The study would examine methods now utilized in representative
communities throughout the United States for electing, financing,
organizing, and managing the government and administration of education.
Differences in local requirements and resources would be taken into
account in assessing different organizational and political solutions
primarily in terms of their effectiveness in dealing with problems of
race, poverty, and academic achievement. Also included in such a
study would be the collection and evaluation of the administrative and
organizational experiences of urban educational systems that are at
present outside of local public jurisdictions. Such systems would
include community schools, private denominational and nondenominational
schools, and possibly the management of military education programs.
In addition, it would be useful to examine the practices and experience
in selected foreign countries -- principally Western European -- in
order to broaden the base of comparison.

¹ See, for example, Christopher Jencks, "Is the Public School
Obsolete?", The Public Interest, Winter 1966, pp. 18-27; Kenneth Clark,
"Alternative Public School Systems: A Response to America's Educational
Emergency," paper prepared for the U.S. Civil Rights Commission, 1967
(mimeo); Harvey Pressman, New Schools for the Cities, Washington, D.C.,
New Community Press, n.d.; James S. Coleman, "Toward Open Schools," The
Public Interest, Fall 1967, pp. 20-27; Paul Goodman, "Mini-Schools: A
Prescription for the Reading Problem," The New York Review, January 4,
1968, pp. 16-18; Henry Saltzman, "The Community School in the Urban
Setting," in A. H. Passow (ed.), Education in Depressed Areas, New York,
The general study design proposed is one familiar to students of comparative government. Initial typologies would be constructed of sufficient breadth to encompass key institutional, organizational, and functional variables. These typologies would be revised and expanded where required, as data and experience accumulate. There are sufficient data and analysis already available to provide a start on the problem of what initial typologies are relevant to the study. Typically, comparative analyses of national governments contain implicit judgments about their "effectiveness," ordinarily along the lines of their ability to maximize some function valued by the analyst -- for example, representativeness, political stability, economic growth. In the study proposed here, the functions to be maximized are explicit and limited. They are integration, and educational and attitudinal improvement, in the first instance for disadvantaged youngsters, and more broadly for all children of a given system. Description and categorization of different types of school government institutions and practices would be made with respect to their comparative successes in maximizing these functions. Some allowance would have to be made for variations in the availability of data pertinent to measuring school government effectiveness. General observation, sampling techniques, ethnic surveys, and widely available standard achievement test scores will all be helpful in this respect.  

ADDITIONAL RESEARCH OF INTEREST

The major focus of research attention in urban education, we believe, should be on the critical areas described above. But there are, of course, a host of potentially useful research tasks in addition to those already discussed, forming altogether a list far too long for this chapter. We touch briefly, below, on a few of these ideas.

Teacher Expectations and Performance

We have known for some time — from general observation, careful study, and experiment — that attitudes held by teachers toward their students have an important influence on the latter's academic achievements. It has also been widely documented that "few teachers are deliberately educated or inspired to either grasp the problems of people in depressed, color-confined neighborhoods, or to appreciate their aspirations and understand their culture." Characteristically, teachers in slum schools believe that disadvantaged children have inferior learning capacities. According to a major study of Central Harlem, "...it must be concluded that the major reason why an increasing number of Central Harlem pupils fall below their grade levels is that standard performance is expected of them." Efforts are being made to improve teacher training and sensitivity, but much more needs to be known about the special characteristics of teachers who are successful with disadvantaged youngsters. Sensitivity courses and special in-service training, though perhaps helpful, have so far not been adequate to the task. Eventually

---

it may be desirable to consider the establishment of special screening exams for teachers who are to work with disadvantaged children. Whether or not such formal devices are resorted to, it would be of great help to have a better understanding of the subtleties of teacher attitudes as they are conveyed to their students by differences in facial expression, body movements, vocal tone and inflection, and posture. Taken together, these and other ingredients of personality "style" convey a message of competence and confidence to children in the classroom. Taking only teachers who are known to be successful with disadvantaged children, it may be possible through a combination of attitude tests and personal observation to isolate those factors in their teaching techniques and personal behavior that differentiate them from their less successful colleagues. If this can be done, it would form an improved basis for screening and selecting teachers for work in slum schools. The logical next step would be to ascertain whether any of the desired teacher attributes can be acquired by those who do not have them, and whether appropriate changes in teacher training techniques would therefore be helpful.

Schools and Housing

Education policy decisions are not made in a social and political vacuum, and may have consequences that extend beyond the schools. One important area in which education policy has an impact on the larger urban community is that of housing quality and residential segregation, and a better understanding is needed of the interactions between schools and residential patterns. It has been suggested that significant improvements in the quality of central city schools could be an inducement to white families to move back into low-rent or low-price housing in the central cities. We would like to know whether -- and under what specific conditions -- this may be true. We are also interested in the reverse of this phenomenon, namely the incentive for Negro families to "follow" their children who attend integrated schools in white communities, by moving into neighborhoods adjacent to the schools their children attend. Finally, we are interested in the so-called "tipping" phenomenon, whereby integrated residential communities begin to
resegregate as their schools become more integrated and some white families move out in order to find all-white schools again.

What can be predicted about the impact on residential segregation of school improvement and school segregation? How pervasive is the tipping phenomenon and what can be done to change it? And what housing and education policies relevant to these problems should be considered in order that housing and education decisions are not made at cross purposes with one another? ¹

**Education and the Community**

The relationship of education and education facilities to wider community services is taking on increasing importance. The role of the community in effecting change and innovation in education is a subject for the study on government and organization, but what is the role of education and the schools in providing community services extending beyond the present relationships of the schools to children and their parents? Some suggestions now being considered for innovations in education will raise this question anew. The role of the educational park, for example, could hardly be restricted to a daytime "eight to four" education service.

A number of analyses using available data should be possible, and experiments might be devised to test some of the more interesting possibilities. For example, we should study the consequences for public health problems of having schools provide expanded medical services, such as complete medical checkups for children from poor families (or all children), in-school diagnosis and preliminary treatment of some kinds of illnesses, improved nurses' services, and intensive programs of nutrition, including school breakfasts in addition to lunch and supplementary nutrition programs.

¹For example, what should public policy be toward the spatial relationship of low cost public housing and educational parks, or magnet schools? Should new schools with allocations of high resource concentration be erected in fringe areas to keep and attract white families, or in middle class white neighborhoods to help attract Negro residents who wish to live near better schools?
In addition, we would like to know the impact on community affairs of arranging and organizing school facilities that are also used as community recreational and cultural centers on a 24-hour basis. What services of this nature now provided to the community in other ways (and perhaps at higher costs) could be provided through the imaginative use of properly designed school buildings and facilities?

What opportunities exist (for example, for cost savings, increased convenience) through the location of school facilities in business and residential complexes with high population densities, such as New York City's school-office building combination?

If schools are in fact visualized as important centers of community affairs, then plans for their construction must reflect that conviction by making allowance for facilities sufficiently flexible to allow school grounds, buildings, and equipment to be used for a wide variety of community-related purposes. A study of community services involving or provided by schools would be aimed at establishing guidelines for the structural design of new facilities, would attempt to identify opportunities for putting existing and planned facilities to use in new ways, and would seek insights into associated community planning and administrative functions that might thereby be required.¹

Experimental "Communities"

A well-established practice in many communities is the maintenance of one or more public schools as test beds for experiments on the utility of various educational innovations under consideration by local school boards. Often such schools are located in the vicinity of universities, where departments of education, in cooperation with school officials, can experiment with new techniques that appear to have some merit.

It may well be time to consider the potential costs and benefits of establishing such an experimental test bed on a scale appropriate to the national magnitude of the urban education problem. Clearly, more

and better information is needed on the effects over time of variations in school resources, teaching methods, management techniques, and student body characteristics. A total of several hundred experimental elementary schools and an equal number of control schools might be selected in various representative communities around the country. In some cases, individual schools would be appropriate; in other cases, clusters of schools, or all the elementary schools in a single district, should represent an experimental "community."

A wide variety of carefully controlled experiments could be designed and carried out, and many innovative programs could be tried. The effects of different mixes of compensatory programs on student bodies possessing a variety of racial and social characteristics could be more thoroughly tested. Variations in curricula, teaching approaches, class size, school organization, physical plant and equipment, and community participation -- to name but a few -- could be carefully tailored to yield useful experimental results as guides to educational planning. A wide variety of technological aids now in use or currently being considered -- open and closed television, video tape, computer-assisted instruction, testing, evaluation, guidance and administration, programmed instruction, teaching machines, microfilm, language laboratories -- could be tested under much more rigorous experimental conditions than are now commonly available.

The overall experimental "cycle" could be five to ten years, allowing the collection of longitudinal data on the progress of students in the schools where experimental innovations were attempted. A good deal of useful information would of course be expected long before the experimental decade had run its course.
IV. MANPOWER TRAINING AND JOBS

Anthony H. Pascal

BACKGROUND

In a recent message to the Congress entitled "To Earn a Living: The Right of Every American," the President of the United States said:

The question for our day is this: in an economy capable of sustaining high employment how can we assure every American who is willing to work, the right to earn a living?

We have always paid lip service to that right.

But there are many Americans for whom the right has never been real:

-- The boy who becomes a man without developing the ability to earn a living.

-- The citizen who is barred from a job because of other men's prejudice.

-- The worker who loses his job to a machine and is told he is too old for anything else...

-- The man and the woman blocked from productive employment by barriers rooted in poverty....

To answer the question posed in the quotation requires the posing and answering of another set of questions. The fact that these prior questions exist illustrates the underdeveloped state of our knowledge on the best methods for achieving social objectives in the employment field. The research suggested in this chapter varies such questions in the hope of improving that state of knowledge.

Research requirements in the field of jobs and manpower training were discussed at many points during the deliberations of the Workshop as a result of its emphasis on the problems of urban poverty. It is not so much that labor market problems are specifically urban in character or that they are subject to remedies imposed at the municipal

1 Although a great many of the Workshop participants contributed to the formation of this chapter, the following people deserve thanks for the time they spent in reading and commenting on drafts and in other ways working closely with author: K. Arrow, S. Enke, T. Glennan, L. Holliday, J. Kain, S. Lipset, J. Margolis, L. Rapping, T. Ribich, L. Thurow, B. Weisbrod, A. Yarivolsinsky. The chapter benefited greatly from the help they provided; errors and other failings that remain are the responsibility of the author.

level, but that the consequences of failure in labor markets are felt largely in urban areas. In 1965, 24 per cent of the 23 million white poor and 42 per cent of the 11 million nonwhite poor lived in the central cities of metropolitan areas.\(^1\) And, although it is not the case that all of the poor would benefit from increased employment opportunity, a great many would, either directly through the increased income and status resulting from an adequate job, or indirectly as a result of a hypothesized reduction in the incidence of family dissolution. In representative slum areas, for example, the rate of households headed by females runs twice the national average.\(^2\)

Conditions in labor markets obviously affect requirements in other program areas. Further improvements in job opportunities could be expected to reduce the needs for public subsidy of housing -- there is some indication that the rent/income ratio has actually been on the rise in slum areas\(^3\) -- and of health services, since health problems are also likely to diminish welfare payments to mothers of dependent children who are willing and able to work, and to inhibit desertion by male bread-winners, which forces the deserted family on relief. It has been found, for example, that unemployment rates are correlated with the rate of family separations. That they are correlated with rates of prison incarceration, suicide, and mental illness as well indicates the wide ramifications of employment conditions.\(^4\)

Table 8 presents recent evidence of the dimensions of the unemployment problem in the United States. It is apparent that the substantial improvement in economic conditions that occurred in the period 1961-1967 -- a drop of almost three percentage points in the overall figure -- was not sufficient to bring unemployment rates to tolerable levels

\(^{4}\)Manpower Report, 1968, p. 79.
<table>
<thead>
<tr>
<th>Item</th>
<th>1967</th>
<th>Change, 1961-1967</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Civilian Labor Force</td>
<td>Unemployment Rate</td>
<td>Civilian Labor Force</td>
<td>Unemployment Rate</td>
</tr>
<tr>
<td>Total, 16 years and over</td>
<td>77,347</td>
<td>3.8</td>
<td>6,888</td>
<td>-2.9</td>
</tr>
<tr>
<td>Total, 16 to 19 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>6,521</td>
<td>12.9</td>
<td>1,586</td>
<td>-3.9</td>
</tr>
<tr>
<td>Women</td>
<td>3,634</td>
<td>12.3</td>
<td>841</td>
<td>-4.9</td>
</tr>
<tr>
<td></td>
<td>2,887</td>
<td>13.5</td>
<td>745</td>
<td>-2.8</td>
</tr>
<tr>
<td>Nonwhite, 16 to 19 years</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>771</td>
<td>26.5</td>
<td>199</td>
<td>-1.1</td>
</tr>
<tr>
<td>Women</td>
<td>443</td>
<td>23.7</td>
<td>91</td>
<td>-3.0</td>
</tr>
<tr>
<td></td>
<td>329</td>
<td>29.8</td>
<td>109</td>
<td>-0.7</td>
</tr>
<tr>
<td>Total, 20 years and over</td>
<td>70,831</td>
<td>3.0</td>
<td>5,308</td>
<td>-2.9</td>
</tr>
<tr>
<td>Men</td>
<td>45,355</td>
<td>2.3</td>
<td>1,495</td>
<td>-3.4</td>
</tr>
<tr>
<td>Women</td>
<td>25,476</td>
<td>4.2</td>
<td>3,813</td>
<td>-2.1</td>
</tr>
<tr>
<td>Nonwhite, 20 years and over</td>
<td>7,880</td>
<td>5.5</td>
<td>651</td>
<td>-5.7</td>
</tr>
<tr>
<td>Men</td>
<td>4,504</td>
<td>4.3</td>
<td>192</td>
<td>-7.4</td>
</tr>
<tr>
<td>Women</td>
<td>3,376</td>
<td>7.1</td>
<td>459</td>
<td>-3.5</td>
</tr>
<tr>
<td>White-collar workers</td>
<td>34,985</td>
<td>2.2</td>
<td>5,114</td>
<td>-1.1</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>28,529</td>
<td>4.4</td>
<td>2,436</td>
<td>-4.8</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>10,094</td>
<td>2.5</td>
<td>887</td>
<td>-3.8</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>14,611</td>
<td>5.0</td>
<td>1,650</td>
<td>-4.6</td>
</tr>
<tr>
<td>Blue-collar workers</td>
<td>3,823</td>
<td>7.6</td>
<td>-103</td>
<td>-7.1</td>
</tr>
</tbody>
</table>

Note:
Detail may not add to totals due to rounding.

Source:
Manpower Report, 1968, p. 188.
for many sub-groups such as youth, nonwhites, laborers. In the face of severe inflationary pressures it seems clear that programs designed to deal with the special vocational problems of these groups are appropriate.

Table 9 presents statistics concerning the recently developed category, sub-employment, of which measurements were made in 1966 for ten poverty areas within large central cities. In these places unemployment ran three times the national average, and in some cases five times the rate for the metropolitan area within which the slum was located. The sub-employment index is defined as the percentage of able bodied adult males who are either unemployed, employed part time but seeking full time work, earning sub-minimum incomes, labor force drop-outs, or simply not counted in conventional unemployment surveys. The percentage of sub-employed averaged 30 percent in the eight cities studied.\(^1\)

Table 10 presents additional information permitting a comparison of conditions in the 10 poverty areas with the United States as a whole. It is clear that earning ability and, possibly, motivation are significantly lower in the former. In these surveys, 44 percent of the jobless workers interviewed cited inadequacies of education, training, skills, or experience as the reasons for their plight.\(^2\) The last work of about half of all the currently unemployed was in laboring and service occupations, and less than 20 percent of the job openings in their metropolitan areas were in these categories. More than 20 percent of the unemployed, but able-bodied, adult males claimed never to have worked in a civilian occupation!

Table 11 presents evidence of the numbers of people enrolled in the various manpower programs during 1967. Manpower Development and Training Act (MDTA) programs -- the first two categories under structured training -- provide skill training to workers either in schools

\(^1\)Manpower Report, 1967, pp. 74-75.
\(^2\)Ibid., p. 78.
Table 9
INDICATORS OF THE EMPLOYMENT PROBLEMS OF SLUM DWELLERS IN SELECTED CITIES, 1966

<table>
<thead>
<tr>
<th>Poverty Area</th>
<th>Unemployment Rate</th>
<th>Sub-employment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poverty Area</td>
<td>Metro. Area</td>
</tr>
<tr>
<td>Roxbury (Boston)</td>
<td>6.9</td>
<td>3.7</td>
</tr>
<tr>
<td>Slum area (New Orleans)</td>
<td>10.0</td>
<td>3.3&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Harlem (NYC)</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>E. Harlem (NYC)</td>
<td>9.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Bedford-Stuyvesant (NYC)</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>North Philadelphia</td>
<td>11.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Salt River Bed (Phoenix)</td>
<td>13.2</td>
<td>3.3&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>North Side (St. Louis)</td>
<td>12.9</td>
<td>4.5</td>
</tr>
<tr>
<td>East and West Side (San Antonio)</td>
<td>8.1</td>
<td>4.4&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Mission-Fillmore (San Francisco)</td>
<td>11.1</td>
<td>5.2</td>
</tr>
</tbody>
</table>

Note:
<sup>a</sup>Figures for Labor Market area, which differs in definition from Metropolitan Area.

Source:
Table 10

GENERAL SOCIAL AND ECONOMIC CHARACTERISTICS OF POPULATION IN TEN POVERTY AREAS, AS SURVEYED BY THE DEPARTMENT OF LABOR, AND IN UNITED STATES AS A WHOLE, 1966

<table>
<thead>
<tr>
<th></th>
<th>Ten Poverty Areas</th>
<th>U.S. as a Whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of job holders working part-time but desiring full time work</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Percent of families with reported annual income less than $3000</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>Percent of able-bodied men not seeking work</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Percent of population Negro</td>
<td>70</td>
<td>12</td>
</tr>
<tr>
<td>Percent of households with female heads</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Percent of households with 6 or more members</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Teenage unemployment rate</td>
<td>28</td>
<td>13</td>
</tr>
</tbody>
</table>

Note:

aSee Table 9 for identification of areas and cities.

Source:

Manpower Report, 1967, pp. 73-78.
Table 11
INDIVIDUALS SERVED BY MANPOWER PROGRAMS,
FISCAL YEAR 1968-1969 ESTIMATES
(thousands)

<table>
<thead>
<tr>
<th>Category and Program</th>
<th>FY 1968</th>
<th>FY 1969&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total&lt;sup&gt;b&lt;/sup&gt;</td>
<td>970</td>
<td>1,292</td>
</tr>
<tr>
<td>Structured training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-the-job&lt;sup&gt;c&lt;/sup&gt;</td>
<td>492</td>
<td>638</td>
</tr>
<tr>
<td>Institutional&lt;sup&gt;d&lt;/sup&gt;</td>
<td>129</td>
<td>170</td>
</tr>
<tr>
<td>Job Corps</td>
<td>98</td>
<td>13</td>
</tr>
<tr>
<td>New Careers</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>MDTA part-time and employability training</td>
<td>57</td>
<td>63</td>
</tr>
<tr>
<td>Indian manpower activities</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Work-experience programs&lt;sup&gt;e&lt;/sup&gt;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School and summer work</td>
<td>435</td>
<td>590</td>
</tr>
<tr>
<td>Community work experience</td>
<td>310</td>
<td>469</td>
</tr>
<tr>
<td>General manpower services and program support</td>
<td>126</td>
<td>121</td>
</tr>
<tr>
<td>Support to Concentrated Employment Program</td>
<td>129</td>
<td>170</td>
</tr>
<tr>
<td>Special Impact Program</td>
<td>10</td>
<td>15</td>
</tr>
</tbody>
</table>

Notes:
Detail may not add to totals due to rounding.

<sup>a</sup>Preliminary estimates, subject to revision. Based on appropriations for FY 1968, without allowance for activities financed by carry-over funds, and on President's recommended budget for FY 1969.

<sup>b</sup>Excludes regular placements by the public Employment Service system.

<sup>c</sup>Includes OJT portions of programs under the Manpower Development and Training Act (MDTA), title IV of the Social Security Act, Economic Opportunity Act, and veterans' legislation. OJT components of the CEP and the JOBS program are funded largely from these sources.

<sup>d</sup>Includes institutional training under the MDTA, title IV of the Social Security Act, and some other programs.

<sup>e</sup>Includes the work-experience portions of the NYC, WIN, and other programs.

Source:
or as on-the-job trainees.\textsuperscript{1} The Job Corps consists of residential centers providing a variety of services to youth. About 144 thousand young people have been enrolled in Job Corps Camps since the establishment of the program.\textsuperscript{2} New Careers is a fairly recent program that places disadvantaged workers in public and non-profit organizations at sub- or para-professional levels.

Included in the table under Work-experience programs: school and summer work, is the Neighborhood Youth Corps, designed for both students and school drop-outs. It offers work experience and basic education for young people. About one million youths have taken part since its initiation in the original Economic Opportunity Act.\textsuperscript{3} The second category of Work-experience programs concentrates on adults and mature workers (it is often referred to as Operation Mainstream or the Nel¬son Program) and on welfare and relief recipients (WIN, the Work Incentive Program and former Title V programs in the Economic Opportunity Act).

Although two million workers are expected to take part in manpower programs in Fiscal Years 1968 and 1969, these prospective accomplishments must be viewed against the number of disadvantaged workers in the economy. For example, it was estimated in 1966 that 6.7 million workers had yearly earnings of $3000 or less and that 2.4 million were unemployed for 15 weeks or more during the year.\textsuperscript{4} Additional groups that might benefit from manpower training and work experience programs include welfare mothers (about 1.3 million on the rolls in an average recent year), workers expressing dissatisfaction with current jobs (reaching almost 20 percent of sales, clerical, and unskilled workers sampled),\textsuperscript{5} and the approximately 300,000 people who each year reach adulthood with less than a high school education.\textsuperscript{6}

---

\textsuperscript{1}Manpower Report, 1967, pp. 277.
\textsuperscript{2}Includes trainees with stays of three months or more in a job corps center. Information provided by Office of Public Affairs, Job Corps, OEO as of March 31, 1968.
\textsuperscript{3}Manpower Report, 1967, p. 52.
\textsuperscript{4}Manpower Report, 1968, p. 35.
\textsuperscript{5}Ibid., p. 49.
\textsuperscript{6}Ibid., pp. 257-258.
The major new efforts in the manpower field are the Concentrated Employment Program (CEP) and Job Opportunities in Business Sector (JOBS). CEP is a coordinated set of procedures schedules to be established in 76 urban and rural poverty areas for seeking out, counseling, doctoring, and educating the hard core unemployed. CEP will direct them to training and employment opportunities.

The establishment of the JOBS program was stimulated by the success of OJT efforts under MDTA. JOBS will compensate private firms for the extra costs of training disadvantaged workers, these to be located by the government. The aim is to place 500,000 hard core unemployed in private job sector jobs by 1971.1

EVALUATING MANPOWER TRAINING PROGRAMS

The discussions conducted by the Workshop and surveys of available literature reveal that the two general areas of most conceptual concern lie in the specification of policy objectives, particularly the conflict between human investment (efficiency) and distributional (equity) considerations, and in measures of program effectiveness, especially given the meager amounts of resources devoted to manpower and employment programs in the recent past, relative to all the other factors influencing

1 The following publications together present a comprehensive picture of unemployment problems in the United States, particularly as they apply to disadvantaged workers.


U. S. Department of Labor, Monthly Labor Review.


the structure of the labor market. The research suggestions that constitute the remainder of this chapter are directly relevant to these issues. The specific recommendations that grew out of the Workshop effort can be characterized under two main heads: evaluating the effects of manpower training programs and enhancing the demand for low productivity workers.

A great many programs intended to improve the economic productivity of disadvantaged workers are now underway. These range, as we have seen, from the Neighborhood Youth Corps for school dropouts to skill training and work experience programs for older workers. A distinction must be made between these war-on-poverty training programs and the earlier programs that began under the Manpower Training and Development Act of 1962. MDTA emphasized improving the performance of the economy. Retraining and rehabilitation of workers with obsolete skills was to raise national output and the welfare of the trainees. The more recent poverty programs have, of necessity, concentrated more on the redistribution of opportunities in the direction of the poor. A companion political choice made seems to imply that a dollar of earnings to the poor is preferred to a dollar of transfer payments.

Three separate research tasks were discussed in the Workshop under the general heading of evaluation: identification of the nominal beneficiaries of manpower training programs; analysis of the effects of manpower training programs on labor markets; and estimation of the payoffs of programs.

The Beneficiaries of Manpower Training Programs

Concern about the kinds of people who are ostensibly being helped by manpower programs is illustrated by frequent accusations of "creaming." Creaming refers to a situation in which programs enroll not a representative cross section of their target populations, however
identified, but a group biased toward the upper end of the distribution of ability and potential in the target population. In part this phenomenon is a hangover from the earlier days of manpower training when the program objective was to fill "skill shortages." It made sense in that context to seek out those with highest potential for training. Even with an explicit anti-poverty objective, however, creaming can occur for several reasons. More able people might also be more highly motivated and thus more likely to come forward and to stay in programs once enrolled. Or, administrators might attempt to devote their program resources to a group for which the likelihood of success is higher. This is especially the case to the extent that success is measured by the absolute level of post-program performance rather than by value added as a result of the program; severe difficulties are inherent in identifying the latter. Administrators are also concerned with the per enrollee cost of their programs and probably find that it is less expensive to attract the more able members of the population.

How characteristic is creaming? If the identification of the target population is valid, implying that all of its members are similarly deserving of assistance, how can the prevalence of creaming be reduced? The conflict between equity and efficiency criteria is squarely confronted here. It is possibly more cost-effective to train the barely poor. Whether such an emphasis accords with national equity objectives is more doubtful.

The answer to the first question can emerge from an analysis of data now becoming available. The Survey of Economic Opportunity, which the Census Bureau has recently conducted, gives us a vast amount of demographic and socio-economic information on a substantial sample of the American poor. Other surveys now underway will provide additional information. If similar sets of questions could be posed to participants in manpower programs it should be a fairly straightforward job to ascertain the extent to which participants reflect the target population, program by program and city by city.

If it is found that the accusations with respect to large-scale creaming have substantial merit, various kinds of devices could be
employed to inhibit it, should that be the social preference. The provision of information to program administrators might be effective in stimulating changes in recruitment and screening practices. If this proved insufficient, incentives to enroll the more "difficult" segments of the target population could be offered. We could, for example, build in redistributional considerations by, say, awarding more "payoff points" for actions that result in a $2000 rise in income to a person who would have earned $1000 than to one who would have earned $4000. The efficacy of such devices might be made clearer by running a series of experiments. It should be recognized in discussing this issue that, other things equal, the reduction of creaming for a given program, a given size enrollment, and a given end result, measured, say, by the incremental income of the trainees is likely to raise program costs.\footnote{For estimates of the rather low payoff from expending educational resources on the poor, see T. I. Ribich, Education and Poverty, unpublished manuscript, The Brookings Institution, September 1966.} The decision to reduce creaming then constitutes a political choice that it is worth spending more resources to extend benefits downward, within the target group.

In other words, the objective would be to determine the optimal rate of creaming, given the evaluation criterion in distributional terms and the costs and consequences of training different sub-groups of the poor.

It would probably prove desirable also to estimate some of the indirect effects of various volumes of creaming. The possibility exists, for example, that vocational training for the barely poor will speed the rate of upgrading in the labor force, thus expanding entry level opportunities.

The Effects of Poverty/Manpower Programs on the Non-aided

Manpower training programs give promise of growing substantially in size. In the future it is possible that a substantial fraction of all unskilled and semi-skilled labor force entrants will have the advantage of publicly subsidized training programs. (For example,
between 1965 and 1970 the blue collar non-farm labor force is expected to grow by about 6 million workers.\(^1\) The JOBS program alone is expected to place 500,000 hard core unemployed between now and 1971.) Let us assume, in anticipation of the research recommended elsewhere, that the programs actually do significantly raise the productivity of the trainees. What effects will this intervention have on those who do not receive training? The answer to this question is of more than academic interest. If the effects are detrimental to nonparticipants it is the same as saying that in addition to the transfer costs of programs imposed on taxpayers, an additional transfer cost will be imposed on certain competing workers, who on equity grounds are unlikely to be the ones society would choose to bear such costs. Whether or not such a finding would alter the social decision to offer productivity enhancing investments to certain workers, it is still important to understand the incidence of the effects of public programs.

The following hypothesis could be framed for predicting the effects of publically supported training programs: Workers who benefit from training experience an increase in their productivity; this constitutes an increase in the supply of a labor of a given quality (that is, the quality level to which trainees have been upgraded); if no change occurs in the demand for the products of the employing firms the result should be a reduction in the wages, or employment opportunities, or both, for workers of a skill level commensurate with the trainees. Given the demand for labor, the precise nature of the result will be dependent on the responsiveness of labor supply to the wage rate, the magnitude of the increase in supply, and the level of the legal minimum wage. The more the ultimate result is displacement of some workers by others in jobs, the closer to zero the net social benefit of training, at least in efficiency terms; lowered wages, on the other hand, mean that the payoff is somewhat lower than the initial wage differential between the trained and the untrained workers.

\(^1\)Manpower Report, 1967, p. 274.
Two possible phenomena could reduce the validity of this hypothesis:

(1) A demand for entry level labor which was highly responsive to the going wage rate.

(2) A dynamic adjustment mechanism in which the resulting increased spread of wage rates between skill levels encouraged a more rapid upward advancement of those workers employed prior to the advent of the trainees.

A supplementary hypothesis is that the adverse effects would fall predominantly on groups already locked in socio-political struggle with the population from which most of the trainees would come, that is, working-class whites. Current programs, if unmodified, might thus be expected to exacerbate race relations.  

It would be possible to design some crude empirical tests of the adequacy of the "adverse effects" hypothesis, although the pace of testing ought to be geared to the relative size of the fraction of the entering labor force that has received training at public expense. For example, if entrants with moderate skills were being displaced from employment opportunities, we should expect a change over time in the characteristics of the unemployed. That is, the level of skills among the unemployed — net of those skills attributable to special training programs — should be on the increase. If it were found that the average educational attainment (a proxy for skill level not attributable to special programs) among the unemployed was growing along with the magnitude of manpower training efforts, then, controlling for other appropriate factors such as the fact of a secular increase in levels of attained educations, this would constitute partial evidence for an adverse employment opportunity effect. An increase in the demand for training slots, particularly if the demand came from "higher quality"

---

1 Other sorts of external effects of manpower and antipoverty programs in general warrant research. It has been noted, for example, that the "sitting" target population of a community in which a program is initiated may find themselves no better off because of the in-migration of poor from other cities and rural areas provoked by the program. If crowding and ghetto rent levels rise, they may even be worse off.
applicants, would also be expected as a result of expanded training programs and adverse employment effects.

Evidence of the existence of an adverse wage effect would be a reduction in entry level wages, or, possibly, a downturn in the trend of wage increase in those industries in which trainees were being placed and, to the extent entrants can shift industries, in wage rates for entry level jobs in general. In the analysis of both wage rates and unemployment, various adjustments to take national cyclical effects into account would have to be made, as would adjustments for conditions in local labor markets. Given the validity of the adverse effects hypothesis, the next step would be to identify the magnitude of effects and the characteristics of workers so affected.

The policy implications of a finding that there were adverse effects on other workers might be a large expansion in training efforts so as to diffuse benefits more generally among labor force entrants.\footnote{A significant adverse wage effect does, however, suggest a diminishing social return to entry level training. Upgrading programs (see below) are perhaps thus preferable.} Or it could indicate the advantages of attempting to train people for and place them in industries with appropriate labor demand conditions or in which entry wages are well above the legal minimum. It might also suggest ways in which training and placement programs could be combined with programs to encourage more rapid upgrading of the existing labor force in a given industry. It is possible, as has been mentioned, that a growing fraction of the adversely affected will be white. Tracing the social and political consequences of such a hypothesized result for interracial relations will be a difficult but necessary task.

Payoffs of Manpower Training Programs

From their inception, the manpower training programs have been plagued by the difficulties inherent in assessing the results of their efforts. The question is important on at least two levels. First, in
order to determine the magnitude of resources to be allocated to training it is necessary to know how training compares with other activities — for example, income transfers, stimulation of the demand for labor — in achieving the objectives of the war on poverty. At a lower level, it is important to know how program variations within the training activity affect the size of benefits per dollar of cost. Programs can devote varying amounts of resources to various components — recruitment, initial counseling, remedial education, skill training, job development and placement, post employment counseling. Which constellations of activities contribute the most to the success of which classes of workers?

Evaluation of benefits has been hampered for a variety of reasons. People have argued, for example, over a metric for benefits. Disagreement over ways to measure benefits have been particularly pervasive in, though not limited to, training programs for youth. Attitude alteration, health care, delinquency prevention, and community organization have been offered as program objectives. The most commonly accepted ultimate objective, however, might be phrased as something like "permanent affiliation with the labor force at socially acceptable wages." In fact it is probably the case that other objectives are at most desirable by-products of programs. Their popularity as alternatives stems from the costliness of measuring job market benefits and the frequent reluctance of administrators to attempt to measure them.

There is no doubt that the approaches to benefit measurement that have been tried are quite expensive. They can be generally characterized as surveys. In most cases either the trainees themselves, or employers, or neighborhoods are surveyed to attempt to trace the post-program experience of participants. Obviously, this turns out to be a very labor intensive process, and though it can provide very rich data per interview conducted — and produce side benefits through the hiring of the poor themselves to conduct the interviews — the expense involved has severely limited the number of surveys performed.

An additional factor has added to the expense of attaining valid benefit estimates. Simply ascertaining, for example, how a group of
trainees has fared in job markets and then ascribing the positive results to program participation is not appropriate. Our interest, of course, lies in how differently this same group would have done had they no program experience. This means that benefit assessment requires follow-up information on the actual participants and on a control group similar to the participants in every respect other than program participation. The difficulties of identifying and tracing the experience of control groups has weakened many program evaluation efforts.

The conceptual and financial obstacles to the evaluation of job market benefits, fortified by the understandable reluctance of program managers to have their programs appraised on the basis of objective criteria, have had a number of unfortunate results. Vague, unquantifiable, often idiosyncratic goals are put forward as the ends to which programs are striving. Information needed to perform objective assessments is not collected, organized, or presented.

Several recent developments, however, appear to offer promise of improving this situation. Exploiting them as components of a new manpower training evaluation system could substantially reduce the economic and bureaucratic road blocks. The output of the evaluation system would greatly enhance our ability to structure training programs for the poor.

Proposed Evaluation System

If labor market affiliation with adequate income is accepted as the chief objective of manpower training, it ought to be possible to utilize the earnings records of trainees as reported periodically to the Social Security Administration or the Internal Revenue Service. Legal proscriptions against disclosure of confidential personal information, under which SSA and IRS operate, can be overcome with little loss of required information by obtaining earnings reports on groups of similar participants, which is legal, rather than on individuals, which is not.
Since increasingly both SSA and IRS are automating record-keeping by means of computers, systems for the automatic retrieval of earnings by social security number could be implemented easily and fairly cheaply.\(^1\) This would permit evaluators to build up data banks containing post-program labor market experience of participants. If a sufficient number of records were retrieved for participants in a given program they could be classified both by their (pre-program) socio-economic characteristics (which could be collected upon initial interview) and by the nature of the trainees' program experience, for example, length of participation, type of training taken, size of stipend received. Over time, more and more post-program earnings information would be added to the files and more meaningful analyses could be done.

Control groups to use for examining the incremental effects of the programs upon the participants could be constructed in several ways. Social security numbers and socio-economic background information could be collected during the initial interviews of enrollees who soon after withdrew from programs. These could be matched in background with groups of participants and then earnings could be retrieved for the control group and a comparison made.\(^2\) Similarly, control groups could be selected from the Survey of Economic Opportunity records, described above, which contain both a great deal of socio-economic information on and the social security number of interviewees.

Another advantage of the use of social security numbers to gather income experience is that they can be used to retrieve past income as

\(^1\) It is necessary to note, however, that earlier surveys have revealed some weakness in these records for evaluation purposes. For very low income groups and for the sporadically employed the absence of a social security number and the possession of several social security numbers is not uncommon.

\(^2\) Using program dropouts for a control is a fairly common practice, but has been subject to some criticism. It has been claimed, for example, that although matching in objective socio-economic background is possible, the dropouts are unlikely to match the experimental group in motivation and that in fact dropouts are likely to be distributed bimodally in this dimension: the easily discouraged on one hand, and those who seek and find jobs before the training ends on the other.
well as current and future income from the files. This would permit
the making of before and after program studies of various groups and
facilitate more extensive comparisons between the experimental and
control groups.

The evaluation system is applicable to vocational training pro-
grams, counseling and job information efforts, basic literacy train-
ing, and publicly supported on-the-job training schemes. The post
training improvement in both earnings and employment stability --
traceable by use of IRS and SSA records -- could be matched against
costs for institutional training or subsidies paid to firms for train-
ing the poor, and then compared.

The use of social security files as described would also permit
the assembling of information on characteristics other than income.
The average number of employers for a group of training program ex-
participants over a period of time would be useful additional infor-
mation, for example, in assessing employment stability. The industrial
affiliations and locations of the participants would be more difficult
to deal with in terms of group averages, but some indexes of such
variables could be designed.

It should become widely recognized that good performance scores
lead to budget expansions and the converse. Programs that have desir-
able outcomes ought to be described carefully and the descriptions
circulated to managers of similar programs so as to encourage adoption
of successful strategies.

An evaluation system using SSA/IRS files would still face some
problems. Some participants do not move directly into the labor force,
but rather into other training programs. Tracing can proceed until the
trainee completes his series of programs so long as social security
numbers of enrollees are reported in each program. The problem would
remain of attributing whatever labor market success the trainee ulti-
mately demonstrated to each of the separate programs he experienced.
But as the size of the data bank grew, new control groups could be
designed to aid in the ascertainment of program effects.
The fact that all earnings are not reported under IRS/SSA might be thought to present additional problems. In general, however, the noncovered industries such as domestic or casual or agricultural labor are hardly those for which training programs seek to train the poor. If a participant entered such an industry and for this reason did not show up in IRS/SSA records, his fate might be considered a failure of the program, thus non-coverage would be an advantage for evaluation purposes. To the extent, however, that certain classes of government workers -- civil and military -- are not covered under Social Security, the IRS records would present a superior alternative. ¹ Neither IRS nor SSA is currently geared to produce the information required on a systematic basis. If the evaluation system proposed has sufficient promise, however, it would not appear an insurmountable task to implement a set of procedures, particularly if they could be structured to avoid disclosure of information on individuals.

The strongest criticism of this proposal will probably come from those who insist that post-program earnings are not a valid criterion of program benefit. One line of reply would be that benefits in terms of earnings need not be the sole criterion. But it is difficult to argue convincingly that they ought not to be the primary objective, particularly of programs for adult workers. It would seem to be incumbent on the critics then to suggest an alternative method for evaluating program results that promises to be equally inexpensive, objective, and systematic. ²

¹It is at present difficult to utilize IRS records to identify the earnings of individuals in households filing joint returns. This would have to be ironed out.

²The following examples of benefit cost studies of manpower training programs reveal some of the methodological and empirical devices that have been utilized.


IMPROVING PRIVATE SECTOR JOB OPPORTUNITIES FOR THE POOR

The Workshop spent considerable time in discussing various devices for increasing job opportunities for the poor. There are a number of reasons why certain people do have difficulty in obtaining and retaining decent jobs.

(1) Some workers have low skill levels and thus low productivities. Modern industrial processes make less and less use of low skilled labor, and minimum wage laws prevent the payment of wages that correspond to very low productivities.

(2) The careers (defined broadly) selected by youth from disadvantaged backgrounds are made on the basis of very poor information and as a function of preference and motivation patterns significantly different from those of middle class youth.

(3) Some workers have few of the "credentials" employers tend to use in appraising an applicant's productivity. Since information concerning the productivity and behavior of an applicant is usually expensive for an individual employer to obtain, he will utilize what are to him very low cost items of information about the applicant, such as possession of a white skin, a high school diploma, a white shirt, a good police record, good diction, and the like, as substitutes for more accurate but harder to obtain information on the applicant's potential job capability.

(4) Employers are themselves prejudiced or they take into account their perceptions of the prejudices of their existing work forces and customers. The poor exhibit many of the characteristics at which prejudice is directed. The most socially disruptive object of prejudice is skin color, although prejudice may also be generated by ethnic differences, behavioral standards, appearance, sex, and so on.

(5) Migration patterns have resulted in the massing of large numbers of low skill workers in certain central cities where they greatly outnumber available employment opportunities.


Each of these considerations has an obvious role to play in the employment plight of the poor. We know exceedingly little about their relative importance, however. Research illuminating the comparative significance of each of the factors would aid in the design of programs to improve the employment prospects of poor workers and potential workers. It is possibly the case, for example, that little in addition to expansion in the coverage and enforcement of fair employment laws is available for combating prejudice-based disadvantage. It seems clear also on the basis of existing knowledge that inappropriate skills on the part of the poor are an additional source of disadvantage. But a finding that the costliness of information to employers or the career selection process among youth are quantitatively important would have clear implications for new programs.

The Problems of Low Income Youth in Labor Markets

How do low income youth (for example, high school students in the ghettos) select among career options when these are defined to include, for example: continued investment in self through further training and education, dropping out to take dead-end jobs, engaging in street hustling or illicit activities, becoming (or remaining) dependent on public assistance? What influences the decisions of employers when they consider hiring of applicants with such backgrounds? If dissatisfaction exists with respect to the equilibrium attained between supply and demand in the labor market where such decisions are felt, what can society do to change the situation?

Though these questions open the door on an exceedingly complex set of interrelated issues, they are worth an attempt at more formal specification. A preliminary set of hypotheses can be formulated; research approaches are not yet so obvious.

Insofar as the problems of concern can be characterized as an unsatisfactory equilibrium in a specific set of markets, explanations can be classified into those that primarily affect the nature of supply in these markets and those that affect demand. On the supply side, we might list the following among possible explanations:
(1) Ghetto youth lack the skills necessary to obtain socially acceptable jobs. This is among the more conventional explanations and is the focus of many current programs.

(2) Those jobs available to such youth are so distant from their residences that net returns are insufficient to result in employment. This explanation is becoming increasingly common and is the subject of considerable current study.

(3) Potential young workers in poverty have a paucity of accurate information concerning the consequences of alternative career choices. They know too little about the magnitude of the costs and returns, and even less about their variation and time dimensions. It is also argued that information on the low returns yielded by investment in self, for black youth specifically, lags behind a change that has actually occurred in labor markets.

(4) The "culture of poverty" produces peculiar personality traits in youth. In particular, they are characterized by very high time discount rates and very low risk aversion, and are strongly subject to peer group attitudes with respect to the status or glamor attaching to particular occupations.

(5) A growing number of occupations and industrial affiliations are considered "dirty work" (as opposed to "worthy work") by these youth. They are rejected as pursuits -- and labeled dead-end or undignified -- on grounds independent of the low wages usually associated with them.

(6) For all of the above reasons criminal activity, street hustling, and dependency constitute significant alternatives to these youth.

(7) Finally, and somewhat in opposition to all of the foregoing, is the argument that ghetto youth are not really very different from other youth, either in skills, motivation, perception, or traits, but that the society has simply failed to provide institutions to mask the aimlessness and dissipate the aggressiveness intrinsic to late adolescence, such as college and the Army, which are available to white, middle class youth.

Demand-side explanations concern the acceptability or lack thereof of young workers from poverty backgrounds among employers. How true is it, for instance that:

---

This is particularly true with respect to a decline in prejudicial feelings asserted by some. If a decline has actually occurred it has, no doubt, been uneven in distribution. Knowledge of which firms
(1) Firms impose objectively unrealistic hiring standards -- high school diplomas, clean police records, good grooming and diction, white skins -- because the information necessary to make more accurate judgments concerning the potential productivity of a job applicant is too expensive to obtain.\footnote{On this theme, see S. M. Miller, \textit{Breaking the Credential Barrier}, The Ford Foundation, New York, 1968.}

(2) Inertia among employers prevents the redefinition of jobs to fit available applicants.

(3) Racial prejudice is endemic among the managers, workers, and customers of the firms in which these young workers seek jobs.

The power of each of the first three explanations is obviously sensitive to the state of the business cycle and the tightness of labor markets, but just how sensitive we do not know.

(4) Foreman and supervisors in firms that might offer employment are unable to cope with workers having "exotic" backgrounds.

(5) The height of legal minimum wages forecloses potentially attractive work opportunities, particularly in the apprenticeship categories.

(6) Firms located in ghettos or that have black management are likely to provide more plentiful and more rewarding positions.

(7) Racial discrimination by labor unions forecloses employment opportunities in many attractive career lines.

Clearly, no single explanation of the mismatch between supply and demand will suffice. We do need, however, indications of the relative explanatory power of the various factors and of how they interrelate. It might be possible to look forward to the construction of models of this labor market in which the significance of the factors and their interrelationships could be assessed.

Findings with respect to the validity of the various hypotheses explored will imply alternative programmatic solutions. The following remedies might be the subjects of efforts in experimental design:

\begin{itemize}
  \item or industries achieved the largest reductions in discrimination is important in seeking our opportunities.
\end{itemize}
(1) Provision of information to young job seekers on the rates of return and the risks associated with various career choices.

(2) Provision of information to employers on the potential productivity of disadvantaged workers based on improved tests, actuarial experience, and so on. Use of insurance schemes to guarantee performance of government certified workers.

(3) Training for supervisors in the productive management of workers from the ghetto.

(4) Making available, through conscious benevolent discrimination, career ladders for ghetto youth by fostering racial concentrations in certain occupations and industries.

(5) Training in "impression management" (that is, interviewmanship) to enhance the attractiveness of disadvantaged job seekers to those making hiring decisions.

Achieving a More Rational Spatial Distribution of the Labor Force

A good deal of data now becoming available seem to indicate that migration behavior for the low skilled and disadvantaged segments of the population is significantly motivated by factors other than employment opportunities. Migration flows among Negroes from small towns and rural areas in the South to large Northern cities seem to develop a momentum of their own in which overoptimistic information on conditions at the destination and family ties play a large role.\footnote{See below, p. 76.} At present we as a nation make only a negligible attempt to influence the direction of population movement toward places that have excess demand for labor, for example, the middle size cities in both the North and the South.

Influence, however, need not imply coercion. Although potential migrants would be likely to adapt their behavior on the basis of better information on the quality of opportunity at various destinations, they are even more likely to go in response to financial incentives.

\footnote{It has also been speculated that the relatively high levels of public assistance and the easing of residence requirements for welfare eligibility in the North have stimulated migration.}
Alternative destinations for migrants do exist or can, at some cost, be developed. Opportunities for the social and economic advancement of the migrants can be stimulated in new locations by a combination of judicious public investments in local infrastructure and carefully tailored migration grants. The public grants to relocating households would be a function not only of private "need" -- income of the family, distance of the move -- but of public interest as well -- degree of distress in the origin economy, growth potential of the destination economy. A migration subsidy plan of this sort would be an appropriate subject for a demonstration program. By this means, the responsiveness of household location choice to financial incentives and thus the feasibility of attempting to achieve a more rational migration pattern could be tested.¹

Altering the Structure of Job Opportunities

The "New Careers for the Poor" program (Scheuer amendment to the Economic Opportunity Act) has been directed primarily at public sector and nonprofit employers.² This program attempts to encourage these institutions to redefine job requirements in a way that will permit the hiring of low skilled persons in sub-professional functions. Thus positions for health aides, teacher's aides, and social worker aides have been created. The incentive to the institution to participate in the program arises from the government absorption of (part of?) the extra salary costs involved.

There is the belief that the requirement for subsidy will diminish over time as the employers recognize the advantages of sub-professionals. If this is true the program actually amounts to an improvement in information flow designed to better the functioning of the market; if it is


not borne out we have what is an attempt to alter the price system to achieve redistributional objectives. What the program amounts to is a substitution of labor for capital (in this case human capital in the form of the training and experience of the professional) as a result of a subsidy on the cost of labor.

It is still too early to begin to evaluate in any sophisticated way whether this program is an efficient method for securing acceptable jobs for the poor.\(^1\) It may not be too early to begin some small experiments on the applicability of this concept to the private sector. In exchange for a subsidy business firms may also be willing to redefine job functions and "bourgeois" job standards. One can imagine, for example, the creation of slots for engineering aids, programmer aids, and even systems analyst aids in a number of rapidly growing industries.

**Encouraging On-the-job Training for the Poor**

The Federal government is moving rapidly toward a major emphasis on on-the-job training as a method for moving the poor into the employed labor force. The recently announced JOBS program looks forward to the creation of 500,000 new jobs for this group by 1971. Business firms are guaranteed government absorption of the training costs of poor workers they hire, thus permitting them to pay the workers acceptable wages during the training period. The programs as now designed seem to require a rather sizable administrative effort: eligible workers have to be identified, training activities specified, and the costs of training certified. A myriad of separate and complicated negotiations seems the inevitable result.

A scheme was presented at the Workshop by Lester Thurow that would appear to obviate many of these problems.\(^2\) Experience seems to show that the most effective vocational training takes place on the job and

---

\(^1\)It has been criticized, for example, as tending to lock participants into what has traditionally been a low-wage sector of the economy.

\(^2\)See the companion publication *Contributions to the Analyses of Urban Programs*, P-3868, The Rand Corporation, 1968.
not in schools or training institutes. ¹ Training ought to add to the productivity and thus to the income of the workers. Why not directly encourage training them by granting bonuses to firms that succeed in significantly raising the wages of low income workers? This would permit a substantial reduction in the need for administrative resources. It could be rather easily implemented by the design of the administrative features plus the conduct and evaluation of a controlled demonstration.

A firm would receive a bonus for raising the income of workers whose starting wage was below some threshold level. The size of the bonus would depend on the magnitude of the wage increase over some specified period. This type of bonus would have a double benefit: It would encourage firms to seek the most efficient firm-specific training methods (the firm would thereby reap the largest net benefit)² and it would encourage them to overcome market imperfections (for example, prejudice, lack of information on job availability).

Internal Revenue records provide objective and inexpensive data on initial wages and the amount of wage increase. The public authorities would be freed of the necessity of investigating the cost or adequacy of on-the-job training programs.

A good many details of the plan remain to be worked out, but the following might serve as tentative guidelines.

(1) Eligibility will be limited to full time workers (non-students) under 65 whose past year's income places them in poverty or who are members of households in poverty. No firm will receive a bonus for a given worker for two consecutive periods.

(2) Calculation of bonus should depend on the average yearly rate of increase, with bonus forgone unless the worker is retained for the full period. The subsidy should be progressive so that raising an annual income, say, from $0 to $1000 brings a larger bonus than raising an income from $3000 to $4000.

²Directly subsidizing training, it should be admitted, might induce more provision of general training, which will be applicable in other firms should the employee change jobs.
(3) A worker who changes jobs at the end of the specified period, and his new employers, are eligible for the subsidy to the extent he receives wage increases over what he last earned in the previous job.\(^1\) For a given worker, the subsidy would end in the period following the one in which his yearly wage exceeded some prede-termined (non-poverty) level. Firms lose the subsidy for workers whom they fire in a period during which there was no increase in national unemployment. Workers who are laid off during a slack period in the economy will be eligible for a subsidy dependent on the wage increase so far attained, if they are promised re-hiring by the firm when economic conditions improve.

Such a scheme has many advantages and a few disadvantages. Subsidies are paid only for results: raising the earnings of the poor. The poorest of the poor receive the most benefit. Firms are free to select training methods in accordance with industrial requirements and the characteristics of workers. How much it might cost in subsidy to raise a worker from $0 to an average of $4000 per year over a 5-year period is yet to be determined, but consider the competition.

The Job Corps costs about $6000 per trainee year, MDTA institutional and Neighborhood Youth Corps about $2000, and MDTA-OJT about $600, the latter for periods of less than one year. The JOBS program described above is estimated to cost about $3000–$3500 per man year.

Some difficulties still remain. Workers would tend to be frozen in jobs over the course of the bonus period. Firms might release large quantities of workers once the bonus period had run out. (But staying on the job over the specified period should improve the worker's industrial discipline. And the nature of the bonus gives employers the incentive to provide training. Both make the worker more valuable to the firm.) In any case, the scheme appears sufficiently attractive to warrant a carefully evaluated demonstration.

Aiding the Hard Core Unemployed Through Government Procurement

When the government receives bids on procurement items, the wages to be paid to workers who will be employed in producing the item are

\(^1\) Some reward might also be paid to the original employer, which would tend to induce the provision of more general training.
reflected in the bid price. Yet from a social point of view, the hiring of new workers who were previously unemployed has a cost of zero, since no alternative output is being forgone as a result of producing the item for the government. The government might be required to take this social cost/private cost differential into account in evaluating procurement bids.

State employment services could certify workers as hard core unemployed. Each firm in submitting a bid would calculate the number of certified workers it planned to hire for this production and report the total wage costs for these workers. The procuring agency, in determining the low cost bidder, would make its evaluation net of such payrolls. After the procurement award had been made, IRS records could be checked for social security numbers to ascertain that the number of certified workers promised were in fact hired. So long as labor markets are kept tight through the use of aggregate economic policy, the displacement effects of hiring the hard core for procurement will be minimized.

This scheme might also be worthy of an experimental evaluation, even recognizing that government procurement policy is a rather unwieldy device for obtaining antipoverty objectives. One would want to investigate not only the impact on the hard core unemployed, but the displacement effect on other workers and the magnitude of the change in the budgetary costs of procurement.

**Occupational Ladders for Negroes**

The Workshop participants noted at several points the lack of any occupational or industrial dominance on the part of Negroes. Since patterns of concentration seem to have played an important role in the rise and ultimate assimilation of other minorities, it was thought that perhaps its absence among Negroes has important social implications and might warrant careful programmatic intervention.

The alleged benefits of ethnic concentrations are several. For example, it is claimed that achievement and success of individual members in the special occupations will be more visible, especially to the
youth, meaning they will serve more effectively as exemplars, and thereby heighten motivation. Secondly, the potential for reverse discrimination, nepotism, and favoritism for members of disadvantaged minorities, entailed by concentration, are put forward as socially beneficial when viewed in historical perspective. Connected to these are the effects on the minority's communal pride and self-image that may result from the dominance of some of society's constituent enclaves (perhaps, colloquially, these could be viewed as new "turfs").

If the ultimate goal of society is complete integration, a legitimate question may arise as to whether the encouragement of occupational specialization will be counter-productive. On the other hand it is difficult to think of a minority in the United States or elsewhere that did not utilize occupational specialization and, to some extent, dominance, as a ladder to assimilation.

If it were decided that public encouragement of such a tendency among Negroes was proper, which industrial or occupational avenues appear promising? From a number of different perspectives, public employment on the local level would seem an attractive candidate. (To this might be added employment in the private, but heavily bureaucratized, service sectors, such as public utilities, though here the policy levers are not so obvious.) For one thing, local public employment seems to have been utilized intensively by a former immigrant group that appears, on the surface at least, to have had much in common with the Negroes -- the Irish. Both, for example, were largely rural in origin and English speaking, and neither culture seems to have evidenced any marked entrepreneurial or artisan inclinations. How important was public service (and politics) in the rise of the Irish? Was it some special constellation of cultural traits that explained their success in public sector activities or simply fortuitous circumstances, such as their timely arrival at a point when American cities, and therefore their governments, were growing rapidly? Toward what sorts of careers were later generations of Irish Americans attracted? Do these differ from those of other white Americans and, if so, can the differences be traced to the occupational propensities of earlier generations? Answers to
questions such as these might reveal much on the appropriateness of deliberately encouraging public sector employment for Negroes.

A second reason for interest in public employment as an occupational ladder stems from the fact that its encouragement would be capitalizing on a process that is already underway. The government sector, especially at state and local levels, is growing rapidly. Also, Negroes are forming increasingly large fractions of the populations of many cities and will constitute a majority in several within the next decade. The urban population changes and consequent politicization of Negroes, when combined with the growth industry aspects of the public services, would together seem to present a target of opportunity.

A precedent for the use of public employment to improve opportunities of a special group exists in the case of veterans' preferences on civil service examinations. A similar and even more meaningful preference system might be implemented for the benefit of the poor.

The recommendation explored here should be distinguished from proposals that the government act as an "employer of last resort." Examples of public employment proposed would be policemen, firemen, teachers, social workers, and clerks -- and not leaf rakers and cleaning women. The obvious implication is that training and upgrading must precede public employment. But the motivation to seek training and education would probably be heightened by the expectation of moving onto a semi-protected career ladder that contained some accompanying guarantees of social acceptance and familiarity.

The next task would be to determine ways in which larger numbers of Negroes could be encouraged to enter public service. This would entail, for example, an examination of the recruiting, screening, and training procedures now utilized by local governments and might lead to discovery of points at which the system would be more responsive to change in socially useful directions.

A number of methods could be utilized to draw out the possible cost implications inherent in the contemplated changes in the public
work force. The question to ask is whether one would have to accept as part of the costs a temporary reduction in the quality of public outputs and, if so, by how much. The experience under the New Careers for the Poor program might be a crude source for estimates of relative effectiveness of employees with different levels of skill and training. Others could be gathered from situation in which severe labor shortages — for example, in World War II, very rapidly growing communities in isolated areas — necessitated a lowering of public service entrance requirements. Finally, it should be possible to make some headway in calculating among a cross-section of governments whether and to what extent the variation in the quality of local services is attributable to variations in the quality of public employees, using perhaps entering and median wage rates as proxies for the quality of employees.

All of the above discussion is predicated on the assumption that the further removal of the public sector employment from wider market pressures can have effects that are on net beneficial in a larger social sense. Yet the Urban Workshop at many points discussed the seriously negative prospects for municipal finances occasioned by the increasing unionization and power of public employees. This topic is not recommended for research here since a program of study on this issue is just now getting underway at another institution. ¹

¹Arnold Weber of the University of Chicago is directing a study for the Brookings Institution on this general theme.
V. PUBLIC ASSISTANCE

William A. Johnson
Robert Rosenkranz

INTRODUCTION

The War on Poverty is an ambitious commitment by the nation. In 1964 it was estimated that 12 million American families, or approximately one out of five, had incomes below the poverty line defined by the federal government. Slightly less than half of these families found their major source of support in old-age, survivors', disability, and health insurance. Approximately one-third were welfare recipients, while the remainder lived in poverty with little or no dependence on public assistance.

The number of poor families has probably fallen since 1964 because of the greater employment resulting from the war in Vietnam and continued economic progress during the middle 1960s. However, the number of the nation's welfare families increased by 12 percent between 1964 and 1967, with the rate of increase being much greater in many northern and western communities. In New York City, for example, the number of welfare families jumped by 72 percent during the same period (see Table 12). This trend in welfare dependency, contrary to trends in the nation's economy, has contributed to the already substantial controversy surrounding this important means of mitigating poverty in America.

---

1This chapter has benefited from criticisms by a number of participants in the Urban Workshop. Among them are Kathy Archibald, Robert Dorfman, Stephen Enke, Pat Katsky, Tony Pascal, Harry Rowen, Dan Weiler, and Burton Weisbrod. We are especially grateful to Gerti Brunner for numerous improvements and also preparation of the three tables.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aid to Dependent Children</strong>&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cases (000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>943</td>
<td>954</td>
<td>1,012</td>
<td>1,054</td>
<td>1,127</td>
<td>1,362</td>
</tr>
<tr>
<td>NYC</td>
<td>59</td>
<td>69</td>
<td>80</td>
<td>92</td>
<td>111</td>
<td>146</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Payment per case ($)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.&lt;sup&gt;b&lt;/sup&gt;</td>
<td>126</td>
<td>122</td>
<td>131</td>
<td>137</td>
<td>150</td>
<td>165</td>
</tr>
<tr>
<td>NYC</td>
<td>179</td>
<td>184</td>
<td>201</td>
<td>216</td>
<td>239</td>
<td>253</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>142</td>
<td>151</td>
<td>153</td>
<td>158</td>
<td>159</td>
<td>153</td>
</tr>
<tr>
<td><strong>Payment per recipient ($)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.&lt;sup&gt;b&lt;/sup&gt;</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>33</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td>NYC</td>
<td>44</td>
<td>44</td>
<td>47</td>
<td>51</td>
<td>58</td>
<td>64</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>142</td>
<td>138</td>
<td>147</td>
<td>155</td>
<td>161</td>
<td>160</td>
</tr>
<tr>
<td><strong>General Assistance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cases (000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>354</td>
<td>352</td>
<td>346</td>
<td>310</td>
<td>302</td>
<td>325</td>
</tr>
<tr>
<td>NYC</td>
<td>17</td>
<td>22</td>
<td>30</td>
<td>34</td>
<td>43</td>
<td>64</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>5</td>
<td>6</td>
<td>9</td>
<td>11</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td><strong>Payment per case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.&lt;sup&gt;b&lt;/sup&gt;</td>
<td>67</td>
<td>68</td>
<td>69</td>
<td>69</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>NYC</td>
<td>92</td>
<td>93</td>
<td>98</td>
<td>104</td>
<td>119</td>
<td>127</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>137</td>
<td>137</td>
<td>142</td>
<td>151</td>
<td>149</td>
<td>141</td>
</tr>
<tr>
<td><strong>Aid to the Aged, the Blind, the Disabled</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cases (persons)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>2,763</td>
<td>2,713</td>
<td>2,714</td>
<td>2,719</td>
<td>2,745</td>
<td>2,802</td>
</tr>
<tr>
<td>NYC</td>
<td>56</td>
<td>56</td>
<td>56</td>
<td>57</td>
<td>67</td>
<td>76</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Payment per case</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.&lt;sup&gt;b&lt;/sup&gt;</td>
<td>75</td>
<td>63</td>
<td>64</td>
<td>64</td>
<td>70</td>
<td>73</td>
</tr>
<tr>
<td>NYC</td>
<td>82</td>
<td>88</td>
<td>92</td>
<td>93</td>
<td>94</td>
<td>102</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>109</td>
<td>140</td>
<td>144</td>
<td>145</td>
<td>134</td>
<td>145</td>
</tr>
<tr>
<td><strong>Total Case Load</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>4,060</td>
<td>4,019</td>
<td>4,002</td>
<td>4,093</td>
<td>4,174</td>
<td>4,489</td>
</tr>
<tr>
<td>NYC</td>
<td>132</td>
<td>147</td>
<td>166</td>
<td>183</td>
<td>221</td>
<td>286</td>
</tr>
<tr>
<td>NYC as a percentage of U.S.</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

**Notes:**

<sup>a</sup> Aid to Dependent Children includes AFDC-U or, in New York City, TADC recipients.

<sup>b</sup> Weighted averages of payments made under each separate category included in the group.

Weights are assigned according to number of cases and number of recipients for ADC and TADC respectively. Weights are assigned according to caseloads for OA, AB, and ATFD.

<sup>c</sup> U.S. average payments in 1962, per case and per recipient, include medical vendor payments: payments in other years do not.

**Sources:**

Few areas of public policy are as controversial as welfare. Existing welfare systems have had a variety of critics, such as Joseph Mitchell, former City Manager of Newburgh, who thought the city's program was a magnet drawing migrants from the South,¹ and Mitchell Ginsberg, administrator of New York City's welfare system, who has characterized the nation's welfare programs as "bankrupt," among other reasons, because they do not provide adequate income for the poor.² Existing systems have been condemned because of their excessive paternalism and degrading treatment of the poor. Residency requirements have been subject to litigation and opponents have strongly criticized this and other geographic inequities resulting from the formulation and administration of public assistance programs by different state and local governments. Existing systems have been scored on grounds of race, both by those who object that the welfare population is increasingly a minority and, especially, a Negro population, and those who allege that certain practices, such as "suitable home" clauses, have been designed to exclude minorities from the welfare rolls.³ In recent years, caseloads and payments have been rising at disproportionate rates in most northern and western metropolitan areas, in some instances placing extraordinary financial burdens on local governments. Existing systems are also said to discourage self-sufficiency through employment and to contribute to the dissolution of the Negro family. The charge sheet against the current welfare system could be easily extended.

Yet, even though there have been many critics of existing welfare systems and numerous proposals for changing these systems, a truly paradoxical fact is how little we seem to know about public assistance in America. Such basic issues as whether welfare levels encourage migration or whether eligibility requirements encourage the break-up of Negro families are still little more than hypotheses. This is true

³For example, see Winifred Bell, Aid to Dependent Children, New York City, Columbia University Press, 1965.
despite the fact that perhaps no other group in America has had as much administrative and survey data collected about itself. Moreover, welfare systems do not appear to have been analyzed in the light of all plausible objectives of welfare policies. Many suggestions for policy changes assume certain objectives and tend to ignore others that may be equally important to society. For example, some critics of existing welfare programs have concentrated on the degrading conditions imposed on recipients by investigative procedures, sometimes ignoring or dismissing the possible increase in costs to taxpayers if these procedures were to be eliminated. At the other extreme, the 90th Congress has shown great concern for reducing the welfare burden on taxpayers by increasing legislative pressures on mothers of dependent children to find or become qualified for salaried work. Recent amendments to the Social Security Act are criticized for ignoring the fact that, although many welfare mothers may be able to work, many also serve socially useful functions in raising their children.

PURPOSE AND SCOPE

We have two purposes in writing this chapter: first, to draw together the discussion of welfare both from the RAND Workshop and, to the extent possible, from the welfare literature, and second to extract from this discussion researchable, policy-oriented problems in the welfare area.

We focus on welfare programs in urban areas. Although rural poverty exists, and contributes to urban poverty by encouraging migration to the cities, the subject of RAND's Workshop has been the city. Beyond this, however, is the fact that welfare dependency is primarily an urban phenomenon and has been increasing much more rapidly in urban areas.\footnote{For a somewhat dated discussion, see Robert H. Mugge, Characteristics and Financial Circumstances of Families Receiving Aid to Dependent Children, Public Assistance Report No. 42, Washington, D.C., Department of Health, Education and Welfare, Social Security Administration, Bureau of Public Assistance, 1958. For the urban-rural breakdown for ADC families, see M. Elaine Burgess and Daniel O. Price, An American Dependency Challenge, Chicago, American Public Welfare Association, 1963, pp. 12-13.}
This is in part because the city is where most of the indigent population now resides, and in part because the city has the wealth to provide public assistance to the poor.

In our discussion we must also distinguish between two broad types of welfare dependents: (1) those who because of physical or serious mental disabilities have had little control over their status and are likely to be permanently dependent on society; and, (2) those without physical or mental impairments for whom partial or total rehabilitation could be a realistic goal. Formal categories of welfare dependency imperfectly reflect this distinction. Welfare jurisdictions generally have three programs for the permanently impaired: old age assistance, aid to the blind, and aid to the disabled. There are three other classes of dependency: aid to families of dependent children, aid to families of dependent children with unemployed parents, and general assistance. Although the second group includes some who are likely to be permanently dependent on society, it also includes many who are not. An adult's presence in these categories is much more likely to be a matter over which he has some control. It is also in this group that most of the increase in welfare dependency has taken place. (See Tables 12 and 13.) In talking about the welfare population, we will concentrate on the second group of categories and especially on aid to dependent children, the category that has created the greatest controversy.

There has been substantial disagreement over objectives of proposed changes in existing welfare policies. At least six objectives have been assumed explicitly or implicitly: (1) provision of more satisfactory levels of welfare payments to recipients; (2) protection of welfare recipients' rights, such as rights to privacy, travel, and choice, which are thought to be denied or compromised by existing welfare procedures; (3) rehabilitation leading to the long-run self-sufficiency of the welfare population and relief to taxpayers; (4) reduction in the administrative costs of making welfare transfers to recipients; (5) equity for nonrecipients on the margins of welfare dependency; and (6) indirect personal and social benefits that may be derived from welfare programs, such as better information about health and education services, a better family environment, and a reduction in crime rates among the poor.
### Table 13

RECIPIENT RATES FOR THE POPULATION RECEIVING
PUBLIC ASSISTANCE, BY PROGRAM
(June of each year, 1960-1967)\(^a\)

<table>
<thead>
<tr>
<th>June of Each Year</th>
<th>Total Recipients per 1,000 Population Aged 65 and Over</th>
<th>Recipients of Old Age Assistance per 1,000</th>
<th>Recipients of Medical Assistance for the Aged per 1,000 Population Aged 65 and Over</th>
<th>Recipients of Aid for the Blind per 100,000 Population Aged 18 and Over</th>
<th>Recipients of Aid to the Disabled per 1,000 Population Aged 18-64</th>
<th>Dependent Children Receiving Aid per 1,000 Population Under Age 18(^b)</th>
<th>Recipients of General Assistance per 1,000 Population Under Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>38</td>
<td>140</td>
<td>N.E.</td>
<td>94</td>
<td>3.7</td>
<td>35</td>
<td>5.9</td>
</tr>
<tr>
<td>1961</td>
<td>39</td>
<td>134</td>
<td>2.7</td>
<td>91</td>
<td>3.9</td>
<td>39</td>
<td>6.2</td>
</tr>
<tr>
<td>1962</td>
<td>39</td>
<td>128</td>
<td>5.9</td>
<td>85</td>
<td>4.2</td>
<td>42</td>
<td>4.8</td>
</tr>
<tr>
<td>1963</td>
<td>40</td>
<td>124</td>
<td>7.7</td>
<td>83</td>
<td>4.5</td>
<td>42</td>
<td>4.5</td>
</tr>
<tr>
<td>1964</td>
<td>41</td>
<td>121</td>
<td>10.4</td>
<td>81</td>
<td>4.9</td>
<td>44</td>
<td>4.1</td>
</tr>
<tr>
<td>1965</td>
<td>42</td>
<td>117</td>
<td>14.4</td>
<td>78</td>
<td>5.3</td>
<td>46</td>
<td>3.8</td>
</tr>
<tr>
<td>1966</td>
<td>42</td>
<td>110</td>
<td>N.A.</td>
<td>67</td>
<td>5.5</td>
<td>49</td>
<td>4.0</td>
</tr>
<tr>
<td>1967</td>
<td>44</td>
<td>109</td>
<td>N.A.</td>
<td>66</td>
<td>5.7</td>
<td>52</td>
<td>4.1</td>
</tr>
</tbody>
</table>

**Notes:**

N.E. indicates that the program did not exist.

N.A. indicates that data are not available.


\(^b\)Includes aid to families of dependent children with an unemployed parent.
Although the objectives of proposed policy changes are discussed later, two basic points should be noted here. First, each objective of a welfare policy change is, by itself, desirable. All other things being equal, there would probably be general agreement that fulfillment of each would be a social good. Second, all other things are, in fact, rarely equal. There are tradeoffs and complementarities between objectives. In examining various policy recommendations, these tradeoffs and complementarities should be identified and, if possible, measured. This would be an important contribution of research on public assistance.

POSSIBLE RESEARCH ON EXISTING WELFARE SYSTEMS

Criticisms of Existing Programs

Most competent observers have condemned existing welfare systems for various reasons. Some have argued that welfare payments are not adequate to provide a satisfactory standard of living for recipients. Others have criticized the dual system of justice inherent in these programs. In particular, these critics argue that such fundamental rights as privacy, travel, inheritance, and choice, which are guaranteed to other citizens, have been denied the welfare population. Others object that existing welfare programs discourage self-sufficiency on the part of welfare recipients. Critics also note that existing programs involve high administrative costs and are inequitable in their

---


3 Burns, p. 2.
treatment of marginal nonrecipients, families that are self-sufficient but whose earned incomes are little different from payments received by comparable welfare families. Finally, some observers have criticized existing welfare programs because they have not eliminated and may even exacerbate various concomitants of poverty. Perhaps the best example is the frequent criticism that aid to dependent children may actually encourage desertion by the father to insure eligibility of his family.\footnote{Cans, p. 454.} In short, a consensus seems to exist that present welfare systems are ineffective and may even be perverse.

**Issues Needing Research**

Ironically, widespread opposition to existing welfare systems seems to be based on only a limited understanding of how these systems work. We know that welfare dependency is increasing, both in terms of caseloads and in dollars of dependency, at a very rapid rate, more rapid than most other demographic variables.\footnote{Tables 12 and 13. See also Daniel P. Moynihan, "The Crisis in Welfare," The Public Interest, Winter 1968, p. 4.} We know that this is taking place in most northern and western welfare jurisdictions.\footnote{Robert H. Mugge, Demographic Analysis and Public Assistance, Washington, Department of Health, Education and Welfare, Bureau of Family Services, Division of Program Statistics and Analysis, 1966 (mimeographed).} We also know that most of the increase in welfare dependency during the past decade has been in general assistance, aid to families of dependent children, and aid to families of dependent children with unemployed parents.\footnote{Tables 12 and 13.} Beyond this, however, we have relatively little information about the nature of the welfare population. Obtaining a better understanding of this population should be a primary objective of research.

There appear to be at least three basic and as yet unanswered questions about the welfare population. First, what are the origins of the recent substantial increases in welfare dependency and why have
these increases been so large and widespread? A number of hypotheses
have been suggested. (1) There has been migration of the poor and
relatively unskilled from the South to northern and western cities,
which have more liberal welfare policies, and of the self-sufficient
out of the cities to the suburbs. This migration has resulted in a
greater proportion of the people in the cities who must be supported
by the community. (2) Community action personnel, welfare rights
advocates, and social workers have searched out those persons eligible
for welfare but not on welfare rolls. This recruitment of recipients
has accelerated with the recent establishment of federal, state, and
local programs such as the War on Poverty and Medicare, which have
increased knowledge about eligibility and reduced the reluctance of
individuals to become welfare recipients. (3) There have been basic
changes in the attitudes of the poor toward the family — a greater
willingness to have illegitimate children and to accept desertion of
a parent. (4) Although the overall national unemployment rate has
been falling, there have been declining employment opportunities for
the very poor. A related development has been higher skill and educa-
tional requirements for available jobs. (5) Criteria for welfare
dependency and minimum levels of payments have been liberalized during
the past decade, increasing both the number of eligibles and financial
incentives to accept public assistance rather than employment. (6)
The welfare population is increasingly a Negro, Mexican-American, and
Puerto Rican population. To some extent, welfare payments to these
groups may be part of the costs of discrimination and reflect the
greater willingness of the minorities to pass these costs on to soci-
ety. (7) The lessening of degrading aspects of welfare dependency,
for example by eliminating surprise visits and exhaustive investiga-
tions in some areas, may have removed a powerful disincentive for peo-
ple to accept public assistance. (8) There has been a decline in
other institutional sources of assistance, such as private charities
and extended kinship groupings.

A potentially valuable research program would be to determine
which factors best explain the recent substantial increase in welfare
dependency. Many of the data necessary for this could be obtained
from in-depth studies of each of the factors, from welfare case files, follow-up interviews of welfare recipients or caseworkers, numerous published sources, and several special surveys conducted by such organizations as the Bureau of Labor Statistics and the Department of Health, Education and Welfare. The conclusions from such a study should be helpful in selecting those policy alternatives most likely to bring about improvements in welfare programs and a reduction in the number of people in need of public assistance.¹

A second unanswered question is: What has been the pattern of movement over time of the welfare population? If turnover has been high, how have those who have exited from the welfare rolls managed to do so? How do they differ from those remaining dependent? Again, this question might be studied by sampling welfare files at different points in time to determine the extent to which the welfare population is stable. Follow-up interviews of present and former welfare recipients could be extremely useful in explaining their change in status and, if former recipients have become self-sufficient, how they have managed to do this. Another possible approach might be to apply a transition model being used at RAND for work under the Air Force and Office of Equal Opportunity contracts.² In its application to the poverty population, this model attempts to measure the probability of an individual's movement from one stage of poverty to another and out of poverty altogether. In its application to welfare, it might be useful in measuring the probability of an individual's movement out

¹An example of such a study is provided by Brehm and Saving, who employ multiple regression analysis to determine the reasons for general assistance dependency rates in various states. C. T. Brehm and T. R. Saving, "The Demand for General Assistance Payments," American Economic Review, December 1964, pp. 1002-1018.

of and into various categories of welfare dependency and from welfare dependency into self-sufficiency. A transition analysis of the welfare population could indicate whether there is a hard-core welfare population whose condition is relatively intractable and what its characteristics are. The model requires detailed data about individual welfare recipients. These data might be obtained from welfare files and various sample surveys of the welfare population.

A related question is: Are there intergenerational patterns of welfare dependency? Do the children of welfare dependents tend to become welfare dependents themselves? Here again, sampling of welfare files and follow-up interviews may give us some indication of the answer. A study of intergenerational patterns would also have policy relevance. For example, if there are noticeable intergenerational patterns, policy-makers might want to concentrate more of their efforts on programs that upgrade the children of welfare recipients, such as day care centers and improved family counseling, or on programs that would result in limitation of the number of these children, such as family planning.

A third set of unanswered questions in need of research concerns the indirect effects of existing welfare systems. Do welfare benefits discourage employment? Or are most welfare recipients so unemployable because of age, disability, or family responsibilities that, as a result, there is little tradeoff between employment and dependency status regardless of the conditions or level of public assistance? Do high payment levels in some areas encourage migration from poorer areas? Do welfare programs place a premium on desertion, illegitimacy, or an increased number of children by welfare families? Whether changes in unemployment, patterns of migration, desertion, illegitimacy rates, and family size are a cause or a result of existing welfare systems are questions that have been debated for years. In attempting to learn the reasons for increased dependency, it would also be useful to determine whether existing welfare programs have the indirect effects that some critics have ascribed to them.
POSSIBLE RESEARCH ON PROPOSALS TO MODIFY OR REPLACE EXISTING WELFARE SYSTEMS

There have been a number of proposals to modify or replace existing welfare systems. A second, broad area for research in the welfare area would be investigation of the likely costs and benefits of the implementation of these proposals. Some of the more important proposals for change are discussed below.

Increased Levels of Payments to Welfare Recipients

In his paper before the Urban Workshop, Nathan Glazer identified recent approaches by the social work profession for changing existing welfare programs. One is the belief by some that welfare levels should be increased. This view is based on the argument that the burden of welfare is small for the United States. Total welfare payments, including assistance for the medically indigent, are less than 4 percent of the federal budget. It is argued that payments could be increased to provide a decent minimal income for persons on welfare without much additional burden on taxpayers. An increased level of welfare payments would also provide other benefits. For example, to the extent that it would permit better health and education, the increased level of payments may contribute to the long-run elimination of poverty in the United States.

There are several weaknesses in this argument. Most important, it does not change existing welfare systems, but would merely increase the level of payments under them. Such an approach, if taken alone, would retain many of the inequities and other objectionable features of present welfare programs. Second, despite indirect benefits that some proponents think would accrue to society, especially in the long run, the immediate burden on society would increase. This may be particularly true if marginal nonrecipients are, for reasons of equity, brought into the program. Higher welfare payments may also create greater incentives for the family to seek permanent dependence on

---

society. Finally, although welfare payments may be a small proportion of the federal budget, they are a substantial proportion of many state and local budgets. Unless the Federal Government is willing to assume most of the increased costs of public assistance, higher welfare payments could be a substantial burden on state and local finances.

The possible effects of higher welfare levels would be a suitable topic for research. For example, by using the welfare jurisdiction as the unit of observation, it may be possible to determine whether or not dependency and employment vary significantly with the level of welfare payments in different communities.\(^1\) It may also be possible within a jurisdiction to examine the consequences of changes in welfare levels over time.

**Intensified Social Work with the Poor**

A second major approach by the social work profession to reforming existing welfare systems, discussed by Glazer, has been intensified social work, among other things, to provide counseling and to encourage rehabilitation of welfare recipients. This approach was the basis of the 1962 welfare amendments to the Social Security Act. The purpose of these amendments was to encourage the states to do more social work and direct rehabilitation of the nation's welfare population. This, it was thought, would not only yield a number of personal benefits for the target population, but might also result in social benefits, especially decreased welfare dependency and a reduction in other undesirable social consequences of poverty. At the same time, however, it could substantially increase the administrative costs of welfare programs.

There is a body of opinion that social work may not be overly effective as a means of rehabilitating welfare recipients.\(^2\) Yet, Glazer notes, no one has followed up the 1962 amendments to determine

---

\(^1\) Brehm and Saving make a start in this direction in their study of general assistance payments.

\(^2\) For example, see Gilbert Y. Steiner, *Social Insecurity: The Politics of Welfare*, Chicago, Rand McNally & Company, 1966, Ch. VII.
what their effect has been. An evaluation of the 1962 amendments is an area for research. It may also be possible to determine whether welfare dependency, family solidarity, and other characteristics of the welfare population have varied significantly with the resources allocated to social services, or, perhaps, the frequency of contacts between caseworkers and those on welfare in various communities.

A study of the social work profession might also help to answer other questions. For example, the caseworker is often placed in the awkward position of being both a counselor, advising clients how to improve their lives, and a policeman, making sure that clients satisfy the legal requirements set by welfare legislation. Can and should these functions be separated, perhaps by increased reliance on sub-professionals to do most of the investigations? Could greater emphasis on social work result from reduced emphasis on investigative procedures?¹

There are some who feel that splitting the two seemingly incompatible functions of caseworkers may not be enough to permit workers to be as effective as they should be in encouraging a recipient's eventual rehabilitation as a self-sufficient member of society. The caseworkers' hands may be tied by overly specific welfare legislation. By permitting the worker greater discretionary power, for example, to allow extraordinary spending to help a client get out of financial difficulties, the rehabilitation efforts by social workers might become more effective. Some argue that too much of the social worker's time must be given over to paper work.² Others feel that some social workers actually welcome paper work as an excuse for minimizing contact with their clients, possibly because of a lack of cultural identification between the worker and his clients.³ What may be needed is a

¹An example of a policy change of this type is the experimental declaration scheme recently adopted in two New York welfare districts. Although the declaration scheme is thought of primarily as a welfare rights measure, it is hoped that it will also free a greater amount of the caseworkers' time for social work.

²For example, see Gordon Hamilton, editorial, Social Work, IV, April 1959, p. 2.

³This view was expressed by several participants at the workshop.
restructuring of incentives, for example, in the form of a bonus to social workers to encourage greater allocation of their time to counseling and rehabilitation.¹ Still another problem in the public social work profession is the very rapid turnover of personnel. Research might help to uncover the major reasons for this turnover and contribute to formulation of incentives to reduce it.

Finally, it is argued that the typical case worker, a middle class college graduate in her early twenties, cannot win the confidence of, or meaningfully counsel, a welfare recipient who is usually older and has a different educational, cultural, economic, and, possibly, ethnic background. Some federal anti-poverty programs have employed neighborhood workers from the poor community with varying success. Local communities might also consider sharing the counseling function between a qualified social worker and a neighborhood organization worker, possibly drawn from one of the poverty programs. Opposition to the use of sub-professionals may be intense, especially by the social work profession, which has been careful to protect its professional status. This would probably be true for public assistance programs, even though most public caseworkers are not qualified social workers.² The personnel and recruitment policies of local welfare systems merit examination. A part of this examination might be an assessment of other poverty programs where sub-professionals have been employed.

MEASURES TO PROTECT THE RIGHTS OF WELFARE RECIPIENTS

A third basic approach to changing welfare systems, discussed by Glazer, is summed up in the term, the "welfare rights movement." Proponents of welfare rights measures object that recipients are asked to

¹One suggestion made at the workshop by Pat Katsky and Kathleen Archibald, both of RAND, is to pay social workers a bonus for each case removed from the welfare roles through employment. The bonuses would be paid over time for a specified period for as long as the former recipient remains employed. The purpose, of course, would be to encourage social workers to spend more time trying to encourage welfare recipients to find employment or to enroll in training programs. ²Steiner, p. 183.
sacrifice freedoms enjoyed by other citizens. In effect, welfare recipients are forced to live under a separate system of laws, and the conditions under which the indigent are able to receive public assistance are degrading. For example, residency requirements restrict the right of travel, midnight searches violate the right of privacy, and seizure of property the right of property itself. Rules of inheritance are different for welfare recipients; rules governing the legal obligation of one member of the family to support another are also different. Welfare is itself viewed as a property right of the poor by most welfare rights critics. The primary objective of the welfare rights movement has been protection of the rights of the individual. Opponents argue, however, that a person is not forced to accept welfare if he does not want it. Just as a person traveling across international boundaries sacrifices his rights to privacy by allowing customs inspectors to search his baggage, so the person who chooses to go on welfare must also sacrifice certain rights to receive public assistance.

Welfare rights measures have assumed two basic forms: (1) efforts to secure abandonment of offensive practices at the local level; and, (2) court tests to compel abandonment where other efforts fail. Examples of where welfare rights measures have been implemented include the cessation of search and seizure in some northern communities, the declaration or affidavit system now adopted on an experimental basis in two New York City welfare districts, and the recent court test of residency requirements.

The curtailment of investigative procedures meant to ensure that welfare recipients are not violating the law would presumably be beneficial to welfare recipients. It would also reduce the administrative costs associated with policing the welfare system. These investigative procedures, however, may have a function if they curtail payment of public assistance funds to persons misrepresenting their eligibility. There may be a tradeoff between the interests of welfare recipients and the interests of taxpayers. One possible objective of research would be to determine whether this tradeoff exists and, if it does, to express it quantitatively to provide a better basis for
policy decision. One approach might be to compare the costs of administering investigative procedures with the savings from the detection of fraud and ineligibility attributable to these procedures. Another approach might be a cross-sectional study, using the welfare jurisdiction as the unit of observation, to test whether welfare dependency varies significantly with the type and level of investigative procedures employed by a community.

Programs to Encourage Welfare Recipients to Find Work or to Enroll in Training Programs

Whether employment would allow a substantial reduction in welfare dependency is arguable. Table 14 shows that in recent years, the unemployment rate has fallen while the dependency rate has increased. Moreover, not all welfare recipients are capable of working. By far, the largest welfare category is ADC, which constitutes over half the total number of recipients in the United States. Most ADC recipients are children; most adult ADC recipients are mothers who, presumably, serve a socially useful function in raising their children. About one-third of all recipients fall into the three categories for which employment is probably not a realistic alternative to dependency -- aid to the blind, aid to the disabled, and old age assistance. In short, there is reason to believe that employment may be a realistic alternative to dependency for only a small percentage of the nation's welfare families.

It is not easy to estimate what this percentage might be. New York City's Department of Social Services maintains a census of adults in the welfare population who are potentially employable. In December 1967, of the total adult New York City welfare population, only 30 percent was thought to be potentially employable and, for this reason, was included in the census. Of the 30 percent, 4 percent was already employed, but at such a low annual income as to be eligible for supplementary public assistance. Five percent was unemployed, but deemed employable. The remaining 21 percent of the potentially employable adults was either thought to be not available for employment or, for
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. (per 1,000 pop.)&lt;sup&gt;a&lt;/sup&gt;</td>
<td>38</td>
<td>38</td>
<td>39</td>
<td>40</td>
<td>41</td>
<td>42</td>
<td>42</td>
<td>44</td>
</tr>
<tr>
<td>Index (1960=100)</td>
<td>100</td>
<td>103</td>
<td>103</td>
<td>105</td>
<td>108</td>
<td>111</td>
<td>111</td>
<td>116</td>
</tr>
<tr>
<td>NYC (per 1,000 pop.)&lt;sup&gt;b&lt;/sup&gt;</td>
<td>42</td>
<td>44</td>
<td>46</td>
<td>50</td>
<td>56</td>
<td>63</td>
<td>70</td>
<td>87</td>
</tr>
<tr>
<td>Index (1960=100)</td>
<td>100</td>
<td>105</td>
<td>110</td>
<td>119</td>
<td>133</td>
<td>150</td>
<td>167</td>
<td>207</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. (per 1,000 pop.)&lt;sup&gt;c&lt;/sup&gt;</td>
<td>5.6</td>
<td>6.7</td>
<td>5.6</td>
<td>5.7</td>
<td>5.2</td>
<td>4.5</td>
<td>3.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Index (1960=100)</td>
<td>100</td>
<td>120</td>
<td>100</td>
<td>102</td>
<td>93</td>
<td>80</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>NYC (per 1,000 pop.)&lt;sup&gt;d&lt;/sup&gt;</td>
<td>5.0</td>
<td>5.6</td>
<td>4.9</td>
<td>5.3</td>
<td>4.9</td>
<td>4.6</td>
<td>4.2</td>
<td>3.7&lt;sup&gt;e&lt;/sup&gt;</td>
</tr>
<tr>
<td>Index (1960=100)</td>
<td>100</td>
<td>112</td>
<td>98</td>
<td>106</td>
<td>98</td>
<td>92</td>
<td>84</td>
<td>74</td>
</tr>
</tbody>
</table>

Notes:


<sup>b</sup> City of New York, Department of Social Services, Monthly Statistical Report, various months. Data are average rates for the year.


<sup>d</sup>New York State Department of Labor, Employment Division, Research and Statistics Office.

<sup>e</sup>Average for the first 10 months of 1967.
various reasons, likely to be permanently unemployed.\textsuperscript{1} Employment would appear to be a realistic hope for only 9 percent of New York City's adult welfare population.

Yet, there is some evidence that we may expect some employment of women, if not men, to contribute to a reduction in welfare payments. Welfare mothers, especially mothers of school age children, may be able to work full or part time. Even mothers of pre-school children may be able to accept employment if supervision is available for their children. A recent study of New York City's ADC cases found that 80 percent of the mothers on welfare have had some employment experience, while 70 percent would prefer employment to staying at home.\textsuperscript{2} It would seem that there is a willingness and an ability by welfare mothers to work.

Whether employment is a realistic alternative to dependency is reasearchable. A study could be designed to determine how effective employment is likely to be in reducing welfare rolls. It could also be designed to identify obstacles to employment of welfare recipients and to suggest ways of overcoming these obstacles.

There have been a number of proposals to encourage welfare recipients to work or to undergo training. An example is the work incentives plan recently adopted for AFDC families on an experimental basis in New York City and (with a lower level of payments) for the entire nation under the 1967 amendments to the Social Security Act. Incentive plans permit recipients to keep all or part of their supplementary earned income while on welfare.\textsuperscript{3} The purpose of these plans is to do

\textsuperscript{1}City of New York, Department of Social Services, Monthly Statistical Report, December 1967.


\textsuperscript{3}ADC and AFDC-U (called Temporary Aid to Dependent Children in New York City) families are now able to retain the first $85 per month earned at work and 30 percent of their income above $85. The limit on the period of eligibility is one year, while the limit on income that can be retained varies with the size of the family. At a maximum, a family can have a total earned income of up to $475 a month and still receive some welfare benefits.
away with the 100 percent tax placed on income earned by welfare recipients through the reduction of welfare payments by an amount equal to earnings.

The incentives plan is clearly beneficial to the individual as long as work is voluntary. It is hoped that it will also be beneficial to society by encouraging an eventual reduction in welfare dependency. The incentives scheme is a good example, however, of a program that could result in greater inequity for persons on the margins of welfare dependency.\textsuperscript{1} An evaluation of New York City's incentives scheme could give some idea of how responsive welfare recipients are likely to be to wage incentives for work.\textsuperscript{2}

More powerful incentives for work have also been proposed. An example of where such inducements to work have been enacted into law is the 1967 amendments to the Social Security Act, which emphasized willingness to work as a requirement for continued eligibility. It was also suggested at the Workshop that higher welfare payments might be given for a specified period of time to recipients who obtain outside employment. Such a scheme would differ from the New York City incentives plan in that, in effect, individuals would retain more than 100 percent of their income earned from employment for a limited period of time.

Another program that, among other things, may be thought of as a means of encouraging welfare recipients to work is the establishment of day care centers for children. One of the effects of day care centers, it is hoped, is that they would free the AFDC mother to accept employment, even if only on a part-time basis. Day care centers may also serve other purposes. For some families, day care centers may enhance the development of the child by getting him out of an unsatisfactory home environment. For others, day care centers may not provide

\textsuperscript{1}For example, a family that does not depend on welfare might have earned annual income of $400 a month and be completely ineligible for public assistance, while another family with identical circumstances may have an earned plus welfare income substantially greater than $400 a month.

\textsuperscript{2}A study evaluating the NYC incentives program has already been proposed by Peter Albin and Bruno Stein of New York University.
a more satisfactory mother substitute than the mother herself, but
simply contribute further to the break-up of the family, possibly with
adverse effects on the child. A study might be designed to evaluate
the effectiveness of day care centers now in operation. There are at
least two basic types of centers. At one extreme, a center may be no
more than a baby sitting service with a welfare mother watching the
children of other welfare mothers. At the other extreme, a center
may be staffed with trained social workers, educators, or psychiatric
personnel to permit remedial work with children. One objective of
research on day care centers might be to determine, perhaps through
benefit-cost analysis, the optimal mix of different types of centers
for a community and to devise incentives for bringing the appropriate
children to each type.

Another proposal to substitute work for welfare is to have the
government serve as employer of last resort. Persons hired by the
government may or may not make a net contribution to society. This
would depend on the extent to which their greater product would offset
the higher costs associated with their employment, for example, in the
form of increased use of equipment and supervisory personnel. It is
quite possible that the net contribution will be negative. In this
case, government hiring as a last resort would be an inefficient trans-
fer mechanism that must be justified, if at all, by individual benefits
or society's preference for relatively unproductive work over idleness.
One possible topic for research would be to examine whether or not
there are sufficient and worthwhile employment opportunities in federal,
state, and local government to absorb those on welfare who are capable
and receptive to working. This research might try to measure the social
and personal costs and benefits of such a program. Another research
approach might be to evaluate existing limited efforts by state and
local governments to employ the poor in public works.\footnote{For related and additional discussion of training and job schemes,
see Chapter IV.}
Family Planning

A family planning effort may involve no more than the dissemination of birth control information to interested welfare recipients. Or, more positive incentives may be given to have smaller families. For example, there might be substantially higher welfare payments per capita for families with fewer children; or there might be allotments in kind for contraceptives and advice on family planning in addition to normal welfare payments. Enke has suggested complementarity between the various personal and social welfare policy objectives in the case of family planning.¹ Many of the poor appear to want family planning as a personal good, and it should also have a high payoff to taxpayers in reducing welfare dependency. However, a family planning program would involve increased material and administrative costs that should be compared to the program's benefits.

Several possible research topics on family planning were suggested by participants at the Workshop:

- A study to determine the most economically and politically feasible means of birth control for the relatively poor;
- A study to determine whether the poor do, indeed, want smaller families;²
- A test of the hypothesis that a birth control program would lead to a significant reduction in welfare dependency;
- A study to examine the hypothesis that use of birth control techniques and lower family sizes are positively related to educational and employment opportunities for women and the availability of day care centers for children;

²There have already been some surveys of the poverty population that support this hypothesis. For example, see Lee Rainwater and Karel Wainstein, And The Poor Get Children, Chicago, Quadrangle Books, 1964.
A study to test whether family sizes vary with the level of aid to dependent children, again using the welfare jurisdiction as the unit of observation.

Proposals to Encourage the Integrity of the Family

One frequent criticism of existing welfare programs is that they encourage destruction of the family by offering financial incentives for one of the parents, usually the father, to desert. Many communities require that the husband must be absent if the family is to receive aid for its children. The 1961 and 1962 Social Security Amendments began to rectify this disincentive to family solidarity. Some persons have urged extension of these amendments to a larger number of families, as well as bolder and probably more controversial changes, such as substantially higher payments to the dependent family if the husband were present than if he were not. These measures, it is hoped, would entail lower administrative costs because it would no longer be necessary to undertake detailed searches to insure that the father is truly absent. However, these measures may at the same time encourage continued dependence and could be inequitable for nonrecipients who are on the margins of welfare dependency and welfare families where the husband is dead or has deserted for reasons other than obtaining welfare assistance.

Research should result in a better understanding of the influence of welfare programs on family solidarity and disclose ways of minimizing conflicts between the various objectives of welfare policy changes inherent in efforts to rectify the inadequacies of existing programs.

Proposals to Adopt a National Income Maintenance Plan

Individuals with such diverse views as Robert Theobald and Milton Friedman have urged adoption of some form of national income maintenance plan in place of the many local welfare systems now in effect. A national system such as the negative income tax\(^1\) or a national family allowance

\(^1\)Under the negative income tax, families with incomes below a certain level would receive a payment, or negative tax, from the Government to insure a minimum level of well-being.
would serve a number of purposes. In some areas it would benefit the poor by bringing more of the indigent population into the system and by bringing the levels of assistance up to acceptable national standards. It could also help many state and local governments by easing their budgetary burdens, and, some proponents believe, would discourage migration from the South and from rural areas. In addition, national systems, particularly the negative income tax, would have the major advantage that they would entail lower administrative costs than existing welfare systems, assuming of course that they replace and do not merely supplement existing systems. They would substitute a central administration for many local ones. Finally, a negative income tax could be administered by the Internal Revenue Service, possibly with relatively little additional administrative outlay by the Federal Government.

Against these advantages stand three possible disadvantages of national plans: (1) they could increase substantially the amount of public assistance; (2) depending on how they are framed, they could result in work disincentives for the nonwelfare poverty population; and (3) if they do not replace existing welfare programs, they could lead to greater complication of already complicated welfare systems.

One proponent of a national plan estimates that an illustrative negative income tax proposal would reduce annual federal tax revenues by $12 to $15 billion, while reducing sums now spent by federal, state, and local governments on public assistance by only $5.5 billion.¹ Another authority estimates that the additional costs of each of nine proposals for federal income maintenance plans would range from $4.4 billion to $51.3 billion per annum, assuming that these plans replace existing welfare programs.² However, the net increase in costs of income maintenance resulting from adoption of a national plan may not be as great as these estimates indicate. Future welfare should increase disproportionately to the eligible population if present trends continue.

Should a still larger percentage of those eligible for welfare be enrolled, which seems likely, the disparity between the costs of existing welfare systems and national income maintenance plans could be reduced and, for some plans, may become negligible.

Both from an economic and a social point of view, the increased budgetary costs of national plans need not result in increased costs to the nation. Other government expenditures remaining the same, the greater budgetary costs of a national program would require increased taxes. Unless these taxes were to have disincentive effects on production, they would involve a redistribution, not a reduction in national income. In addition, most of the increased costs would result from extension of coverage to eligible families not now receiving welfare and from an increase in assistance to families living in communities where present welfare payments would fall below national standards. From a social point of view, national plans would be superior to existing systems; they would be more successful in fulfilling the stated objectives of society.

There is also potential opposition to national plans by some of those who now support them. Friedman and Theobald are strange allies. Both advocate negative income tax schemes for apparently incompatible reasons: Friedman, among other reasons, because it could provide greater incentives for work to welfare recipients than existing welfare systems; ¹ Theobald, because it could reduce the demand by the poor for increasingly limited jobs. ² Either man may be correct. Whether a negative income tax encourages or discourages employment of present welfare recipients would depend on the magnitudes of the two basic variables in the scheme: the guaranteed minimum level of income and the negative


rate of taxation. In setting these two variables, the incompatible views of these and other proponents of a negative income tax will probably come to the surface.

Although a negative income tax plan could be designed to provide greater work incentives to present welfare recipients, many opponents fear that such a plan would provide work disincentives for those on the margins of welfare dependency who are now employed. The negative income tax and other guaranteed income plans, if implemented, may result in an income effect on labor supply; because of higher incomes, the non-welfare poverty population may be less willing to provide labor. Again, the extent to which such a plan would discourage work by this group would depend on the two critical variables, the guaranteed income level and the negative tax rate. An experimental negative income tax plan is now being set up in New Jersey with Ford Foundation and OEO support. The main purpose of this experiment is to determine whether such a plan would discourage employment on the part of the nonwelfare poverty population.

Still another area of potential disagreement is over whether a national plan should supplement or replace local welfare systems. Those who support such a plan because it would augment the income of the poor tend to favor the former; those who are attracted to it because of its simplicity of operation, the latter. This, too, may prove to be an irreconcilable difference of views between proponents of national plans that will emerge if and when such a plan is given serious consideration by lawmakers.

Negative income tax and family allowance schemes have been widely discussed in the welfare literature.¹ One potentially useful additional

area of research may be to assess various income maintenance schemes in other countries, notably in Canada and in most of Europe. Another might be a supplement to the New Jersey experiment to try to determine whether a negative income tax plan would result in positive work incentives for the welfare poverty population.

RESEARCH ON WELFARE: CONCLUSIONS

To try to summarize the major issues involving welfare is no easy task. Nor do we harbor any illusions that we have fully succeeded. Yet there appear to us to be at least four conclusions about research on welfare that can be drawn from an examination of work in the welfare area.

First, few areas of research are as blessed with so much raw material. Extensive administrative data are collected by welfare jurisdictions to determine the eligibility of clients. For example, New York City has as least 19 pages of application forms covering matters ranging from past employment and income to the physical condition of the applicant's residence. In addition, much of the research in welfare has been generation of data in the form of surveys of the welfare population or by case workers. Periodic surveys are conducted by the Office of Equal Opportunity, the Department of Health, Education and Welfare, and some state and local governments. These surveys could permit intertemporal comparisons of the welfare population and also comparisons with the non-welfare poverty population.

Second, although collecting additional raw data could be useful, research emphasis should also be placed on organizing and analyzing available data. Writings on welfare contain a number of hypotheses about the relationship between public assistance and the behavior of dependents, and a number of policy recommendations based on these hypotheses. What is striking, however, is how few of these hypotheses have

Falls Short," Public Interest, Fall 1965; and George H. Hildebrand, Poverty, Income Maintenance, and the Negative Income Tax, Ithaca, New York, New York State School of Industrial and Labor Relations, Cornell University, 1967.
been subjected to empirical verification, even though many of the data
needed for this purpose appear to be on hand. For example, the case
histories of recipients contained in welfare files may be sufficient
to resolve some of the continuing disagreement over such matters as
whether or not employment is a realistic alternative to welfare depen-
dency or whether there is a rapid or a slow turnover for certain catego-
gies of welfare recipients. What is needed in most welfare juris-
dictions are adequate data retrieval systems.

Third, there is a need for systematic analysis of all variables
relevant to welfare issues. A good example arises with the question:
What are the reasons for recent substantial increases in welfare case-
loads? A number of reasons have been suggested, some merely adminis-
trative, others involving basic social or economic changes in urban
areas. In order to determine the relative importance of each of these
reasons, it is necessary to hold constant the others. In other words,
it is necessary to treat this question as a multivariate problem.
Another example is the need to consider the tradeoffs and complementa-
rities between all plausible objectives of welfare policy that would
be met by proposals to change existing welfare systems. The objectives
of society are multi-dimensional. Because no alternative to existing
systems is likely to satisfy all objectives, in framing alternative
policies it is important to consider what the various costs and benefits
of policy changes are likely to be.

Finally, welfare is inherently an interdisciplinary problem. Until
recently, research on public assistance was the preserve of members of
the social work profession, assisted by a few renegades from other
disciplines. In recent years, interest in welfare has spread to other
professions, notably the law, sociology, economics, and political science.
The policy relevance of welfare research will depend, in large part, on
the effective involvement of each of these disciplines.
VI. PUBLIC ORDER

Douglas F. Loveday
Samuel M. Genensky

INTRODUCTION

One of the principal motivations for the RAND Urban Workshop and for this Memorandum is the concern that the frequent civil disorders the nation has been experiencing indicate a serious breakdown of public order. This chapter is based on three hypotheses. The first, held in common with the other chapters of this Memorandum, is that the expected intensity of urban riots would be reduced if grievances held by the disadvantaged segments of urban populations were settled by, among other things, meeting demands for better health care, housing, employment, welfare, and education. The second hypothesis, specific to this chapter, is that the prevention of major disorder depends on meeting demands for more protection and less abuse from the traditional institutions devoted to maintaining public order, in particular the police. The third hypothesis, which is perhaps shared in different degrees by some of the other chapters, is that apart from dealing with grievances or demands for protection, there are a number of things that might be done to reduce the likelihood of criminal behavior or disruptive actions. The suggestions made in this chapter may be somewhat more speculative than those in the other chapters of this Memorandum. An attempt is made here to emphasize directions of research more on the basis of relevance to problems than on the basis of manageability with currently

---

1 For comments, criticisms, and suggestions the authors are indebted to Gordon E. Misner and Richard B. Hoffman of the Institute of Urban and Regional Development at the University of California, Berkeley; Frederick L. Pryor of Swarthmore College; Seymour M. Lipset of Harvard University; Kenneth Arrow of Stanford University; Adam Yarmolinsky of Harvard Law School, Chairman of the Workshop; and Stephen Enke of GE/Tempo, Vice Chairman; as well as RAND colleagues Anthony Pascal, Ralph Strauch, Gerti Brunner, Fred Iklé, and Peter Greenwood.

Thanks are also due to Julius Margolis of Stanford University, Arthur Rosett of the University of California, Los Angeles, School of Law; and Robert Summers and Marvin E. Wolfgang of the University of Pennsylvania, who were kind enough to read earlier drafts.
available techniques. The scope of suggestions for research is rela-
tively narrow and omits many problems in the area of traditional
institutions for the maintenance of public order. For example there
is no mention of problems related to the operation of the courts or
the penal system. Such problems were not included in this chapter
because they were not taken up in the workshop discussions and it was
felt that it would be more productive to confine our discussion to a
few problems in a limited area that we believed deserved attention
rather than attempt to encompass all the major problems in all the
areas of public order.

Geographic and functional divisions of authority among agencies
responsible for crime control may impede prospects for obtaining
financial support and other cooperation for many types of research.
A preliminary suggestion is that research designs should consider the
structure of agency responsibilities in relating research resources
to agency, social, and research objectives.

Although recognizing the broader underlying issue of race re-
lations, which adds special significance to several items, this chapter
focuses primarily on narrower issues of the problem of crime and its
control. The research proposals are arranged in three groupings, cor-
responding to the questions: (1) What is the crime problem? (2) What
are the causes? (3) What should be done?

ASSESSING THE CRIME PROBLEM

The question, What is the crime problem? may have a deceptively
obvious answer. Crime statistics have recently shown dramatic increases
in the rates of occurrences of various types of crime. (See Figs. 1-3
and Table 15.)¹ Unquestioning acceptance of these statistics as the
definition of the problem could stimulate popular demands for actions
that in the light of a more careful assessment would prove to be unwise
or unwarranted.

¹President's Commission on Law Enforcement and the Administration
of Justice (hereafter cited as National Crime Commission), The Challenge
Note: Scale for willful homicide and forcible rape enlarged, to show trend.
Source: FBI, Uniform Crime Reports Section; unpublished data.

Note:
The scale for this figure is not comparable with that used in Figure 1.
Source:
FBI, Uniform Crime Reports Section; unpublished data.

Fig. 1—Index crime trends, 1933-1965
Reported crimes against the person

Fig. 2—Index crime trends, 1933-1965
Reported crimes against property
Fig. 3—Reported crimes against persons and property, 1960-1965 trends. Arrests and offenses known to the police.

Estimated rates of offense

Comparison of police and BSSR survey data

Rates per 1000 residents 18 yrs or over

<table>
<thead>
<tr>
<th>Crime Type</th>
<th>Police Rate</th>
<th>Survey Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willful homicide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forceable rape, robbery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggravated assault</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burglary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Larceny (over and under $50)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, seven offenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. Incidents involving more than one victim adjusted to count as only one offense. A victimization rate would count the incidence for each individual.
2. Police statistics adjusted to eliminate nonresident and commercial victims and victims under 18 years of age.
3. Willful homicide, forcible rape, robbery, aggravated assault, burglary, larceny (over and under $50), and vehicle theft.

Fig. 4—Comparison of crime rates as calculated from police and survey data (Bureau of Social Science Research)
Table 15
OFFENSES KNOWN TO THE POLICE, 1960-1965
(rates per 100,000 population)

<table>
<thead>
<tr>
<th>Offense</th>
<th>1960</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
<th>1965</th>
<th>UCR Rate for Individuals 1965&lt;sup&gt;a&lt;/sup&gt;</th>
<th>NORC 1965&lt;sup&gt;b&lt;/sup&gt;</th>
<th>1966&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willful homicide</td>
<td>5.0</td>
<td>4.7</td>
<td>4.5</td>
<td>4.5</td>
<td>4.8</td>
<td>5.1</td>
<td>5.1</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Forcible rape</td>
<td>9.2</td>
<td>9.0</td>
<td>9.1</td>
<td>9.0</td>
<td>10.7</td>
<td>11.6</td>
<td>11.6</td>
<td>42.5</td>
<td></td>
</tr>
<tr>
<td>Robbery</td>
<td>51.6</td>
<td>50.0</td>
<td>51.1</td>
<td>53.0</td>
<td>58.4</td>
<td>61.4</td>
<td>61.4</td>
<td>94.0</td>
<td></td>
</tr>
<tr>
<td>Aggravated assault</td>
<td>82.5</td>
<td>82.2</td>
<td>84.9</td>
<td>88.6</td>
<td>101.8</td>
<td>106.6</td>
<td>106.6</td>
<td>218.3</td>
<td></td>
</tr>
<tr>
<td>Burglary</td>
<td>465.5</td>
<td>474.9</td>
<td>489.7</td>
<td>527.4</td>
<td>580.4</td>
<td>605.3</td>
<td>299.6</td>
<td>949.1</td>
<td></td>
</tr>
<tr>
<td>Larceny $50 and over</td>
<td>271.4</td>
<td>277.9</td>
<td>296.6</td>
<td>330.9</td>
<td>368.2</td>
<td>393.3</td>
<td>267.4</td>
<td>606.5</td>
<td></td>
</tr>
<tr>
<td>Motor vehicle theft</td>
<td>179.2</td>
<td>179.9</td>
<td>193.4</td>
<td>212.1</td>
<td>242.0</td>
<td>251.0</td>
<td>226.0</td>
<td>206.2</td>
<td></td>
</tr>
<tr>
<td>Total crimes against</td>
<td>148.3</td>
<td>145.9</td>
<td>149.6</td>
<td>155.1</td>
<td>175.7</td>
<td>184.7</td>
<td>184.7</td>
<td>357.8</td>
<td></td>
</tr>
<tr>
<td>person</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total property crimes</td>
<td>916.1</td>
<td>932.7</td>
<td>979.7</td>
<td>1070.4</td>
<td>1190.6</td>
<td>1249.6</td>
<td>793.0</td>
<td>1761.8</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
<sup>a</sup>UCR rate for individuals, which omits crimes against organizations.
<sup>b</sup>National Opinion Research Center survey results for crimes against individuals.

Source:
Crime Rates

The adequacy of available statistics to present an accurate picture of crime in the nation has been questioned. Some significant research has attempted an independent assessment of the realities of both the occurrence and reporting of criminal behavior. One major finding is that substantial numbers of incidents regarded as crimes by the police are either not reported or are not entered in police records. Figure 4 and the last two columns of Table 15 present findings of surveys showing this phenomenon.\(^1\) Whereas Figure 4 refers to one locality, Table 15 is constructed from data on a national survey of 10,000 households. Since crime statistics currently are drawn primarily from police records, it is fair to ask whether the apparent increases in crime rates reflect increases in actual rates of incidence, or changes in recording procedures, or an increase in the public propensity to report criminal activity.

To set the problem of crime in some perspective, further research is needed into the actual and reported rates of crime. Past actual rates may be difficult or impossible to reconstruct. However, further analysis and search for evidence on past rates might provide grounds for making sounder judgments about long-term trends in actual crime rates than any based on current knowledge, even if they still could not meet any rigorous test of objectivity. Such judgments might be relevant to the question of whether certain alleged social changes, such as a decline in the influence of religion, increasing urbanization, or a decline in parental control over children, have resulted in a more lawless society that is more dangerous to live in.

An alternative choice to this research is accepting the present state of knowledge and forgoing any responsible judgment on long-term

trends in crime rates.\footnote{In opposition to the suggestion for research, it might be argued that, although such a statistically valid reconstruction -- if it were possible -- might be useful, an enterprise providing only additional incomplete knowledge requiring subjective judgment may be no better than maintaining the present state of knowledge and forgoing any judgment at all about long-term trends. A principal danger of using incomplete knowledge is that the tenuous and subjective nature of judgments based upon it may be overlooked. The suggestion to pursue evidence on long-term crime trends is therefore accompanied by a warning and a plea that this be undertaken with humility, and designed and reported with a competent statistical critic. Unfortunately, in any case it may be impossible to prevent irresponsible use of available data.}{1} We propose that the research be carried out in the hope that conclusions drawn will be a closer approximation to reality than conclusions arrived at on the basis of currently existing data.

One approach might be to try to find some jurisdiction where it would be possible to make a full or even a useful partial determination of the relationship between actual and reported crime rates. Data from a series of state censuses, or from the reports of a crime commission existing over a period of time in some city, or from some police agency would probably offer a better hope for this than would the aggregated data of national reports.\footnote{Theodore N. Ferdinand, "Crime Patterns of Boston Since 1849," \textit{American Journal of Sociology}, Vol. 73, No. 1, July 1967, pp. 84-99, gives several references to studies of crime rates in 19th century American cities.}{2} Collateral study of characteristics suppos- edly related to crime proneness or to the propensity to report crimes, and comparison with characteristics of other jurisdictions (and possibly of the nation) may provide some basis for a limited judgment about the long-term trends.\footnote{Herbert Goldhamer and Andrew Marshall provided the impetus for this suggestion in \textit{Psychosis and Civilization}, Glencoe, Illinois, The Free Press, 1953. In a footnote on page 21 they assert, "the present study does show that the past is not always as irrecoverable, statistically speaking, as is sometimes assumed." This study, which determined the rate of incidence over a period in the 19th century of a limited set of mental diseases for a partial set of age groups in a limited area is still cited for having pinned down the issue of the long-term trend in the incidence of psychosis; for example, see H. Warren Dunham, "Epidemiology of Psychiatric Disorders as a Contribution}{3}
If assessing past crime trends is a discouraging task, the prospect of assessing current actual crime rates may be more important and holds relatively greater hope of success. In addition to data on the numbers of occurrences of various types of crimes, reporting systems should provide regular access to summaries of data on numbers of offenders and of victims, with various characteristics relative to age, sex, race, personal versus corporate entity, and so forth. As research progresses, new data will arise. The kinds of information needed about offenders, victims, and other circumstances will be related to the type of crime and to the hypotheses to be tested about its costs and causes.

The development and refinement of techniques for acquiring information could add to the validity of studies assessing causal relationships of crime rates to other variables. Of particular interest is the possibility of discovering relationships between crime rates and variables that can be controlled to at least some degree through public policies and programs.

The Costs of Crime and Crime Control

Policies and programs for reducing crime rates are likely to involve costs. Estimated benefits of proposed policies in a form that can be compared with their estimated costs would help in deciding which policies to adopt. The expected benefit in a given set of policy changes may be a reduction in crime rates by some given magnitude. The cost-comparable measure of this benefit is the social cost -- in the form of losses of life, property, productivity, and welfare -- of the differences in crime rates if the policy changes are not adopted. In order to make such judgments about policies and programs, research into the social cost of criminal activities is recommended.

Studies to evaluate the cost of crime have been made or proposed by various agencies from time to time. Most recently the National...
Crime Commission has estimated the cost of crime at about $21 billion for the United States in 1965.¹

This estimate includes about $815 million for medical bills and loss of production and earnings due to personal crimes (present value of expected lifetime earnings discounted at 5 percent in the case of homicide, which accounts for $750 million). No attempt was made to value the cost of pain and suffering. About $3,632 million changed hands through theft, robbery, embezzlement, fraud, and forgery. Another $300 million was lost by arson and vandalism; drunk driving cost $1,816 million; tax fraud $100 million; and abortion $120 million. Sales of illegal goods and services amounted to an estimated $8,075 million, with gambling accounting for $7 billion. These amounts include only fairly well established losses. The Commission made no claim of completeness and probably erred on the conservative side. In addition to these costs of crimes, the $4,212 million cost of operating public crime control institutions and $1,910 million of private costs for crime prevention, insurance, and prosecution were also included.

The nature of studies proposed here differs from those done by the National Crime Commission and others in that they would aim at developing specific social cost functions of criminal activities for the purpose of benefit-cost analyses upon which to base public policy choices.² The social cost of crime may be viewed as a function of the number of occurrences of various crimes and of interacting activities


²The following discussion is not advanced as a comprehensive framework for studies of the cost of crime but as a series of items commonly overlooked or inadequately considered in cost of crime studies and proposals. We understand that a good framework for cost of crime studies has been presented by Gary Becker of Columbia University in the April 1968 issue of the Journal of Political Economy. Unfortunately, we were unable to obtain that issue before the deadline set for us on this report.
such as precautions against and responses to criminal acts. In general, such precautions and responses will themselves entail some costs. For example, rentals of safe deposit boxes in banks are a cost of reducing losses associated with burglaries; investments in police capability for recovering automobiles are a cost of reducing losses associated with auto thefts.

In addition to such cost-reducing measures, it might turn out that measures can be taken that will change the frequency with which criminal acts occur. Some measures may both tend to change the frequency of various criminal acts and reduce the cost associated with those that do occur.

The implementation of any of these measures will in general cost something. Such measures will also bring about some benefits in the form of reductions in losses resulting from criminal activity. It may be useful to distinguish carefully between the cost of crime and the cost of crime control, to identify the marginal tradeoffs between them in approaching the optimum of a minimization of their sum.

It might also be useful to distinguish between private and public costs of crime control. For example, the uncompensated loss of time involved in serving as a juryman, witness, or complainant in a trial is a private cost and is in the same class as buying safes and locking cars. (This statement is based on the theory that trials are held, convictions found, and penalties imposed to prevent further crimes.) Given these two distinctions, there are three cost functions and possibilities of tradeoffs: costs of crime, public costs of crime control, and private costs of crime control. There are both substitutions and complementarities between the latter two, which in general are substitutes for the first.

At least two other issues are involved in studying the costs of crime: The scope of crime is arbitrarily defined as those activities legislatures decide are criminal acts, and may vary widely among legislative jurisdictions. There is no logically necessary reason why the set of activities chosen for examination should coincide with the set of acts defined as criminal by a particular legislative body. The
fundamental characteristic of activities that should be included is that they be socially harmful. A basic issue prior to this concept is answering the question: "harmful to whom?" At this level lie many difficult questions for long-term basic research. There is room for differences among researchers in specifying harmful activities as well as measures of harm. Any study of the cost of crime should devote considerable attention to assumptions about value systems and causal relations on the basis of which the activities included can be logically inferred to be harmful and from which measures of harm can be derived. This should be done to develop standards of consistency within studies and bases of comparison between studies.

Any substantially comprehensive set of activities labeled "criminal" or "socially harmful" will probably contain many that have little in common in terms of causes, effects, or the nature of the harm produced, although some important interdependence relations may be identified. Research may well proceed as a group of separate investigations rather than as one grand project. If comparability of results is desired, frequent contact among investigators and agreement on basic assumptions would be advisable. Any unique basis of comparability, however, may be less desirable than a number of different evaluations based on a variety of viewpoints. There may be little disagreement as to the socially harmful status of such activities as theft and child beating. On the other hand, the variance of estimates of social harm of such activities as gambling, prostitution, abortion, narcotics use, firearms possession, and race discrimination may be more important than their legal status.

1 Thorsten Sellin and Marvin Wolfgang, The Measurement of Delinquency, New York, Wiley, 1964, have pioneered an effort to apply psychophysical theory to the measurement of the relative repugnance of various crimes. They have developed a weighting system for aggregating crime statistics that is far superior to the usual procedure of simply adding numbers of occurrences. This work should not be neglected in cost of crime studies. Psychophysics may furnish an opportunity to assess the less tangible aspects of crime costs.
The estimate of harm of some activities defined as crimes in existing laws depends on the moral outrage, with attendant psychological pain, suffered by many people at the thought of someone engaging in otherwise victimless crimes such as narcotics use or prostitution. Or, the estimates may depend on assumed causal relations, such as that gambling profits finance more directly harmful activities. Cost of crime studies should identify such rationales and examine their implications for consistent cost estimates and cost reducing policies. One possible implication is that if fewer resources were devoted to investigating certain crimes, both a tax savings and a reduction in the pain of moral outrage might be brought about. Regarding assumed relations between gambling profits and more directly harmful activities, the financial systems associated with socially harmful enterprises should be thoroughly studied to determine the role of gambling revenues.

Some legally noncriminal activities, such as selling firearms without obtaining any evidence of the purchasers’ competence or intentions, or refusing to enter transactions with certain persons solely because of their race may be socially harmful according to some estimates. Such activities logically fall within the scope of cost of crime studies, which might more aptly be labeled studies of "socially harmful activities." This does not suggest a call for a mandate to carry on research into an unbounded area of socially harmful activities, but rather a plea for a license that would permit researchers to consider some activities not defined as crimes. Likewise, it is not a demand that all activities found to be socially harmful should fall under the sanction of criminal penalties.

Care must be taken to avoid omitting costs correctly attributable to a socially harmful activity or double counting them. Insurance and other loss sharing arrangements can induce errors of one type or the other. Also, insurance premiums might be confused with other precautionary measures, such as purchase of safes, more properly classed as costs of crime control.

Some expenditures, such as purchase of safes to protect against fire as well as theft, may be allocated in different amounts to crime
control, depending on what assumptions are made about their primary purpose.¹ This may be one of several reasons why only conditional figures and ranges (rather than unique ones) can be expected to emerge from studies of costs of crime and of crime control.

Another cost that is difficult to assess is the loss of well being due to theft of goods eventually resold to another consumer. Where no physical damage occurs, it may be argued that there is no social loss since the losses to some members of society are offset by the gains to others. A comparison of gains and losses must depend on some (probably untestable but reasonably acceptable) assumptions about the relative satisfactions different people get from similar goods. Typically, stolen goods are sold for a small fraction of the price paid by the victim for either the original item or its replacement. This suggests substantial net social loss from theft if money is assumed to have the same marginal utility for the receiver of stolen goods as for the victim.²

Still another social disutility of crime is the uncertainty and inequity of distribution of the losses. The excess of insurance premiums over expected losses due to crimes is a minimum estimate of discomfort suffered by the population as a result of uncertainty about the possibility of being a crime victim. Social dissatisfaction with the distribution of losses due to crimes is indicated by proposals (and some actual programs) for government compensation of crime victims. The costs of administering such schemes, in excess of compensation paid, is an approximation of the social utility loss from this aspect of crime.

¹Some of these assumptions might be tested by their implications about the rationality of the expense for the non-crime control purpose. For example, is the risk of fire in itself sufficiently great to have justified the expense? Could the protection against fire loss have been provided equally well by another method at smaller expense?

²It might be argued that this utility loss results from a cloud on title and a risk assumed by the receiver and could be restored simply by absolving receivers of any liability and vesting them with secure title to any goods they purchase. The complexity of these issues requires further investigation.
To fully account for the costs of crime it would be necessary to trace all the effects that are not value neutral. Some may not be easily traceable or even suspected. Thus, even a careful accounting on the basis of present knowledge may be incomplete. Research projects for developing more knowledge about the possible effects of crime (such as the flight to the suburbs) could provide a basis for a more complete cost of crime accounting.

CAUSAL FACTORS

Investigation of causal relations between crime rates and other variables needs to be continued. There are a number of obvious possible community characteristics with which crime rates may be associated, such as levels and distribution of income, education, types of occupations, unemployment, proportion of broken homes, population age distribution, ethnic or cultural differences, and proportion of families on welfare. In testing for any one of these or other variables, decisions must be made as to which variables crime rates should first be adjusted for.¹ The issues in each case must be sorted out to design relevant empirical tests and statistical analyses.

Causal factors suggested in the course of the Workshop are related to two classes of phenomena. One is the occurrence of criminal activities in "normal" circumstances, that is, in spite of established social inhibitions against such activities. The other is the occurrence of major breakdowns of social inhibitions against activities ordinarily regarded as crimes.²


²Making a distinction between "riots" and "normal" criminal activity requires some judgment, as was exercised by the National Riot Commission in distinguishing between "major" or "serious" disorders and "minor" disorders which "would not have been classified as 'riots' or received widespread press attention without national conditioning to a 'riot climate.'" Report of the National Advisory Commission on Civil Disorders, advance copy published by the New York Times Company, Bantam
Causes of "Normal" Crime

Limitations on Police Action. The conditions under which a policeman is allowed to draw his gun, fire a warning shot, shoot to injure or kill, stop someone on the street, search or interrogate a person, or make an arrest differ among jurisdictions at a given time, or change within jurisdictions over time. Do legal restraints on the freedom of the police to take such actions result in higher crime rates or a shift to more serious crimes?

It might be possible to compare the legal and policy restraints under which different police departments operate. In some cases before-and-after comparisons might be made for departments that have experienced significant changes in these restraints. In addition, it might be possible to ascertain rates of occurrence of various police actions based on the size of the department or the population being policed. Institutions for making complaints, and numbers and types of complaints made against police actions, might also be considered. The relationships between these variables and crime rates may throw some light on the validity of claims that aggressive policing is necessary to prevent crime, and that there is an inverse relation between "police brutality" and "criminal brutality."

Soft Targets. Investigations of the effects of street lighting, car locking campaigns, and home hardware installations were also recommended by Workshop participants.¹ One important issue that research design should resolve is to what extent do such measures displace rather than diminish crimes.

Books, March 1968, p. 113 (hereafter cited as National Riot Commission). Actual research of causal factors in socially harmful behavior will require many more and finer distinctions between classes of phenomena. These distinctions should be based on empirical rather than legal criteria.

¹The Crime Control Digest for October 11, 1967, Washington, D. C., Industry Reports, Inc., p. 11, reports that night-time alley crimes in Chicago fell 19.3 percent the year after completion of a $13,000,000 lighting installation expected to cost $500,000 per year for power to operate. There is said to have previously been about 37,000 "alley-connected" crimes per year — mostly auto theft, burglary, sex offenses, and robbery. A comparison of the cost with an evaluation of the social
Residential Segregation. Using some index to measure degrees of integration-segregation of communities or census tracts, it would be of interest to test the correlation of index values with various crime rates and possibly with specific crime and victimization rates among black and white residents. This might be done as part of a larger project on the advantages and disadvantages of integration compared with segregation. It may be that in racially homogeneous neighborhoods crime rates among low income persons living in wealthier neighborhoods tend to be lower than crime rates among similar low income persons living in low income neighborhoods. If racial integration follows a pattern of scattering low income people of one race in a higher income neighborhood of a different race, the crime rate among the low income people might be reduced due to a "neighborhood income effect," and this effect might be independent of race. Also, the barriers encountered by black people with rising incomes who search for homes outside the ghetto may result in a tendency for black residential areas to contain socio-economically more heterogeneous populations than white residential areas. Research on the relation between crime and segregation should take account of these issues. They may be handled differently depending on whether criminal activity is conceived as a property of individuals or of communities. In the first case, the "neighborhood income effect" may have to be accounted for as a cause of individual benefit resulting from the nonoccurrence of the estimated 7,146 crimes would be a step toward rational policy choice and an example of the aim of cost-of-crime studies.


2 In a regression analysis, this phrase would refer to a coefficient of a variable measuring average income in neighborhood of residence, a characteristic of members of a group whose crime rate is analyzed.
behavior. In the second case, neighborhood characteristics are correlated with crime rates, and the "neighborhood income effect" does not have a specific causal role in the analysis.

Population Age Distribution. It has been observed that crime rates are highest among groups in the 15-30 year age range. Changes in a population's crime rates are to some extent explainable by changes in its distribution among age groups.¹ It may be possible to investigate the characteristics peculiar to youth that account for its crime proneness, to determine ways of intervening in processes associated with criminal behavior. Possible relationships between population age distributions as they might change over time and prospective patterns of crime proneness over time should be investigated.²

One hypothesis that might be investigated is that mutual reinforcement of youthful rebellion against adults and established cultural norms is an interaction resulting in behavior going beyond that attributable to an "additive" effect of changes in the proportion of youth in the population. Different population groups might be compared with respect to both age distribution and opportunities for unsupervised contacts and assembly among young people. Differences in such opportunities might stem from differences in family raising practices, social institutions such as schools and churches, population density, and the extent to which children participate in an adult supervised economy. The population age distribution itself affects per capita adult supervisory resources, as well as the proportion of the population that may be particularly crime prone.³

---


²Robert Conot, Rivers of Blood, Years of Darkness, New York, Bantam Books, 1967, p. 457: "When political delicacies prevent a Mc Cone Commission from coming to grips with the fact of prolific and indiscriminate procreation, the tragedy is not that this is a dereliction of the assigned analytical task; but that in avoiding the issue the commission prevented its inclusion in the problems to be solved."

³Sheldon and Eleanor Glueck, Delinquents in the Making, New York,
Comparative studies of urban and rural populations might be one way to approach a test of this hypothesis. The mutual reinforcement proposition might be formulated as a "youth subculture" that gains status and allegiance among young people the greater their numbers relative to those of other age groups within their range of experience.  

Causes of Major Disturbances

Population Age Distribution. It appears that participation rates in major disturbances are especially high among groups of adolescents and young adults. This is evident on college campuses and around the world, as well as in the U. S. urban ghettos. This suggests two related directions for research efforts. One is aimed at determining the particular characteristics of youth related to violence proneness and manipulable by those seeking either to encourage or quell violent behavior. The other is aimed particularly at studying riot outbreaks. For example, what techniques are used, by those devoted to the encouragement of riots,

Harper, 1952, in a comparison of 500 delinquents with 500 nondelinquents matched in age, race, IQ, and slum residence found a comparative lack of adult supervision in the homes of the delinquents. R. R. Korn and L. W. McCorkle, Criminology and Penology, New York, Henry Holt & Co., 1959, pp. 633-643, also identify peer group socialization and lack of adult supervision as associated with delinquency. The effectiveness of influencing the population age distribution to reduce crime rates depends on future rather than current age specific crime rates. Reduced birthrates among families currently with children may conserve parental supervisory resources for the children already existing and thus reduce certain age specific crime rates in the immediate future.

1 On a related theme, see Chapter V, pp. 99-101.

2 Der Spiegel, January 22, 1968, pp. 28-29, reports a violent outbreak in Bremen, Germany, among young people reacting to a drastic increase in streetcar fares. As participation in forceful protest demonstrations seems to gain popularity among young people around the world, so does the issue of "police brutality." Der Spiegel attributes the chaos attending the Bremen demonstrations to the police at least as much as to the demonstrators, and quotes the mayor and a police official to the effect that the police overreacted, dangerously alienating the citizenry. This report is an example of multitudes of news reports of student and other riots around the world during the past decade that have been observed to involve primarily young people. The New York Times, March 25, 1968, p. 1, discusses the trend of increasing student activism as a worldwide phenomenon.
to mobilize and motivate youth participation? What is the role of youth gangs; do they function as "tinder boxes" for setting off major disturbance? What can be done to make youth less volatile and less susceptible to the influence of those seeking to encourage rioting? What are the roles of employment, family responsibility and personal aspiration? What can be done directly to neutralize incitement to lawless activity?

Youth is a characteristic associated with both riot participation and other criminal behavior. Some other characteristics of riot participants have been investigated. Further study might reveal more about the similarities and differences between criminals and riot participants and about the extent to which these two overlap. It might also be interesting to examine patterns of crime before, during, and after civil disturbances to see whether or how crime reflects the moods and concerns of the community.

The Aftermath of Riot. It was speculated in the course of the Workshop that a riot may act as an "innoculation" to which there is a reaction that "immunizes" the city against further major disturbance for several years. The National Riot Commission classified eight of the urban disorders occurring during January through September of 1967 as "major" and 33 others as "serious." The remaining 123 of the 164 events defined as civil disorders were classified as "minor." Of the 41 disturbances defined as major or serious, two occurred in cities that had already had a major or serious disorder in 1967 — Cincinnati and San Francisco. Ten cities had disturbances in more than one of the Commission's three classes. New York City had two serious disturbances (Bronx and East Harlem) and two minor ones (5th Avenue and Brooklyn) in July and a minor one in Brooklyn in September. Five cities (Cincinnati, Atlanta, Dayton, Houston, and Tampa) had disturbances in descending order of intensity, three (Cambridge [Maryland], Rochester, and Wichita) in ascending order and San Francisco in "descending-ascending" order. The Commission concluded, "The fact that

1National Riot Commission, pp. 128-135.
a city had experienced disorder earlier in 1967 did not immunize it from further violence."¹ In the face of this evidence, any theory of immunization reactions to civil disturbance is very shaky.

However, two possible alterations of the immunization theory might usefully be researched. The first is the proposition that a riot results in a white backlash or a police overreaction.² In the short run this might lead to more intense conflict. In the long run, order may be restored through renewed repression at the cost of "the continuing polarization of the American community and, ultimately, the destruction of basic democratic values."³ The second alteration is the proposition that, having experienced a riot, the police learn how to respond to events carrying a high potential for stimulating a riot in ways that reduce this potential.⁴ Research on the learning, communication, and information storage and retrieval processes used by riot control agencies might lead to improvement of these processes.⁵

POLICIES AND PROGRAMS

With more knowledge about the causes, effects, and costs of criminal activities it should be possible to do better research on the effectiveness and social benefits of current and proposed policies and programs for reducing such activities or alleviating their harmful features. Prior to the acquisition of such knowledge, research is proposed on the basis of seemingly obvious needs and some hopefully intelligent guesses as to what may be the more effective possibilities.

The consensus at the close of the Workshop indicated two major areas needing additional research; police practices and employment

---

¹Ibid., pp. 113, 158-162.
²Harold B. Meyers, "Putting Out the Fires Next Time," Fortune, January 1968, tells of major equipment, including tanks, being acquired by police departments.
³National Riot Commission, p. 1. See also pp. 8, 18.
⁵National Riot Commission, p. 97, "Lessons learned by the California
opportunities. Other proposals concerned the countermanding of rumors, the securing of citizen cooperation for maintaining order and combating criminal activities, and the development of a course of education for increasing the effectiveness of individual participation in society.

The Police

The central concern of the Workshop was the behavior of police officers toward people involved in situations that the police are assigned to handle. This was based primarily on the hypothesis that changes in police behavior would reduce tensions that tend to explode into civil disorders. Appropriate changes should lead to generally increased citizen satisfaction with police operations. Some of the possible determinants of police behavior include quality of leadership, organizational structure, size of the force relative to any measurable dimensions of its task, selection and training of personnel, management control policies and practices, and the nature of equipment used. A research design is recommended involving a sequence of seven steps: (1) study current processes, (2) determine their effects on police behavior, (3) identify discrepancies between current and desired behavior, (4) recommend reforms, (5) design methods and instruments for implementing reforms, (6) do follow-up evaluation, and (7) recommend any further changes needed. These topics and research steps suggest a matrix as in Table 16. Some questions and hypotheses involved in some of the elements of this matrix follow:

1C. Study current personnel selection and training operations. One hypothesis is that the image of the police officer's social role tends to attract authoritarian and punitive persons. This might be tested by comparative psychological studies of police force applicants and various control groups, such as policemen in other countries and stratified random samples from the U.S. population. This would be done to characterize images of the police role and other personality

National Guard two years earlier in Watts regarding the danger of over reaction...had not, apparently, been passed on to the Michigan National Guard.
Table 16

A MATRIX OF RESEARCH PROJECTS ON POLICE BEHAVIOR

<table>
<thead>
<tr>
<th>Research Steps</th>
<th>Leadership</th>
<th>Force Size &amp; Organization</th>
<th>Selection &amp; Training</th>
<th>Management Control</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Current Process</td>
<td>1A</td>
<td>1B</td>
<td>1C</td>
<td>1D</td>
<td>1E</td>
</tr>
<tr>
<td>2. Effects</td>
<td>2A</td>
<td>2B</td>
<td>2C</td>
<td>2D</td>
<td>2E</td>
</tr>
<tr>
<td>3. Deficiencies</td>
<td>3A</td>
<td>3B</td>
<td>3C</td>
<td>3D</td>
<td>3E</td>
</tr>
<tr>
<td>4. Needed Reforms</td>
<td>4A</td>
<td>4B</td>
<td>4C</td>
<td>4D</td>
<td>4E</td>
</tr>
<tr>
<td>5. Implementation</td>
<td>5A</td>
<td>5B</td>
<td>5C</td>
<td>5D</td>
<td>5E</td>
</tr>
<tr>
<td>6. Evaluation</td>
<td>6A</td>
<td>6B</td>
<td>6C</td>
<td>6D</td>
<td>6E</td>
</tr>
<tr>
<td>7. Adjustments</td>
<td>7A</td>
<td>7B</td>
<td>7C</td>
<td>7D</td>
<td>7E</td>
</tr>
</tbody>
</table>
traits and to see if police force applicants as a group differ significantly from the general population of potentially eligible recruits.\(^1\)

Another hypothesis is that experience on the job teaches new recruits to discount heavily what is taught in formal training programs, and thus training programs intended to foster impartial and courteous behavior fail to have any effect.\(^2\) This might be tested by intensive observation of the training and job experience of recruits and by administering attitude tests at certain points in their careers.

Still another hypothesis is that the character of applicants differs among police departments as a function of salary structures. The validity of this hypothesis might be tested by seeing if there are any significant correlations between results of the above personality studies for several police departments and various salary structure features of those departments, such as entry pay level, expected magnitudes and time intervals of raises, apparent promotion opportunities, average pay level, and so on.\(^3\)

2A. Determine behavior produced by current leadership. Comparisons between departments, or before and after comparisons within departments, might be related to leadership characteristics. One hypothesis is that

---

\(^1\)Richard B. Hoffman of the Institute of Urban and Regional Development at the University of California, Berkeley, has done some unpublished research indicating that new police recruits in one city at least do not differ significantly as a group from the general population of eligibles with respect to certain tested personality characteristics. However, when the same batch of tests is divided into two groups, based on whether the recruit tested was still on the force three years later, they have different distributions and significantly different means with respect to conformity and authoritarianism. Those who stay on the force at least three years tend to have more conformist and more authoritarian personalities as measured by these tests, which were administered by the police department recruiting the men tested.

\(^2\)See for example Conot, pp. 165, 171-174.

\(^3\)Gordon E. Misner and Richard B. Hoffman, in a paper presented at the national meeting of the American Association for the Advancement of Science, New York, N. Y., December 27, 1967, counter arguments for increasing economic rewards as a means of inducing higher quality men into the police profession by noting the rigidities in civil service tenure systems and the "closed" personnel systems of police departments with low-level entry.
police forces are more "brutal" where leaders ignore grievance complaints, possibly by attributing them to "communist agitation."\(^1\) Another hypothesis is that a reduction in leadership competence through illness without adequate provisions for transfers of responsibility and authority results in bad decisions in crisis situations.\(^2\)

2B. Determine behavior produced by current and past force sizes and organizations. One hypothesis is that inadequate force size relative to given tasks, such as control of demonstrations or riotous crowds, generates fear resulting in aggressiveness.\(^3\) If police "brutality" can be measured, police departments might then be compared with each other or with themselves before and after organizational changes.

2C. Determine the nature of human resources produced by the current system. One hypothesis is that desirable characteristics for police work (such as physical fitness, courage, and willingness to take risks) are correlated with some undesirable characteristics (such as over-aggressiveness and prejudice). Personality studies, mentioned before, might be extended to test this hypothesis.

Research might be conducted to see if "brutality" can be meaningfully formulated as a measurable characteristic of police departments and to ascertain if some departments are more "brutal" than others. The effects of training courses could be assessed by measuring "brutality" before and after the institution of such courses.\(^4\) This would be another possibility for gaining some evidence on the validity of the hypothesis that experience on the job teaches new recruits to discount what they learn in formal training courses.

---

\(^1\) Conot, pp. 95-97.
\(^2\) Ibid., p. 155.
\(^3\) Ibid., pp. 15-16. Conot describes an aggressive approach by "officer Wilson" that might fit this explanation and that was a crucial element in sparking the Watts riot of 1965. Pages 121-122 indicate that this tendency is reinforced by current training.

\(^4\) Time, April 12, 1968, pp. 57-58, reports an experimental sensitivity training course in Houston, Texas, in which police and black people were brought together. Noticeable changes in police attitudes and behavior are claimed, but no mention is made of any attempt to measure them.
2D. Determine behavior produced by management controls. A general hypothesis states that the measures of "production" by which police officers are currently evaluated, the criteria by which promotions are decided upon, and the procedures for taking disciplinary actions create incentives for police officers to abuse the rights of citizens.

2E. Determine behavior produced by equipment used. Obviously, if an officer has no gun, he won't shoot anyone. If, in addition to a gun, he has a variety of other weapons in which he has developed confidence through training and experience, he may be less inclined to depend on the use of his gun. Communication and transportation resources may also affect his choices of response to some situations.

3C. Ascertain the nature of the police officer's role and task by obtaining predictions of future requirements of police department functions and organization.\(^1\) The purpose here is to prepare men for tomorrow's job, not just today's. It may be that future police functions will be distributed among new types of specialists in departments reorganized along lines recommended by the National Crime Commission.\(^2\) Such organizational changes are likely to affect the roles and tasks to be studied. Promotion and transfer paths must be taken into account and roles broadly defined to apply to prospective careers rather than single positions.

There should also be some research specifically investigating how to attain fuller racial integration of police forces.\(^3\) One important

---

\(^1\) Gordon E. Misner, "The Urban Police Mission," Issues in Criminology, Vol. 3, Summer 1967, pp. 35-46, presents a discussion of traditional police functions and some of the issues of changing conditions and prospects for the proper definition and measurement of police functions, services, and effectiveness.


\(^3\) National Crime Commission, Task Force Report: The Police, p. 168, cites a 1962 survey by the U. S. Civil Rights Commission in which it was found that the ratio of black police officers to the black population in 124 southern cities was less than one-sixth the ratio of white officers to the white population in the same cities. In 106 northern and western
issue in this regard is how members of the force should be distributed according to race. Should black neighborhoods be policed exclusively by black officers? Aside from possibly ameliorating racial tension, are there other advantages in assigning officers to localities with which they are familiar? Should local neighborhood organizations be consulted and their wishes given significant weight concerning police policies, practices, and resource allocations within their local area; should top police decisionmakers commit themselves to specific forms of consultation prior to certain kinds of decisions? If these questions should be answered differently in different cities, what factors determine the differences?

Another major question, perhaps more easily researched than those stated above, is, What are the practical prospects for recruiting qualified black men? Given various assumptions about numbers of black and white applicants as a function of time, their distributions according to various qualification criteria and selection policies, what is the projected racial composition of various police departments over time? What are the implications for alterations of policies or special efforts to change the applicant stream, given particular racial composition goals? Some helpful information might be derived from an evaluation cities the black ratio was slightly less than one-third the white ratio. Similar comparisons were found for most states with respect to sheriff's deputies. Page 172 presents data indicating that this disparity tends to be greater with respect to higher ranking officers. National Crime Commission data indicate the disparities were not significantly modified in 1966.

1 Gordon E. Misner of the University of California, Berkeley, reports that the District of Columbia Police Department has established a residence requirement for applicants to increase the advantage of local black men in the competition for positions on the force. Misner thinks this may also be advisable for other cities with proportionately large black populations. If local residence rules are a step in the right direction, then the city of Detroit has regressed by conceding an end to such a rule in the course of bargaining with representatives of its police personnel (see Crime Control Digest, Vol. 2, No. 2, March 27, 1968, p. 4.)

Richard B. Hoffman advocates special tests for culturally variant applicants to assess their basic intelligence relative to their own cultural milieu. This may mean using foreign language as a vehicle for the test, supplemented by an additional test to assess separately the
of the Department of Defense experimental program offering early releases from service for black men who agree to train for police work.

4C. Determine desirable changes in selection criteria. This would be based on information generated in steps 1C, 2C, and 3C. Desirable changes would be identified by comparing information generated in step 3C with that from steps 1C and 2C to find discrepancies between the results of current operations and the requirements of future functions. Similarly indicated changes might be found for formal and on-job training and the other factors affecting police behavior. One change might be in salaries and recruiting activities necessary to attract an adequate pool of applicants to meet force requirements, given the selection criteria. There may be several interdependencies among indicated changes. Reorganization and revision of police practices may alter the job image and the character of applicants (if such a relationship exists) independently of salary and recruiting changes.

5C. Design courses and written materials for personnel training programs. More generally, this stage of research on police problems involves the development of plans for implementing indicated changes.

6C. Evaluate operations stemming from recommended changes. The planning for this stage of the research should begin as a part of step 5C, including the timing of the evaluation study and provision for data collection activities. The follow-up research would be similar to that called for in steps 1C and 2C, only in a changed environment presumably including an improved data base.

7C. Recommend further changes if needed. This would be similar to steps 3C, 4C, and 5C, which suggest 6C and reiteration of this sequence of research activity if necessary. This kind of research adequacy of the applicant's ability to use English for meeting the requirements of the police officer's job. Hoffman's proposal seems to apply mainly to police departments in cities with Spanish speaking communities, but some might argue that it applies to those in cities with black ghettos as well. Stephen Baratz, a psychologist, and his wife, Joan C. Baratz, a linguist, are reported in Science News, Vol. 93, No. 16, April 20, 1968, p. 390, to "propose that Negro dialect is not poor English, but a separate dialect, distinctive in structure and syntax."
should become an accepted aspect of operations if continuous adaptation to change aimed at improving effectiveness is to become a permanent feature of police functions.

Jobs and Training

This area of research is primarily the concern of manpower development programs. However, some related issues lie largely in the area of crime control. As things stand today, the job-remuneration packages offered to many ghetto youth by criminal activities are probably more attractive than those offered by the legitimate business community, even assuming total elimination of discrimination in hiring and promotion practices. These patterns of competing economic incentives should be researched to find ways of altering them to promote the social goals of reduced crime and lower riot potentials as well as greater economic efficiency. ¹

Rumors

It has been alleged that the spread of distorted or false information has aroused passionate negative attitudes toward the police and has been a factor in the occurrence of riots. The unwise handling of even correct information may contribute to unrest. ² The presence of reporters and TV cameras has occasionally been noted to be an incentive for violence as a way of seeking publicity. ³ Proposals for regulating news coverage of riots and potential riot situations may soon be seriously considered. ⁴ What sort of regulations, if any, might be of value?

¹See Chapter IV, pp. 68-71.
²National Riot Commission, p. 372.
³Ibid., p. 377. Awareness of this incentive has been enhanced by reporters who make themselves obvious, threaten to leave unless "something happens," and even overtly encourage violent actions.
⁴Ibid., p. 381. A 30 to 60 minute delay is recommended in broadcasting events that might be inflammatory. The Crime Control Digest, Nov. 8, 1967, p. 6, reports similar thinking in the Department of Justice.
A study for the National Riot Commission

found that 70 percent of a total of 567 ghetto residents interviewed in seven cities first heard about the outbreak in their own city by word of mouth. Telephone and word of mouth exchanges on the streets, in churches, stores, pool halls, and bars provide more information -- and rumors -- about events of direct concern to ghetto residents than the more conventional news media.¹

Further study of the sources, transmission, truth values, and inflammatory stimulus characteristics of information and rumors might provide knowledge useful in designing and evaluating strategies for the police and the communications media that would tend to reduce the probability that a police-citizen confrontation will spark a riot. Such an investigation might also help reduce the chances of turning a peaceful and law-abiding demonstration into a violent encounter between demonstrators and police.

A multitude of unfortunate actions on the part of both citizens and police seems to have resulted from misunderstanding and misinterpretation of things seen and heard. Interpretations of events are biased by a background of distrust and hostility between police and black citizens. Two general approaches toward a remedy for this situation are (1) indoctrination of people on both sides to be more cautious in drawing conclusions, and (2) special means for timely dissemination, in a credible manner, of correct information to counteract the spread of rumors based on misinterpretations.

An example of the first approach would be cautioning police officers against assuming that every black person seen in a riot area is a rioter.² An example of the second approach is the telephone message system recently organized in the Watts area of Los Angeles. The usefulness of any dissemination system and its associated personnel depends

¹ National Riot Commission, pp. 375-376.

² Conot, p. 182, tells of a policeman shouting obscenities at a black man who, to the embarrassment of all, turned out to be a plain-clothes officer.
on their credibility to the receivers. Dissemination of incorrect information will degrade the credibility and subsequent usefulness of the system. Perhaps the most important task of research in this area is designing a system for anticipatory collection and for quick retrieval or collection of valid information in a useful form.\(^1\) Inflammatory grievances are generally based on one or a few events that are circulated in rumors and assume a primacy in the consciousness of the ghetto community. The process and criteria by which events are selected for this status should be studied. Police should keep abreast of such rumors and disseminate appropriate information to de-fuse them, perhaps by correcting descriptions of particular incidents or presenting statistics showing whether or not the police action was discriminatory. A rumor that the police were turning off fire hydrants in black neighborhoods but leaving them on in white areas sparked violence in Chicago in July 1966.\(^2\) It might have helped the situation had Chicago police been prepared to publicize statistics on fire hydrant openings and closings in black and white areas for several recent time periods.

\(^1\)Lee Loevinger, "Law and Science as Rival Systems," University of Florida Law Review, Vol. 19, No. 3, p. 545, refers to a case in which lawyers for black defendants condemned to death in Georgia are gathering statistics showing that capital punishment has been discriminatorily applied against blacks. He also refers to a more general investigation by the NAACP to determine whether blacks in the South are more likely than whites to be executed for rape. He contends that "the necessity for the making of investigations of this kind by individual litigants or interested organizations stands as a discreditable reflection upon the law and the legal profession. The statistics as to judgments in various categories of both criminal and civil cases should be routinely gathered and reported by disinterested agencies, and should be readily available to litigants or other interested parties without any suspicion that the interest of the parties may have influenced the data."

"Similarly, statistics as to criminal sentences imposed, sufficiently detailed to permit the correlation of severity with both crimes and criminals, should be routinely gathered and available, as well as statistics showing the subsequent criminal or noncriminal records of defendants who have been subject to such sentences."

It may be that similar statistics should be gathered regarding actions of police departments and should be stored for convenient retrieval in any of several useful forms.

\(^2\)National Riot Commission, p. 39. This kind of rumor seems to depend intimately on residential segregation.
Citizen Participation

Many citizens would be willing to participate in activities aimed at reducing or controlling crime if they were given appropriate opportunities not involving excessive risk or inconvenience. On the other hand, a fairly large number of incidents have occurred in which apparently random samples of people looked on while serious crimes were committed against other people, and made no move to intervene, summon the police, or obtain other assistance.

Basic research should be done on the potential resources for crime control that might be obtained by mobilizing elements of the general population. Are there significant differences among people in their willingness to help those in distress? How can those who are willing to help be identified, contacted and mobilized? Could programs to counteract fear or ignorance about the risks involved affect the proportion of people willing to offer this help?

Several research projects might be undertaken on various programs aimed at mobilizing citizen aid for crime control. Theoretical as well as empirical data on the effects of Good Samaritan laws and insurance schemes might be investigated. Neighborhood or community organizations might be studied to determine their effects on crime rates and riot occurrences and to learn about their structure, operations, and relations with police and other institutions. Police programs for direct enlistment of citizen cooperation, such as "Crime Stop" in Chicago and "Signal Ten" in Washington, D. C., might be studied to determine their costs, benefits, and effects on crime rates. A substantial reduction in taxicab robberies in New York City since city policemen started moonlighting as cab drivers suggests possibilities of special training for certain occupational groups.¹ Occupational rotation systems might be explored for feasibility and potential crime control benefits.

Citizenship Education

Some forms of educational programs may increase potential citizen participation as well as render other social benefits. Agencies, such as the Office of Economic Opportunity and the American Civil Liberties Union are engaged in activities aimed at making people more aware of their rights. We recommend that the content and methods of a model civics course curriculum be designed for high schools, adult night schools, store fronts, club houses, and so on. Preliminary suggestions are that it go far beyond the traditional high school civics course describing the structure and functions of federal, state, and local governments. It should be concerned primarily with situations likely to be experienced by students (both juvenile and adult). It should inform them about con-games, common methods of cheating used by merchants, consumer rights and complaint procedures, the legitimate role of interest rates, deceptive ways of stating such rates, the dangers of large indebtedness, how to deal with regulatory and bureaucratic agencies to satisfy common needs; how to act if confronted by a policeman, rights and obligations in case of participation in a demonstration and in case of witnessing a crime, the cost of a false fire alarm, the harm to the economy of throwing rocks at telephone linemen, and so forth. A report to the National Crime Commission estimates that about 40 percent of male children living in the United States today will be arrested for a nontraffic offense at some time in their lives. The proportion is 60 percent for urban boys and 90 percent for black urban boys. It therefore seems that many of these youngsters would benefit

---

1 Conot, pp. 146-147, relates that a ghetto youth was discouraged about job hunting because he erroneously thought he had acquired an arrest record when stopped by officers who filled out a field intelligence report while questioning him. On pp. 461-462, Conot recommends establishment of legal and consumer counseling offices. Edmund Bergler and Joost A. M. Meerloo, Justice and Injustice, New York, Grune & Stratton, 1963, p. 64, recommend a high school senior course of weekly lectures designed to prevent criminal behavior by therapeutic self knowledge.

from knowing their rights and obligations when confronted by the police before the arrival of a lawyer. Games might be devised to illustrate situations the student might encounter in the course of his lifetime. For example, short plays might be written for this purpose.

CONCLUSION

The most important need relative to crime is its reduction. The reduction of suffering and losses of life, limb, and property is the potential benefit of crime control programs. But what programs, policies, or activities can secure the benefit at reasonable costs in wealth, freedom, privacy, safety, and convenience to the public? Research is needed to determine what actions can reduce the social losses of crime and which of these actions are worth undertaking. Causal relations must be investigated and cost–benefit analyses completed. These tasks require reliable and relevant information.

The proposals in this chapter to develop and refine information on crime and to determine relations between social costs and criminal and crime control activities, and the general proposal to investigate causal relations between crime and other conditions that might be controllable, are all interdependent. Together, these research areas are of the greatest importance for long-term improvement in the capacity of our society to make wise decisions aimed at increasing the safety of life and property.

Of the specific causal hypotheses mentioned, perhaps the easiest to get some evidence on (though not necessarily conclusive evidence) would be those concerned with limitations on police actions, "hardening" of targets, and police learning from riot experience. Even these would require major information development efforts, including experimentation.

The issues of residential racial segregation, youthful antisocial behavior, and possible "backlashes" from major group antisocial actions are of much broader interest. They are likely to be complicated to investigate and any conclusions reached would probably be controversial. Nevertheless, the social importance of obtaining evidence concerning the validity of assumptions about racial patterns in housing and the
safety of persons and property and of sound knowledge for dealing with the problems of youth indicates that major efforts should be made in these two areas. Research on the functions of racist and other attitudes that may underlie backlashes is important. It has not been mentioned here since space does not permit a discussion of the many attitudinal dimensions related to criminal actions.

Priority judgments on policies and programs are hazardous without having the information that might result from the more basic research proposed. The police attract much attention because they are the front line law enforcement institution. The public image aspect of this position and its relation to potential civil disorders demands research attention to police operations and behavior.

The handling of rumors similarly has immediate importance that could fade rapidly if basic political and social changes were to substantially reduce the mistrust between dissatisfied groups and the agencies of government. However, so long as the mistrust remains, dealing with inflammatory rumors should have a high demand on research resources.

The other policy and program research areas proposed may have a longer term impact on the improvement of society, and hence deserve whatever effort can be devoted to solving them over and above that needed to cope with the more time urgent problems mentioned here.
INTRODUCTION

Questions of how the health services in the United States should be organized, delivered, and financed are currently the subject of much controversy and uncertainty. There is considerable pressure for change, but there is no widespread agreement on the direction of change that will yield the most desirable results. Yet over the next decade decisions on these important issues will be made that appear likely to shape the character and performance of our health services for a long time to come. These decisions will be made by governmental, voluntary, and private agencies together with the response of the public in utilizing their services. This chapter analyzes the kinds of policy-relevant research that will be necessary to provide a sounder basis for making these decisions.

Identification of policy research needs is especially important in the health services area. Our large expenditures on health services and their rapid rate of growth would alone suggest a major research program. Beyond these large expenditures (and to a large extent behind them) lie attitudes about health services that run counter to the rational and systematic allocation of resources among competing objectives: One such attitude is the notion that "optimal care" can be defined apart from resource constraints, constrained only by medical knowledge of disease processes and their control. Second is the feeling that every person should receive this level of care as a matter of basic human right. And third is the tendency to measure the quality of care in terms of the magnitude and quality of the resources (personnel, facilities, and technics) put into that care. Finally, it has for the

---

1The author gratefully acknowledges the helpful comments of E. H. Forgetson of UCLA, Nora Piore of Hunter College, and RAND colleague Vincent D. Taylor.

2In 1968, the U.S. will spend $55 billion on health services — 6.5% of GNP. If the current rate of growth continues, this will be $76 billion and 7.1% GNP by 1972.
most part been easier — idealistically as well as pragmatically — to obtain more resources than to be more efficient in the use of available resources.

As a result of these factors, there has been a lack of orientation in the health services toward research in the difficult and uncomfortable judgments between cost, levels of service, and the related decisions about how to deliver the most effective services under any particular cost level. Inattention to these questions has prevailed at the national policy level as well as at the level of individual institutions. This situation, together with the increasing public reaction against rapidly growing costs of medical care and the increasing concern about the low quality of care available to the poor, prompts the following analysis of the need for policy research on health services. For the most part, the discussion applies to the Nation as a whole even though many of the problems are more dramatically visible in the cities.

HEALTH AND HEALTH SERVICES IN THE UNITED STATES

Health is a very complex and elusive subject to describe or quantify. Attempts to define health as a positive physical (and mental) state have not been very meaningful. On the other side, lack of health covers a wide range of conditions: from simple discomfort to chronic disability and death; from the common cold or a cut finger to appendicitis to cancer or heart attack; from mild hypochondria to schizophrenia. The health services similarly encompass a wide range of types of facilities, services, and institutions: university teaching hospitals, community hospitals, nursing homes, and public health agencies; cancer radiation therapy, open heart surgery, tonsillectomy, and dermatology; band-aids, wheel chairs, cardiac pacemakers, and bedside television; simple empathy and the much-derided but important tender-loving-care. It is clear that no single index can serve to describe either the health level of a population or the amount and quality of the health services they receive.

Health statistics now available on an aggregate basis for the United States include morbidity rates (per capita rate of disease
incidence in the population), mortality rates, and disability-days. Of these indicators, only mortality rates are regularly and systematically collected, largely because deaths must be recorded for legal purposes. Morbidity and disability statistics are far less reliable than mortality rates because of the difficulty of defining illness and disability and because of the lack of regular reporting. Life expectancy at birth, the infant mortality rate, and mortality rates for major diseases are the most widely reported statistics related to the life-saving aspects of medical care. For all other aspects of health care, utilization of health services is often used as a proxy for the health level of a population. This use is based on the assumptions that health care acts to reduce morbidity by preventive care and to reduce severity of illness by early detection and treatment.

It would be desirable to have statistics on the effectiveness of the health services in terms of disease prevented, illness reduced in severity, and increased life expectancy. This is not now possible, both for the reasons mentioned above and because of the difficulty of separating the effects of medical care from environmental and genetic factors. Health services, therefore, are usually evaluated in terms of utilization or expenditures for services. There is a temptation to try to evaluate grossly the performance of the health services either by relating medical expenditures to improvements in life expectancy or mortality rates over time, or by comparison with other countries. This would be only partially useful however, because of the many aspects of health care other than death prevention and because of the contribution of environment and heredity to health levels.

Because of these conceptual and measurement problems it is not possible to summarize well the performance of the health services or to establish a criterion for the adequacy of that performance. There are, however, indicators of health and health services that provide a partial picture:
In 1964, life expectancy at birth in the United States was 66.9 years for males and 73.7 years for females.\(^1\) Comparable figures for 1958 are 66.4 and 72.7 years respectively.\(^2\) There are 20 countries with higher life expectancy for males and 9 with higher values for females. Sweden is an outstanding example, where life expectancy exceeds that of the United States by 4.4 years for males and 1.7 years for females.\(^3\) It is interesting to note that current mortality rates for the 10 leading causes of death would have to be reduced by more than 50 percent to bring life expectancy for males in the United States up to the current Swedish levels.\(^4\) That would indeed be a major accomplishment, corresponding to 40 years of progress at recent rates of improvement in life expectancy.

The United States infant mortality rate was 24.8 per 1,000 live births in 1965. This compares with 26.4 in 1959 and with 14.2 for Sweden in 1964.\(^5\) In 1959, 10 countries had lower rates and by 1965 the number increased to 17. Even with nonwhites excluded, the United States rate was still 21.6 in 1964, above that of Japan and 11 other countries with predominantly white populations. The United States rate has been dropping about 0.27 per thousand per year; the Swedish rate at 0.48 per thousand per year, or about 80 percent faster in spite of a much lower initial rate.

Education, income, and race all affect utilization of health services and associated expenditures to such a degree that statistics for the population as a whole have little meaning. Furthermore, there are little comparable data for previous time periods or for other countries. Some interesting comparisons of the distribution of health services

---


\(^3\) Health Manpower Report.

\(^4\) Based on preliminary research at RAND.

\(^5\) Rutstein, The Coming Revolution in Medical Care.
within the United States in recent years show the following: (1) Among those with family incomes below $2000 there are 2.8 physician visits per year. This increases to 3.8 visits per year when family income is above $7,000. (2) The difference in income seems to affect attention to children's health more than adults: in the same income categories, visits for children under 15 were 1.6 and 5.7 per year, respectively. Family medical expenditures are about $330 where family income is below $3000 and is $510 per year where family income is between $7000 and $10,000. In this jump of 50 percent in total expenditures, expenditures for medicine increase 20 percent; for hospitalization, 30 percent; for physicians, 60 percent; and for dentistry, 250 percent. (3) Nonwhites use health services less often and spend less for them than whites. This is not only because of their disadvantaged status, however, since the same statement is true for any given level of income or educational attainment. Nonwhites also have higher mortality rates and more chronic conditions.

It is possible to cite a large number of additional statistics on health indicators, but they would not appreciably improve the scanty picture given above. Available statistics are rarely comparable across categories or between time periods, making it very difficult to portray either succinctly or fully the state of health in the nation. There is some evidence, for example, that mortality rates are higher in urban areas than in rural communities. Whether this is due to income differences, education level differences, poorer services in slums, more nonwhites, different life styles, or environmental factors, however, is unknown, so that the meaning of that evidence, even if true, is uncertain.

As for health services themselves, the most certain fact is that more money is being spent per capita as well as in total. Even after allowances for higher fees and prices, per capita physician-directed services increased 54 percent over the decade 1955-1965 and hospital

\footnote{Department of Health, Education, and Welfare, Vital and Health Statistics, Washington, D.C.}
services increased 40 percent. ¹ However, the lack of a measure of output makes these figures useless for efficiency calculations. A hospital day today is not what it was a decade ago because of presumably more effective care and increased nursing levels. Similarly, a doctor visit today includes tests and technician services not available in earlier times. Whether a usable measure of output for health services would show increasing or decreasing effectiveness for each dollar of cost is speculative.

Although not the subject of this chapter, mental illness is an important problem closely related to the health services problem. There is some overlap in facilities and manpower between mental illness services and other health services, although most clearly identified mental illness is treated separately. It is estimated that in 1966, 2.6 million people received psychiatric attention at a cost of over $3 billion. Forty percent of the patients and perhaps 80 percent of the cost went to inpatient care in psychiatric hospitals. About three-fourths of this care was spent through government agencies.²

THE DETERMINANTS OF HEALTH

The health levels of a population or sub-population are determined by four types of factors:

1. Environmental characteristics such as pollution, sanitation, insects.
2. Physiological characteristics such as biological susceptibility to various diseases, genetic load.
3. Personal living patterns such as hygiene, elemental care, stress, diet.
4. Medical care such as utilization, reliability, effectiveness, side effects.

¹ Health Manpower Report.
It is important to realize that the statistical and clinical evidence of the impact of these factors on the health levels of a community is quite sketchy and indirect. Very few diseases have a well-defined cause and a treatment directed at eliminating the known cause. The extent to which improved life expectancy and infant mortality statistics can be ascribed to medical care is correspondingly unknown. Similarly, there is little evidence to relate many of our public health measures to improved health. The improvements in health levels that have occurred during this century have been gradual and have occurred at a time of significant change in both environment and living patterns. Broad coincidence in time is the major firm connection between improvements in aggregate health indicators and the bulk of public health and medical care programs. Polio vaccination and reduction of malaria through mosquito control are examples of the exceptional cases upon which much faith in other areas has been placed.

This is not to argue that medical care or public health measures are either irrelevant or failures. It is rather to emphasize that "health" is the net result of a very complex interaction of a number of factors and that we do not have sufficient knowledge about those interactions to say what are the biggest obstacles to improved health or where the biggest potential payoffs lie. Policy decisions about health programs, therefore, must be made about activities whose specific contributions to aggregate health indicators are largely unknown.

The nation is reasonably homogeneous with respect to each of the four influences on health described above. However, three characteristics unique to urban health can be distinguished: (1) the urban environment; (2) the large numbers of low-income and minority ethnic groups concentrated in high density areas; and (3) a medical care system of many types of specialty and comprehensive care facilities in a small geographical area. Although some research shows urban populations to have lower health levels than suburban and rural populations, little is known about how or to what extent these three or other urban characteristics are responsible for the differences.
An important question about the connection between health levels and the utilization of health services is the extent and direction of causality. To the extent that health care is effective in preventing and reducing the severity of disease, we should expect high utilization of health services to be associated with high levels of health indicators. On the other hand, a population with relatively few health problems would rank high on health indicators with lower utilization of health services. Since available statistics suggest that there is little correlation between the two, it is not improbable that the two effects are operating simultaneously with each cancelling the impact of the other. This appears to be an important reason for the difficulty of identifying statistically how health care influences health levels.

OBJECTIVES FOR HEALTH

Although attempts to define "health" have not been operationally useful, individual objectives for personal health are relatively simple: most people want to avoid illness, but if ill or injured they want to return to "normal" health as quickly as possible — preferably at low cost. People tend to decide (sometimes falsely) for themselves when they are ill and to look to medical care to restore them to what they consider normal. Some preventive measures are taken (seat belts, vitamin pills, cleanliness), but they tend to be so intertwined with overall living patterns that the motivation for these measures is often hard to ascribe. As a result, people tend to utilize and think about medical care in an episodic way rather than making it a continuing — not to mention dominating — consideration in their lives.

Any categorization of objectives for something so complex as health is certain to be both partial and overlapping. The following areas, however, seem to capture most of what people seek from the health services: availability, quality, consideration, prevention, and cost.

Availability

Availability of health services has three primary dimensions: geographical accessibility, adequate capacity for demand, and cost
within ability or willingness to pay. All three affect utilization: increased travel time, lower capacities for services, and increased cost act to reduce the use of health service facilities. How much availability there should be on each of these dimensions is one of the major current health services issues. Much of the difficulty in resolving that question lies in the conflict among the consumers' needs, demands, and wants. Minimum standards of availability can be called "needs" because there is public agreement that they should be within reach of everyone as a matter of right and should be assured as a matter of public policy. "Wants" represent the medical services people would like in the absence of dollar and professional manpower constraints on availability. There is not very precise agreement on what the standards of "need" should be or how the distinction between needs and wants should be decided. "Demand" for health services is simply the aggregate actual utilization of services at any given level of availability and cost.

Quality

Quality in the health services also can be thought of on three dimensions: the effectiveness of each service if performed reliably, the range of services offered, and the average reliability with which services are performed. Overall effectiveness is, of course, the prime measure of quality, but it is so hard to measure and depends on the reliability and range of services offered to such an extent that it is an elusive quantity. This overall effectiveness of care, however, is distinct from the effectiveness of individual procedures in achieving specific intermediate results. Some individual procedures for diagnosis and treatment are clearly more effective than others, and the quality of care can be said to be higher if those procedures rather than others are used. Reliability covers the skill and success with which a given procedure is performed — an obvious measure of quality. And the range of services offered by a physician or hospital is a measure of the quality of care available because of the ability to deal with a wider range of conditions. Skill levels of personnel are often used as surrogate indicators of quality since the more highly skilled can be
expected (usually) to perform more reliably and to be capable of a wider range of techniques.

Consideration

Emotional factors are as much a part of health care as the physiological. People seeking medical care want comfort, reassurance, and a minimum of annoyance. Medical care is personal in the extreme and involves considerable contact with professional and ancillary medical personnel. The quality of these contacts is a large factor in determining satisfaction with the care received and is generally agreed to influence physiological response as well.

Prevention

People also look to the health services to avoid acute illness through prevention and early detection and treatment. Vaccination and chest X-ray are two of the best examples of this side of health services. Social and environmental factors, however, often lie behind much illness and therefore are beyond the reach of health services; cigarette smoking and seat belts are two prominent examples. Here the paradox arises of a population expending large resources on care for individuals already ill or injured while not taking relatively simple precautions that would preclude many deaths. The resolution of this paradox appears to involve two factors: (1) individual valuation of risks to health vs. enjoyment forgone to reduce those risks, and (2) individual valuation of the acceptability of a risk to health vs. social valuation of the cumulative result of those risks for the entire population. How these decisions should be made and to what extent they should be made collectively rather than by individuals is an important question for health policy.

Costs

There are two important aspects of health care costs: (1) the reasonably routine annual cost of routine medical care, and (2) the risk of illness or injury requiring costs for care that exceed ability
to pay or can be paid only by severe financial hardship. Medical insurance through private and governmental plans, together with government assistance to the medically indigent, have done much to reduce the second type of cost. People are quite willing to make monthly payments to avoid that risk. Furthermore, there are some suggestions that they are willing to pre-pay on a monthly basis for the less expensive care that they would forgo on an episode-by-episode basis. Insurance plans therefore are often suggested as a vehicle for reducing barriers to seeking care; the reverse side of this is the reduced incentive for avoiding excessive utilization of services and the consequent upward pressure on costs and premiums.

The above discussion has been directed primarily at individual objectives for the health services. These objectives are mirrored by public concern about health and health services. The major concerns today appear to be:

1. The rapid rise in the unit costs and the total expenditures for medical service.
2. The lack of corresponding improvements in aggregate health indicators.
3. The higher morbidity and mortality rates among low-income and nonwhite groups and their less frequent utilization of medical services.
4. The fragmentation of medical services among many independent and private facilities and the perceived difficulties in obtaining timely and satisfying care.

Because of the uncertain impact of hygiene and environmental factors on health, the uncertain connection between preventive medicine and health levels, and the episodic attitudes most people have about health care, most of the concern and most program activities are directed toward medical care as an end in itself. Programs to improve health therefore fall largely in the following categories:

1. Reducing barriers to access to medical care (aid to individuals, subsidization of facilities, special facilities for the poor).
2. Improving the professional art of care (biomedical and clinical research, monitoring and incentive schemes, subsidies).
3. Increasing the availability of services (Hill-Burton, subsidies, government facilities, aid to medical and nursing schools).
4. Public and environmental health (sanitation, immunization, pollution control).
5. Educational programs for the poor (personal and family hygiene, perception of disease, how to make use of medical service facilities).

Birth control programs are often considered in the health area because of their physiological basis. They may also have direct impacts on health via reduced infant mortality rates associated with unwanted children, the higher per capita income of poor families with fewer children, and lower physical concentrations of young children. From the public policy viewpoint, however, these are not primarily health programs.

THE ORGANIZATION AND DELIVERY OF HEALTH SERVICES

Health care in the United States traditionally has been a private concern of the individual except for the indigent and those clear public health problems such as control of communicable diseases. This is still largely true today. The result is essentially a free market in which medical services are bought and sold. However, it is a market with pronounced imperfections that cause much of the dissatisfaction with the way health services are organized and delivered.

Consumer ignorance is an important factor in medical care today. The average consumer cannot judge the appropriateness of the care he receives, the quality with which it is delivered, or the fairness of the price charged. This makes it very difficult for competition to act to produce strong incentives for efficiency and quality. In fact, the competitive forces in such a situation can be perverse. With no technical expertise, it is natural for the consumer to put his confidence in the doctor with the most training, with the most equipment and nurses, and who performs the most tests and procedures; the "best care
is often equated with the most expensive. This produces relatively strong competitive pressures on the physician and the hospital to devote more resources to diagnosis and treatment, but relatively weak direct pressures for efficiency or quality in delivering those services.

It is important to realize that the market for health services is characterized by fragmentation of care among many independent organizations and individuals. This is due in part to historical accident combined with the inherent conservatism of the medical community, and in part to the weak incentives for integration and efficiency discussed above. This fragmentation is confusing to the consumer and makes it difficult to realize potential economies from vertical integration of services (for example, costs for early diagnosis might be more than recovered in savings on treatment at an early stage of illness rather than a later, more severe, stage). Extreme fragmentation and related lack of markets for innovative technology have also reinforced the costly labor-intensive character of the health services.

Third-party payments have reduced the risk to individuals of large medical expenses, but they have had little impact on the organization of the medical sector. In fact, the cost-plus reimbursement provisions of Medicare, Medicaid, and the private insurance plans explicitly avoid any infringement on the care provided. They provide no incentives for efficiency or quality, and in fact, probably encourage over-utilization of covered services.

Pressures to keep costs "reasonable" and to assure good quality in the care provided have derived more from the medical community's sense of social responsibility than from direct competitive pressures. The salaries of medical personnel and the charges for medical care are the result of a mixture of history, equity consideration, and the nonprofit philosophy of most hospitals. As a result, both utilization of various services and numbers of medical personnel are allocated more by rationing than by economic supply and demand. This aspect of the health services market structure makes "shortages" of medical manpower inherent in the system: When salaries of medical personnel are held low out of a sense of equity to the patient, many patients are precluded
from obtaining higher levels of service even if they are willing to pay higher prices for it.

Finally, the health services in this country are predicated largely on the philosophy that the patient seeks out and pays for health services as needed. This requires of the consumer certain minimum levels of education, motivation, and income that many individuals lack. Medicare and Medicaid are aimed at reducing income barriers to medical care, but much evidence suggests that education and motivation are equally important barriers to effective care. Low-income and minority ethnic groups often perceive the need for medical attention differently from middle-income whites. They have difficulty relating to the professional personnel in the health services (and vice versa), so that they are less likely to feel helped by the encounter, less likely to follow instructions for home care, and less likely to return for follow-up or future care.

Two major alternatives for correcting some of the effects of market imperfections in the health services are regional planning and incentive reimbursements by third-party payers. In the regional planning approach, hospitals and other health care facilities (perhaps including the private practitioner) would be unified either voluntarily or through government action into a regional system. Individual plans for new construction, staff expansions, and introduction of new services would be cleared through a regional planning body. This group would have responsibility for meshing individual plans into a regional plan to reduce duplication of services and excess capacity; sharing of expensive facilities by regional institutions also presumably would be enforced. The emphasis in this approach is on efficiency and quality assurance through systematic and rational planning — as contrasted with the uncoordinated, and therefore presumably irrational, present system.  

The incentive reimbursement approach is not mutually exclusive with the regional planning approach, but the two are usually treated that way. This is presumably because one connotes detailed central coordination and

---

1 For a fuller discussion of the regional planning approach, see Report of the Secretary's Advisory Committee on Hospital Effectiveness, February 1967.
the other connotes a more laissez faire system in which individuals and institutions continue to act on monetary incentives. Just how the incentive reimbursement scheme would be structured and at what level of detail it would operate are not clear. The rationale for this approach is that given the proper incentives, health services institutions will find the most effective ways of increasing both the efficiency and quality of care to a degree that a less flexible and innovative central planning group could not achieve.¹

THE ROLE OF GOVERNMENT

There is an important question about what the role of government in the health services should be. Unfortunately, this is obscured by the arguments against "socialized medicine" and those about the "right" to top quality medical care. The importance of consumer ignorance and the importance of non-economic factors in both supply and demand in the health services market mean that there is a clear need for government involvement. On the other hand, there are important reasons for encouraging the efficiency and flexibility of competition of a free market. The rising per capita demand for medical care, the rising unit costs of care, and the rapid expansion of what is technologically possible in medical care all contribute to the relatively recent need to find social institutions for making the decisions about what levels and kinds of care will be provided and how it will be allocated and financed.

RESEARCH AREAS

The above discussion has focused on those areas where lack of knowledge appears to be most significant for designing and choosing among programs to improve the delivery of health services. Although this approach necessarily omits the many areas where knowledge is reasonably well developed or less critical to program decisions, it is necessary in order to bring out the areas where research is most needed. Many of the points discussed above overlap with one another, and there are

¹For a fuller discussion of the incentive reimbursement approach, see Health Manpower Report.
certainly important points that have been slighted. However, several reasonably well-defined broad areas of research appear to emerge from the discussion and are presented below. It is important to remember that this is not intended as a list of all important areas for health research. Rather, it is the research that seems most important if health services programs are to make the best use of available resources and if informed judgments are to be made about desirable tradeoffs between expenditures for health services and other uses.

1. Identifying the relative impact of medical services and environmental and social factors on the health of urban populations; in particular, development of quantitative measures of the actual and potential reduction in severity, duration, and mortality of various conditions through medical care.

2. Pending the long-run results of (1), development of quantitative intermediate measures of the outputs of medical services provided to a community.

3. More detailed, operational, and policy-oriented cost analyses of medical service activities, including analyses of the likely impact of alternative reimbursement systems.

4. Analyses of hospital operations to identify the linkages between services provided and the incidence of complications, length of disability, death rate, and so forth, so that cost-effectiveness analyses can be developed to help identify preferred facilities and treatments.

5. Exploration of alternatives for locating various types of medical activities considering cost, frequency of use, relative degree of specialization, and accessibility.

6. The linkages between poverty and poor health; in particular, the unique problems of providing health services to low-income and minority groups and their motivation to make use of the services.

7. The role of government policy in a market characterized by consumer ignorance, fragmentation of care among many independent public and private organizations, elective demand, and a need for certain minimal standards for the medically indigent.
SPECIFIC TOPICS

There has been very little useful research done in the above areas; most that has been done merely describes the current situation. One reason for this lack of research is that the lack of incentives outlined above makes it reasonable for those in the system to concentrate research on more effective rather than more efficient techniques. Another reason, however, is the difficulty of thinking of well-defined, researchable projects in such an unstructured area that will provide results operationally useful in developing effective programs.

The list below contains a number of specific topics that would have relatively early implications for local and federal programs in health services. These projects are much more specific and more narrowly defined than the research areas listed above; a project may fall within one of the seven areas or may overlap two or more. It is partly a list of recommended topics and partly a list of illustrative topics. It is not intended to be complete, but does suggest the kinds of research that are necessary.

1. Develop measures of effectiveness for health care services. This should emphasize quantitative measurable indices related to reliability and extent to which appropriate clinical procedures are in use, and should be developed to supplement operational peer review activity.

2. Perform cost analyses of several sizes of hospitals, specialty clinics, group practice clinics, and private practice to identify proximate cost-estimating relationships.

3. Identify at a moderate level of detail the costs of the various medical service and public health activities of several cities. This should include estimates for voluntary hospitals and private practice as well as public facilities, should stress activity or service rather than facility, and should include as feasible the source of funds.

4. Identify the resources needed (manpower, facilities, dollars) to provide several alternative levels of care. Levels of care should be specified in terms of (a) fraction of illness
episodes or medical needs cared for, and (b) standards of care provided per case. This should be done for several cities and suburban and rural areas as demographic and epidemiological data permit; it would draw heavily on the results of project (3) above.

5. Analyze alternative increments to a city's existing medical service capabilities, develop a framework for displaying the tradeoffs of what can be done within given resource levels, and do preliminary work on how preferred geographical location and dispersion of incremental facilities might be identified. The initial efforts would necessarily be crude but would suggest what underlying research is needed as a prerequisite to regional planning activity.

6. Develop and test locally alternative methods for reimbursing hospitals and physicians under Medicare and Medicaid that will provide incentives for efficiency and quality.

7. Analyze the determinants of demand for medical care by the poor and the medically indigent:
   (a) Compare the utilization of health services in the OEO negative income tax experiment with a control Medicaid-only population.
   (b) Expand the Health Interview Survey of the PHS to include reasons for using and not using various facilities: geographical inconvenience, loss of work time, perceived need, etc.

8. Compare the results of experimental trials of three ways of improving the utilization of health services to the poor:
   (a) OEO Community health centers
   (b) Medical agents or ombudsmen
   (c) A specialty program for doctors and nurses in dealing with ghetto populations
   (d) A control area under representative current conditions.

9. Identify how major environmental and social factors affect infant mortality in urban slums in relation to medical care; for example, reduced birth rate, infant feeding and care, sanitation.