

## A U.S. Congress Assessment Project Study

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# COMBATting FAMILY DISINTEGRATION, CRIME, AND DEPENDENCE: WELFARE REFORM AND BEYOND

## INTRODUCTION

As the national debate on welfare reform heats up, policy makers should recognize one overriding fact: the War on Poverty has failed. It has been thirty years since President Lyndon Johnson launched his "unconditional war." But in most respects, the problems of the poor, the underclass, and the inner city have actually gotten worse, not better, in the subsequent years.

This failure is not due to a lack of government spending. In 1993, federal, state, and local governments spent \$324 billion on means-tested welfare programs for low-income Americans. Welfare now absorbs 5 percent of the gross domestic product, up from 1.5 percent in 1965 when the War on Poverty began. Though Johnson declared that "the days of the dole are numbered," welfare now involves an ever expanding share of the population. Today nearly one out of seven American children is enrolled in Aid to Families with Dependent Children (AFDC), with Uncle Sam's welfare check serving as a surrogate father.<sup>1</sup> About half of the children currently on AFDC will remain on welfare for over ten years.<sup>2</sup>

Swollen AFDC rolls are in turn a response to rising illegitimacy; two out of three black children in the U.S. are now born out of wedlock, up from around 25 percent when the War on Poverty began. Rapid increases in illegitimacy are also occurring among low-

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1 U.S. House of Representatives, Committee on Ways and Means, *1993 Green Book: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (Washington, D.C.: U.S. Government Printing Office, 1993), p. 688.

2 *Ibid.*, p. 714.

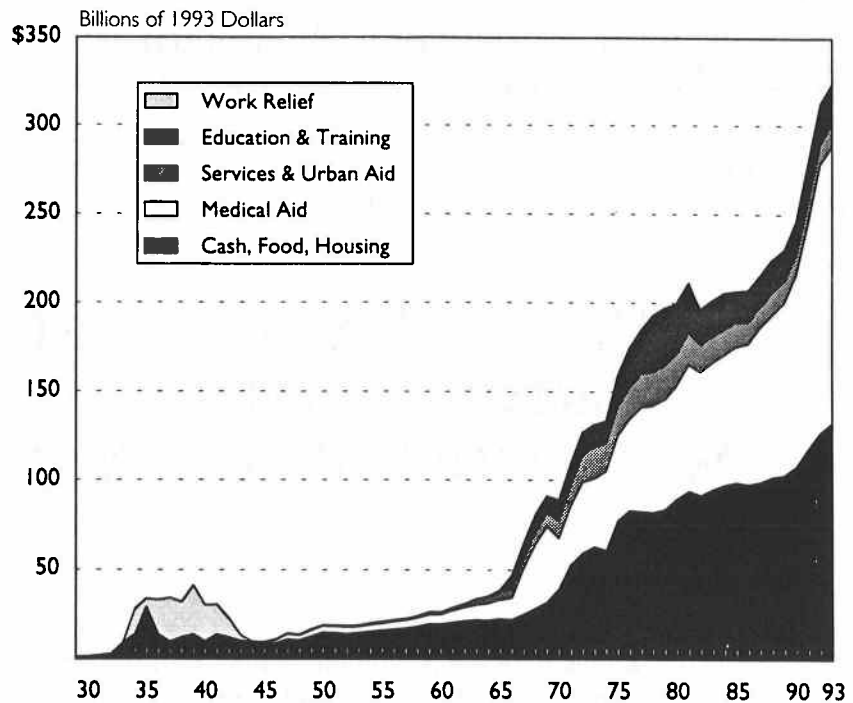
income whites; the illegitimate birth rate among white high school drop-outs is 48 percent. Overall, more than 30 percent of American children are now born to single mothers.

The core feature of the U.S. welfare system, and its central problem, is that it subsidizes and thus

promotes self-destructive behavior. Specifically, the welfare system promotes: non-work, illegitimacy, and divorce. Welfare insidiously creates its own clientele; by undermining work ethic and family structure, the welfare state generates a growing population in "need of aid."

Welfare bribes individuals into courses of behavior which in the long run are self-defeating to the individual, harmful to children, and, increasingly, a threat to society. Welfare's most ominous feature is its corrosive effect on family structure, driving up illegitimacy, which in turn is a powerful factor contributing to almost all other current social problems. President Clinton himself has acknowledged that family disintegration is a leading cause of crime in the U.S.<sup>3</sup> The President has admitted also that welfare plays a strong role in promoting illegitimate births and single-parent families.<sup>4</sup> However, despite his political promise to "end welfare as we know it," Clinton appears to be unwilling to do more than tinker with the present failed system.<sup>5</sup>

## Welfare Spending by Type: 1929-1993



Source: Heritage calculations based on U.S. government data.

- 3 Transcript of Presidential Remarks, Office of the Press Secretary, The White House, "Remarks by the President to the 86th Annual Holy Convocation of the Church of God in Christ," Mason Temple Church of God in Christ, Memphis, Tennessee, November 13, 1993.
- 4 National Broadcasting Company, Inc., *NBC Nightly News*, December 3, 1993, Presidential interview with Tom Brokaw.
- 5 Robert Rector, "President Clinton's Commitment to Welfare Reform: The Disturbing Record So Far," Heritage

But the current welfare system is profoundly damaging to American society. A dramatic overhaul, reversing the trends of the last 25 years, is required. In overhauling this failed system, Members of Congress should be guided by the following principles:

- ① **Reciprocity.** Real reform would convert welfare from a one-way handout into a system of mutual responsibility in which welfare recipients would be given aid but would be expected to contribute something back to society for assistance given.
- ② **Behavioral Change.** A reformed system must strongly discourage dependency and irresponsible behavior and encourage constructive behavior.
- ③ **Fiscal Responsibility.** It must firmly control soaring welfare costs which are slowly bankrupting the nation.
- ④ **Legitimacy.** Finally, and most important, welfare reform must seek to reduce the illegitimate birth rate in the U.S. and promote the formation of stable two-parent families. Any "reform" that does not dramatically reduce the illegitimate birth rate will not save money and will fail to truly help America's children and society.

## COST OF THE WELFARE STATE

The U.S. welfare system may be defined as the total set of government programs explicitly designed to assist poor and low-income Americans. The federal government currently runs over 75 interrelated and overlapping welfare programs.<sup>6</sup> Many states operate independent state programs in addition to the federal programs.

In 1993, total welfare spending by federal, state, and local governments reached a record high of \$324 billion. Of that total, \$234.3 billion, or 72 percent came from federal funding and \$90 billion, or 28 percent, came from state or local funds. But these figures significantly understate the role of the federal government in welfare. Many federal welfare programs require a state government contribution. In order for individuals within a state to receive aid from these federal programs, the state government must match a certain share of federal spending in the state on that program. Out of the total of \$90 billion in state and local welfare spending fully \$78.6 billion represents state and local contributions to federally created welfare programs. Of total welfare spending of \$324 billion,<sup>7</sup> only \$11.4 billion, or 3.5 percent, is spending for independent state welfare programs. Thus roughly 96 percent of welfare spending represents federal spending or state contributions to federal programs.

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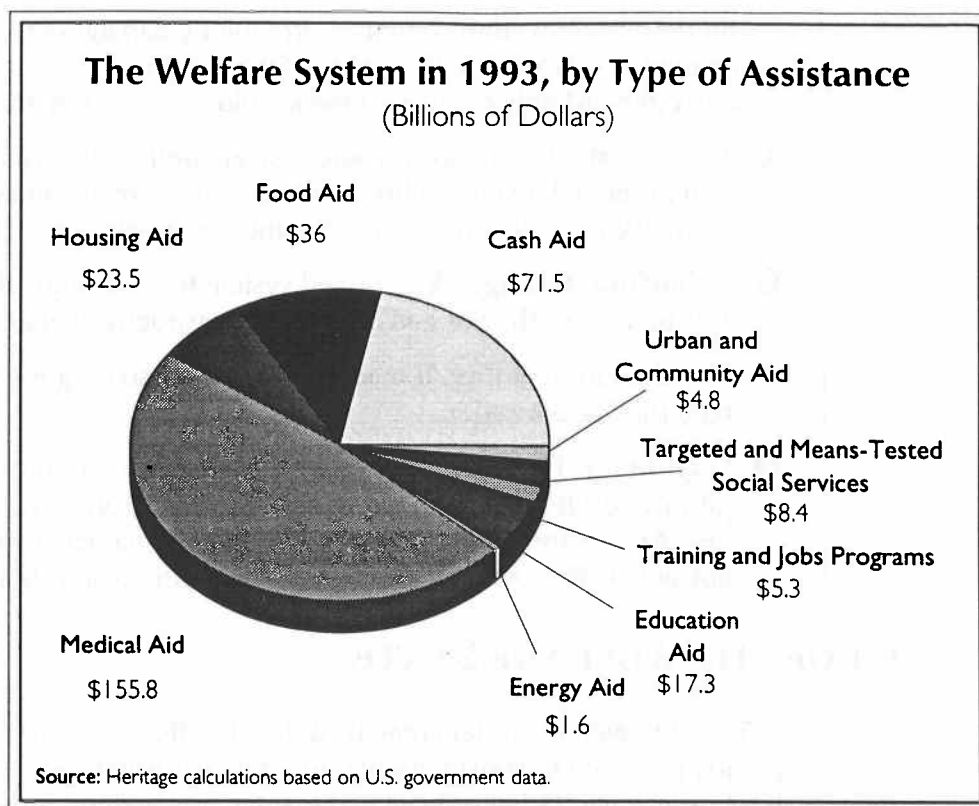
Foundation *Backgrounder* No. 967, December 17, 1993.

6 A list of means-tested welfare programs as well as spending figures for each program is available from the author.

7 Comprehensive figures on independent state and local welfare spending are difficult to obtain. It is possible that there is as much as \$10 billion to \$15 billion in independent state and local welfare spending which is not included in these totals. However, even if this extra state and local spending were included in the spending totals, the welfare system would still be overwhelmingly federal in structure.

The welfare system includes: cash aid programs, food programs, medical aid programs, housing aid programs, energy aid programs, jobs and training programs, targeted and means-tested education programs, social service programs,

and urban and community development programs. Total welfare spending in 1993 was allocated as follows:



**Cash Aid.** The federal government operates eight major means-tested cash assistance programs. Many state governments also operate independent cash programs termed General Assistance or General Relief. Total cash welfare spending by federal and state governments reached \$71.5 billion in FY 1993.

**Food Aid.** The federal government operates eleven major programs providing food assistance to low-income persons. Total food aid to low-income persons equalled \$36 billion in FY 1993.

**Housing Aid.** The federal government runs fourteen major housing programs for low-income persons. Many state governments also operate independent state public housing programs. Total housing aid for low-income persons equalled \$23.8 billion in FY 1993.

**Medical Aid.** The federal government runs seven medical programs for low-income persons. Many states operate independent medical General Assistance programs. Total medical aid equalled \$155.8 billion in FY 1993.

**Energy Aid.** The federal government operates two programs to help pay the energy bills or to insulate the homes of persons with low incomes. Total spending equalled \$1.6 billion in FY 1993.

**Education Aid.** The federal government runs ten programs providing educational assistance to low-income persons, disadvantaged minorities, or low-income communities. Total spending equalled \$17.3 billion in FY 1993.

**Training and Jobs Programs.** The federal government currently operates nine different jobs and training programs for low-income persons, costing \$5.3 billion in FY 1993.

**Targeted and Means-Tested Social Services.** The federal government also runs eleven programs providing special social services to low-income persons. These programs cost \$8.4 billion in FY 1993.

**Urban and Community Aid Programs.** The federal government runs five programs to aid economically distressed communities. These programs cost \$4.8 billion in FY 1993.

### **The Growth of the Welfare State**

The welfare state, after remaining at low levels through the 1950s and early 1960s, has undergone explosive growth since the onset of the War on Poverty. In inflation-adjusted terms, welfare spending has grown in every year except two since the mid-1960s. In constant dollars, federal, state, and local governments now spend nine times as much on welfare as in 1965, when the War on Poverty was beginning. Welfare spending per capita, in constant dollars, is six times as high as in 1965.<sup>8</sup>

Liberals claim repeatedly that Ronald Reagan "slashed" welfare spending. In reality welfare spending grew during the 1980s, after adjusting for inflation. In 1993, per capita welfare spending in constant dollars was 43 percent higher than when President Reagan took office in 1980. And welfare spending in FY 1992 and FY 1993 exceeded defense spending for the first time since the 1930s.<sup>9</sup>

The total financial cost of the War on Poverty has been enormous. From the start of the War on Poverty in 1965 to the present, welfare spending has cost the taxpayers \$5.4 trillion in constant 1993 dollars. This is greater than the cost of defeating Germany and Japan in World War II, after adjusting for inflation.

The notion that the U.S. would spend \$5.4 trillion on the War on Poverty would have dumbfounded most members of Lyndon Johnson's White House. In launching the War on Poverty, President Johnson did not promise an open-ended expansion of the welfare state. Instead, he spoke of a temporary investment that would help the poor to become self-sufficient and climb into mainstream society. But the growth of the welfare state has been unending and relentless. Moreover, there is not even the faintest glimmer of "light at the end of the tunnel" for the end of the War on Poverty. According to the Congressional Budget Office figures, total annual welfare spending will rise to nearly \$500 billion and 6 percent of GDP by 1998.

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<sup>8</sup> Welfare spending per capita measures total welfare spending divided by the full U.S. population.

<sup>9</sup> Contrary to some claims, the growth in welfare spending has not been limited to medical aid. In constant dollars, per capita cash, food, and housing aid is now 26 percent higher than in 1980 and four times higher than in 1965.

## HOW WELFARE HAS HARMED THE POOR

However, the public's antipathy to the current welfare system is not rooted merely in its very high costs. More important, the public perceives that welfare has harmed both the poor it was intended to help as well as society at large. In order to unravel the effects of welfare on American society, policy makers must begin with an understanding of two separate concepts of poverty: "material poverty" and "behavioral poverty."

Material poverty means, in the simplest sense, having a family income below the official poverty income threshold, which was \$14,763 for a family of four in 1993. To the average man on the street, to say someone is poor implies that he is malnourished, poorly clothed, and lives in filthy, dilapidated, and overcrowded housing. In reality there is little material poverty in the U.S. in the sense generally understood by the public.<sup>10</sup>

In 1990, after adjusting for inflation, the per capita expenditures of the lowest income one-fifth of the U.S. population exceeded the per capita income of the median American household in 1960.<sup>11</sup> There is little or no poverty-induced malnutrition in the U.S. Persons defined by the U.S. government as "poor" have almost the same average level of consumption of protein, vitamins, and other nutrients as persons in the upper middle class.<sup>12</sup> Children living in "poverty" today, far from being malnourished, actually grow up to be one inch taller and ten pounds heavier than the average child of the same age in the general population in the late 1950s.<sup>13</sup> The principal nutrition-related problem facing poor persons in the U.S. today is obesity, not "hunger"; the poor have a higher rate of obesity than do members of other socioeconomic groups in the U.S.

Similarly, "poor" Americans have more housing space and are less likely to be overcrowded than is the average citizen in Western Europe.<sup>14</sup> Nearly all of the American poor live in decent housing that is reasonably well-maintained. In fact, nearly 40 percent of the households defined as "poor" by the U.S. government actually own their own homes.<sup>15</sup>

"Behavioral poverty," by contrast, refers to a breakdown in the values and conduct which lead to the formation of healthy families, stable personalities, and self-sufficiency. Behavioral poverty incorporates a cluster of severe social pathologies including: eroded

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10 Robert Rector, "How the Poor Really Live: Lessons for Welfare Reform," Heritage Foundation *Backgrounder* No. 875, January 31, 1992. See also Robert Rector, "Facts About America's Poor," Heritage Foundation *F.Y.I.* No. 6, December 23, 1993.

11 Robert Rector, Kate Walsh O'Beirne, and Michael McLaughlin, "How Poor Are America's Poor?" Heritage Foundation *Backgrounder* No. 791, September 21, 1990, p. 2.

12 Robert Rector, "Food Fight: How Hungry Are America's Children?" *Policy Review*, Fall 1991, pp. 38-43. Robert Rector, "Hunger and Malnutrition Among American Children," Heritage Foundation *Backgrounder* No. 843, August 2, 1991.

13 Bernard D. Karpinos, *Height and Weight of Military Youths* (Medical Statistics Division, Office of the Surgeon General, Department of the Army, 1960), pp. 336-351. Information on the current height and weight of youths provided by the National Center for Health Statistics of the U.S. Department of Health and Human Services based on the National Health and Nutrition Examination Survey.

14 Rector, "How the Poor Really Live," *op. cit.*, pp. 12-13.

15 *Ibid.*

work ethic and dependency, lack of educational aspiration and achievement, inability or unwillingness to control one's children, increased single parenthood and illegitimacy, criminal activity, and drug and alcohol abuse. While material poverty may be rare in the United States, behavioral poverty is abundant and growing at an alarming pace.

The core dilemma of the welfare state is that the prolific spending intended to alleviate material poverty has led to a dramatic increase in "behavioral poverty." In welfare, as in other government policies, you get what you pay for. The current welfare system heavily subsidizes illegitimacy, divorce, and non-work. The past 25 years have seen dramatic increases in all three behaviors. The War on Poverty may have raised the material standard of living of a few Americans, but at the cost of creating whole communities where traditional two-parent families have vanished, work is rare or non-existent, and multiple generations have grown up dependent on government transfers. The disintegration of the family encouraged by the current welfare system has in turn led to other severe social problems, in particular, a dramatic increase in crime.

The anti-marriage and anti-labor effects of welfare are simple and profound. The current welfare system may best be conceptualized as a system that offers each single mother with two children a "paycheck" of combined benefits worth an average of between \$8,500 and \$15,000, depending on the state.<sup>16</sup> The mother has a contract with the government: She will continue to receive her "paycheck" as long as she fulfills two conditions:

- ① She must not work; and
- ② She must not marry an employed male.<sup>17</sup>

Thus the current welfare system provides heavy incentives for individuals to work less or leave the labor force entirely and rely on the taxpayers for support. Even worse, welfare has made marriage economically irrational for most low-income parents; it has converted the low-income working husband from a necessary breadwinner into a net financial handicap.<sup>18</sup>

It has transformed marriage from a legal institution designed to protect and nurture children into an institution that financially penalizes nearly all low-income parents who enter into it.

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- 16 This sum equals the value of welfare benefits from different programs for the average mother on AFDC.
  - 17 Technically the mother may be married to a husband who works part-time at very low wages and still be eligible for some aid under the AFDC-UP program. However, if the husband works a significant number of hours per month even at a low hourly rate, his earnings will be sufficient to eliminate the family's eligibility to AFDC and most other welfare.
  - 18 One simplistic solution to the dilemmas presented above would be to allow a welfare mother to retain all or most of her welfare benefits after she has taken a job or married a fully employed male. But this approach would be unfair to working single mothers and low-income, working married couples, who never went on welfare in the first place. Moreover, most low- and moderate-income parents would have a huge incentive to enroll in welfare, at least briefly, to become eligible for the long-term continuing benefits. Such a system would inevitably devolve into one in which the majority of low- and moderate-income single- and two-parent families received substantial welfare payments, raising the overall cost of welfare by hundreds of billions of dollars per year. Realistic welfare reformers must seek to alter welfare incentives in a more practical manner.

Welfare also engenders long-term inter-generational dependence. Of the over 4.5 million families currently receiving assistance through Aid to Families with Dependent Children (AFDC), well over half will remain dependent for over ten years, many for fifteen years or longer.<sup>19</sup> Moreover, dependence passes between generations; children raised in families that receive welfare assistance are themselves three times more likely to be on welfare than other children when they become adults.<sup>20</sup> This inter-generational dependency is a clear indication that the welfare system is failing in its goal to lift the poor from poverty to self-sufficiency and is trapping many families in a repeating cycle of debilitating and self-destructive behavior.

### **Welfare's Effect on Work**

The growth of the welfare state has coincided with a decline in labor force attachment. In 1960, among the lowest income quintile of population, nearly two-thirds of households were headed by persons who worked.<sup>21</sup> By 1991 this figure had fallen to around one-third, and only 11 percent had household heads who worked full time throughout the year.<sup>22</sup> Part of this decline in employment can be attributed to the increasing number of retired elderly households in this income group, but an equally important factor is the decline in labor force participation among non-elderly heads of households.

For a growing number of poor Americans, the existence of generous welfare programs makes not working a reasonable alternative to long-term employment. During the late 1960s and early 1970s, social scientists at the Office of Economic Opportunity (OEO) conducted a series of controlled experiments to examine the effect of welfare benefits on work effort. The longest running and most comprehensive of these experiments was conducted between 1971 and 1978 in Seattle and Denver, and became known as the Seattle/Denver Income Maintenance Experiment, or "SIME/DIME."<sup>23</sup>

Advocates of expanding welfare had hoped that SIME/DIME, and similar experiments conducted in other cities, would prove that generous welfare benefits did not adversely affect "work effort." Instead, the SIME/DIME experiment found that every \$1.00 of extra welfare given to low-income persons reduced labor and earnings by \$0.80.<sup>24</sup> The significant anti-work effects of welfare benefits were shown in all social groups including married women, single mothers, and husbands. The effects were particularly pronounced among young unmarried males; among this group the number of hours worked per week declined 43 percent for those who remained unmarried throughout the experiment and 33

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19 Committee on Ways and Means, *op. cit.*, p. 714.

20 M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants* (New York City, City University of New York, Baruch College, March 1990).

21 U.S. Bureau of the Census, Current Population Reports, Series P-60, No 80, *Income in 1970 of Families and Persons in the United States*, p. 26.

22 U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 180, *Money Income of Households, Families and Persons in the United States: 1991*, p. 7.

23 SRI International, *Final Report of the Seattle-Denver Income Maintenance Experiment, Vol. 1, Design and Results* (Washington, D.C.: SRI, May, 1983).

24 Gregory B. Christiansen and Walter E. Williams, "Welfare Family Cohesiveness and Out of Wedlock Births," in Joseph Peden and Fred Glahe, *The American Family and the State* (San Francisco: Pacific Institute for Public Policy Research, 1986), p. 398.



percent for those who married.<sup>25</sup> The results of the SIME/DIME study are directly applicable to existing welfare programs: Nearly all have strong anti-work effects like those studied in the SIME/DIME experiment.

Recent research by Dr. June O'Neill of Baruch College in New York City has confirmed that higher welfare benefits increase the number of individuals who leave the labor force and enroll in welfare. A 50 percent increase in monthly AFDC and Food Stamp benefit levels was found to lead to a 75 percent increase both in the number of women enrolling in AFDC and in the number of years spent on AFDC.<sup>26</sup> In other words, increases in benefits' value causes a dramatic expansion in welfare caseloads.

An extremely important research discovery by Dr. O'Neill is that high AFDC benefits reduce the employment of young adult men in a community even though few, if any, of these men are direct beneficiaries of AFDC payments. High AFDC benefits were found to reduce the employment of young adult men in a community by some 50 percent. The high AFDC benefit levels apparently affect the work behavior of young men in two ways. First, high benefits reduce the probability of marriage and thereby reduce the necessity for a young man to work to support a family. Second, it is likely that many young single men who are boyfriends to single mothers on AFDC indirectly share in the mother's welfare benefits; higher benefits thereby reduce the male's need for work.<sup>27</sup>

### **Effects of Welfare on Family Structure**

The onset of the War on Poverty directly coincided with the disintegration of the low-income family—the black family in particular. At the outset of World War II, the black illegitimate birth rate was slightly less than 19 percent. Between 1955 and 1965 it rose slowly, from 22 percent in 1955 to 28 percent in 1965. Beginning in the late 1960s, however, the relatively slow growth in black illegitimate births skyrocketed—reaching 49 percent in 1975 and 68 percent in 1991. If current trends continue, the black illegitimate birth rate will reach 75 percent in ten years.<sup>28</sup> Rapid increases in illegitimacy are also occurring among low-income whites; the illegitimate birth rate among white high school dropouts is 48 percent. Overall, 30 percent of American children are now born to single mothers.

Across the nation, the current welfare system has all but destroyed family structure in low-income communities. Welfare establishes strong financial disincentives which effectively block the formation of intact, two-parent families. Example: Suppose a young man has fathered a child out of wedlock with his girlfriend. If this young father abandons his responsibilities to the mother and child, government will step in and support the mother

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<sup>25</sup> Charles Murray, *Losing Ground: American Social Policy from 1950 to 1980* (New York: Basic Books, 1984), p. 151.

<sup>26</sup> M. Anne Hill and June O'Neill, *Underclass Behaviors in the United States: Measurement and Analysis of Determinants* (New York City: City University of New York, Baruch College, August 1993), research funded by Grant No. 88ASPE201A, U.S. Department of Health and Human Services.

<sup>27</sup> *Ibid.*

<sup>28</sup> U.S. Department of Health and Human Services, National Center for Health Statistics. Note: The black illegitimate birth rate is available only from 1969 on. The pre-1969 black illegitimate birth rates were calculated using the very similar "non-white" rate.

and child with welfare. If the mother has a second child out of wedlock, as is common, average combined benefits will reach around \$13,000 per year.

If, on the other hand, the young man does what society believes is morally correct (i.e., marries the mother and takes a job to support the family), government policy takes the opposite course. Welfare benefits would be almost completely eliminated. If the young father makes more than \$7.50 per hour, the federal government actually begins taking away his income through taxes. The federal welfare reform act of 1988 permits the young father to marry the mother and join the family to receive welfare, but only as long as he does not work. Once he takes a full-time job to support his family, the welfare benefits are quickly eliminated and the father's earnings are subject to taxation.

Largely because of welfare, illegitimacy and single parenthood have now become the conventional "lifestyle option" for raising children in many low-income communities. As *Washington Post* reporter Leon Dash has shown in his book *When Children Want Children*, most unwed teen mothers both conceive and deliver their babies deliberately rather than accidentally.<sup>29</sup> While young women do not bear unwanted children in order to reap windfall profits from welfare, they are very much aware of the role which welfare will play in supporting them once a child is born. Thus the availability of welfare plays an important role in influencing a woman's decision to have a child out of wedlock.

Scientific research confirms that welfare benefits to single mothers directly contribute to the rise in illegitimate births. Recent research by Dr. C.R. Winegarden of the University of Toledo found that half of the increases in black illegitimacy in recent decades could be attributed to the effects of welfare.<sup>30</sup> Research by Shelley Lundberg and Robert D. Plotnick of the University of Washington shows that an increase of roughly \$200 per month in welfare benefits per family causes the teenage illegitimate birth rate in a state to increase by 150 percent.<sup>31</sup> Dr. June O'Neill's research has found that, holding constant a wide range of other variables such as income, parental education, and urban and neighborhood setting, a 50 percent increase in the monthly value of AFDC and Food Stamp benefits led to a 43 percent increase in the number of out-of-wedlock births.<sup>32</sup> Research by Mikhail Bernstam of the Hoover Institution at Stanford University shows that childbearing by young unmarried women may increase by 6 percent in response to a 10 percent increase in monthly welfare benefits; among blacks the increase may be as high as 10 percent.<sup>33</sup>

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29 Leon Dash, *When Children Want Children: A Inside Look at the Crisis of Teenage Parenthood* (Penguin Books, 1990).

30 C.R. Winegarden, "AFDC and Illegitimacy Ratios: A Vector Autoregressive Model," *Applied Economics*, March 1988, pp. 1589-1601.

31 Shelley Lundberg and Robert D. Plotnick, "Adolescent Premarital Childbearing: Do Opportunity Costs Matter?" June 1990, a revised version of a paper presented at the May 1990 Population Association of America Conference in Toronto, Canada.

32 Hill and O'Neill, *op. cit.*

33 Mikhail Bernstam, "Malthus and the Evolution of the Welfare State: An Essay on the Second Invisible Hand, Part II," paper presented at the Annual Meeting of the Population Association of America, April 1988, p. 61. See also Martha Ozawa, "Welfare Policies and Illegitimate Birth Rates Among Adolescents: Analysis of State by State Data," *Social Work Research and Abstracts*, March 1989, pp. 5-11.

Similarly, high benefits discourage single mothers from remarrying. Research by Dr. Robert Hutchens of Cornell University shows that a 10 percent increase in AFDC benefits in a state will cause a decrease in the marriage rate of all single mothers in the state by 8 percent.<sup>34</sup>

### **Consequences of Family Disintegration**

The collapse of family structure in turn has crippling effects on the health, emotional stability, educational achievements, and life prospects of low-income children. Children born out of wedlock, when compared to those in intact families, are almost twice as likely to exhibit anti-social behavior. They are a quarter to 50 percent more likely to manifest behavioral problems such as anxiety, depression, hyperactivity, or dependence.<sup>35</sup> In regard to more extreme disorders, children deprived of a two-parent home are two to three times more likely to need psychiatric care than those in two-parent families.<sup>36</sup> And they are more likely to commit suicide as teenagers.

When compared to adolescents from two-parent families, adolescents from single-parent families are likely to begin sexual activity at younger age, thereby increasing the chances of having a child out of wedlock as a teenager.<sup>37</sup> Absence of a father also increases the probability that a child will use drugs.<sup>38</sup>

Because the father plays an important role in a child's cognitive development, children in single-parent families score lower on IQ tests and other tests of mental ability.<sup>39</sup> Children in single-parent families are three times as likely to fail and repeat a year in grade school than are children in intact two-parent families.<sup>40</sup> They are almost four times more likely to be expelled or suspended from school.<sup>41</sup> In all respects, the differences between children raised in single-parent homes and those raised in intact homes are profound, and the stark differences persist even if single-parent homes are compared to two-parent homes of similar income level.<sup>42</sup>

But the greatest tragedy is that children from broken homes, when grown to adulthood, will pass the same problems on to their own children. Weakened in their own development, children from single-parent homes are markedly less likely to be able to establish a stable married life when they become adults. Young white women raised in single-parent

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34 Robert Hutchens, "Welfare, Remarriage, and Marital Search," *American Economic Review*, June 1979, pp. 369-379.

35 Deborah Dawson, *Family Structure and Children's Health: United States 1988*, Data from the National Health Survey, Series 10: No. 178 (Hyattsville, Maryland: U.S. Department of Health and Human Services, Centers for Disease Control, National Center for Health Statistics, June 1991).

36 Dr. Deborah A. Dawson, "Family Structure and Children's Health and Well-being: Data from the 1988 National Health Interview Survey on Child Health," presented at the Annual Meeting of the Population Association of America, Toronto, May 1990, Table 5.

37 Brent C. Miller and Kristin A. Moore, "Adolescent Sexual Behavior, Pregnancy and Parenting: Research Through the 1980's," *Journal of Marriage and the Family*, November 1990, p. 1028.

38 Nicholas Davidson, "The Daddy Dearth," *Policy Review*, Winter 1990, p. 43.

39 Marybeth Shinn, "Father Absence and Children's Cognitive Development," *Psychological Bulletin*, Vol. 85, No. 2 (1978), pp. 295-324.

40 Dawson, 1991, *op. cit.*

41 *Ibid.*

42 Dawson, *op. cit.*; Davidson, *op. cit.*

families are 164 percent more likely to bear children out of wedlock themselves and 111 percent more likely to have children as teenagers. If these women do marry, their marriages are 92 percent more likely to end in divorce than are the marriages of women raised in two-parent families. Family instability and its attendant problems are passed on to future generations. And being raised in a single-parent family also triples the probability that a child will become a welfare recipient as an adult.<sup>43</sup>

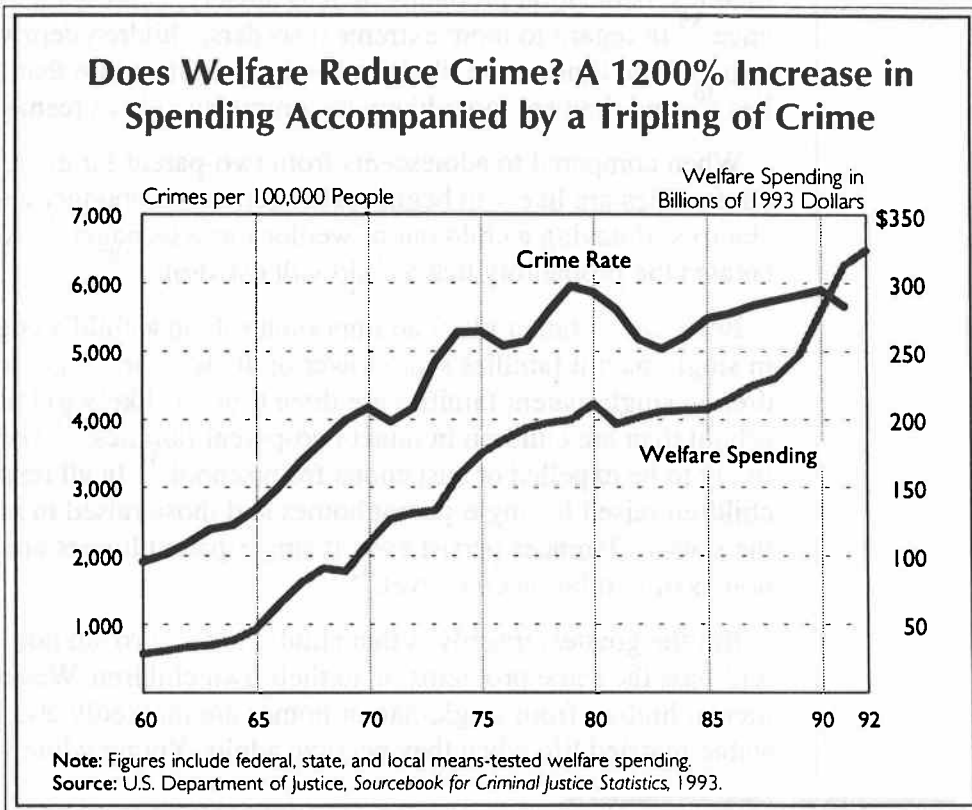
### Family Breakdown Fuels Crime

One of the most visible and dramatic consequences of family breakup is the increase in crime. Research by Douglas Smith and Roger Jarjoura shows the greater the percentage of single-parent families with children in a neighborhood, the higher the rates of violent crime and burglary.

In striking contrast, the percentage of low-income families in a neighborhood was not related to the crime rate. The authors conclude that the higher crime rates in black neighborhoods are

caused largely by the greater number of single-parent families, not by the lower income of blacks. Other factors which were found to contribute to high crime were population density, mobility, and percentage of adolescents in the neighborhood.<sup>44</sup>

Dr. June O'Neill's excellent research on underclass behaviors confirms the linkage between crime and single-parent families. Using data from the National Longitudinal Survey of Youth, O'Neill found that young black men raised in single-parent families were twice as likely to engage in criminal activities when compared to black men raised in



43 Irwin Garfinkel and Sara S. McLanahan, *Single Mothers and Their Children: A New American Dilemma* (Washington, D.C.: The Urban Institute Press, 1986), p. 31.

44 Douglas Smith and G. Roger Jarjoura, "Social Structure and Criminal Victimization," *Journal of Research in Crime and Delinquency*, February 1988, pp. 27-52.

two-parent families, even after holding constant a wide range of variables such as family income, urban residence, neighborhood environment, and parent's education. Growing up in a single-parent family in a neighborhood with many other single-parent families on welfare triples the probability that a young black man will engage in criminal activity.<sup>45</sup>

Dr. O'Neill's research also shows that high welfare benefits are linked to high crime rates among young black men. Holding constant a wide range of social and economic variables—such as urbanization, neighborhood, family background, and income—O'Neill found that a 50 percent increase in the monthly dollar value of combined Food Stamp and AFDC benefits led to a 117 percent increase in the crime rate among young black men.<sup>46</sup> A reasonable interpretation of this finding is that higher welfare benefits lead to an erosion of family structure, work ethic, and general social norms and thus to higher crime within the community.

Oblivious to the facts, for over three decades liberals have argued that increased welfare and social spending would reduce crime by tackling its alleged root causes. But as Chart Three shows crime rates have exploded over the last three decades while welfare spending was soaring.<sup>47</sup> And in an exhaustive review of the scholarly literature on violent crime, Heritage Senior Policy Analyst Patrick Fagan has shown why children reared in single-parent families are far more likely to become violent criminals.<sup>48</sup> The evidence is clear, welfare spending, by promoting family breakup, has played a large role in increasing crime.

## THE EMERGING WHITE UNDERCLASS

For years, some politicians have been willing to callously overlook the mushrooming crisis of welfare and the underclass because they erroneously believed the problem was unique to inner-city blacks. Although the devastation caused by the disintegration of the black family is obvious, some have quietly believed that family breakup was quarantined to urban minorities and thus did not pose an overwhelming threat to mainstream society, no matter how frightening life became for those residing in the inner city.

Evidence is now piling up that this "head in the sand" attitude has been dangerous and illusory. In an extremely influential article, "The Coming of the White Underclass," published in *The Wall Street Journal*, social critic Charles Murray shows that the problems generally associated with the black inner-city underclass are quickly spreading into the larger society.<sup>49</sup>

Murray points out that when Daniel Patrick Moynihan first warned of the impending collapse of the black family in the early 1960s, the black out-of-wedlock birth rate was around 25 percent. Moynihan's warning of the coming disintegration of the black family

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45 Hill and O'Neill, *op. cit.*

46 *Ibid.*

47 Crime data on the chart are from the Uniform Crime Reports.

48 Patrick F. Fagan, "The Real Root Causes of Violent Crime: The Breakdown of Marriage, Family, and Community," Heritage Foundation *Backgrounder* No. 1026, March 17, 1995.

49 Charles Murray, "The Coming White Underclass," *The Wall Street Journal*, October 29, 1993.

and the attendant social consequences were vilified at the time. Of course, the breakup of the black family and the accompanying social calamities have far outstripped Moynihan's worst nightmares.

Alarming, Murray warns that the white illegitimate birth rate is now 22 percent, only a few points shy of the black rate when Moynihan first issued his prophetic warnings in the early 1960s. Worse, the illegitimate birth rate among lower income whites is far above the aggregate rate of 22 percent and is rising at an explosive rate. Among white high school dropouts the out-of-wedlock birth rate is now 48 percent, up from 35 percent a decade ago.

As Murray points out the problems of the white underclass are already becoming visible. European-American whites are the ethnic group with the most arrests for serious crime, the most illegitimate children, the most families on welfare, and the most persons in poverty. Moreover, the white out-of-wedlock birth rate is now reaching a critical threshold. In many white working class communities, the illegitimacy rate may now exceed one-third and will soon approach one-half. Historic experience in black communities indicates that as illegitimate birth rates approach these levels, the social order in such communities quickly disintegrates. Working class communities become transformed into underclass neighborhoods.

The emerging white underclass neighborhoods will be dominated by three characteristics. First, the already weakened social stigma against illegitimacy will evaporate and out-of-wedlock births and single-parent families will become the accepted social norm. Second, as young men are released from their traditional roles as husbands and breadwinners, their work ethic will erode; joblessness and underemployment will rise sharply. Third, as the number of young men raised without fathers increases in a community and the number of adult males serving as positive role models shrinks, male adolescents will be drawn to violent and anti-social role models in increasing numbers; the crime rate will skyrocket.

As Moynihan prophetically warned of the impending chaos in black urban communities back in 1965:

From the wild Irish slums of the 19th century Eastern seaboard to the riot-torn suburbs of Los Angeles, there is one unmistakable lesson in American history: A community that allows a large number of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any rational expectations about the future—that community asks for and gets chaos...[In such a society] crime, violence, unrest, unrestrained lashing out at the whole social structure—these are not only to be expected, they are virtually inevitable.<sup>50</sup>

The underclass culture of aimless male violence which Moynihan warned of nearly thirty years ago now dominates major sections of America's cities. As family disintegrated

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50 Daniel Patrick Moynihan in 1965, quoted in William J. Bennett, *The Index of Leading Cultural Indicators: Facts and Figures on the State of American Society* (New York: Touchstone, 1994), p. 54.

tion steadily spreads through American society the culture of the underclass will spread with it.

While the collapse of the black family in the late 1960s and 1970s brought with it enormous personal and social costs which must not be minimized, the impending collapse of the white family threatens society itself. This is largely a matter of numbers; blacks constitute roughly one-tenth of the U.S. population. Although the breakup of the black family has inflicted great suffering on blacks themselves, society at large has been able to tolerate family breakup in this relatively small and socially isolated sub-population.

If the epidemic of illegitimacy spreads into the general white population, the results will be quite different. While the taxpayer has been able to sustain the manifold welfare, social service, and education costs brought about by high black illegitimate birth rates, these costs quickly will become insupportable as the out-of-wedlock birth rate rises in the much larger white population. As the white family collapses, the crime rate which has turned life in America's inner cities into a nightmare will spread throughout society. And since children raised in fatherless families have much greater difficulties assuming socially and economically productive roles, the breakup of the family will, within a few years, begin to undermine the national economy.

It is important to recognize the time lag inherent in many problems associated with illegitimacy. The high crime rate among urban youths today is, in a large measure, occurring among males born out of wedlock during the 1970s. But since the 1970s, the illegitimate birth rate has risen even further, even higher crime problems should result in the decade ahead as the greater number of children born in broken families during the 1980s come of age. Thus even if the present out-of-wedlock birth rate were cut to zero immediately, there would be many years of escalating crime and social problems before there would be a turn for the better. If the illegitimate birth rate continues to rise, the effects are almost unimaginable.

As Charles Murray puts it, "every once in a while the sky really is falling, and this seems to be the case with the latest national figures on illegitimacy."<sup>51</sup> The collapse of the family is the most important political issue facing American society because it is the root cause of so many other social and economic problems. Policy makers must make immediate and profound changes that will restore the family and dramatically reduce the out-of-wedlock birth rate.

### **Tackling Causes, Not Symptoms**

This means that serious welfare reform must focus on the root behavioral problems of illegitimacy and divorce, not merely on the superficial symptom of welfare dependence. Despite rhetoric avowing to "end welfare as we know it," President Clinton appears to be unprepared to take the serious steps needed to deal with the crisis of illegitimacy. Most of the rhetoric on reform emanating from the White House poses the problem of welfare backwards. The Clinton Administration seeks to devise schemes to prod and assist individuals to leave welfare rather than seeking to reduce the self-destructive behavior that led to dependence in the first place. This approach to reform is self-deluding; it simply

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51 Murray, "The Coming White Underclass," *op. cit.*

will not work. No array of government programs is going to make a 20-year-old woman who has had one or two children out of wedlock "self-sufficient." Nor, despite her best efforts, is that single mother likely to be able to provide a truly healthy emotional environment for her children to grow up in.

Societies through the ages have recognized that it takes the efforts of at least two persons, a father and a mother, to provide the economic and psychological support needed to raise children. Women who have children out of wedlock invariably impose a heavy financial burden on the society around them. A father's absence also threatens the psychological well-being of his children. Thus societies historically have gone to great lengths to encourage marriage and, conversely, to discourage illegitimacy. In the recent past the United States has experimented with reversing this common wisdom by aggressively subsidizing single parenthood and penalizing marriage. The results of their experiment have been disastrous.

For the well-being of American children and the safety of society, a moral sense of responsible parenthood must be restored, based on the common sense principle that it is immoral to have children unless one is fully prepared to raise those children. To be fully prepared to raise children means three simple things. First, the mother and father must be married and committed to a life together. Second, the parents must be mature and psychologically ready for the difficult task of raising the young. Third, the parents should be economically productive and self-sufficient; they should be able to sustain a family without large amounts of ongoing financial support from the larger community.

The welfare system mainly involves failed attempts to pick up the pieces for an ever increasing number of individuals who have violated the above rules. But, from the perspective of society and the child, to have a baby you cannot financially or psychologically support is profoundly irresponsible. Government policy not only must stop subsidizing and promoting such irresponsible behavior, it must actively discourage it.

## A COMPREHENSIVE WELFARE REFORM POLICY

The welfare system with its huge costs and manifold harmful consequences requires immediate and drastic reform. Reform should aim at three goals:

- ✓ **promoting** individual responsibility by converting welfare from a one way handout into a system in which recipients are expected to contribute something back for temporary aid received;
- ✓ **controlling** welfare costs;
- ✓ **dramatically reducing** the illegitimate birthrate and increasing the marriage rate.

Achieving these goals will require a broad array of policy changes. In some cases it will be imperative to eliminate the welfare benefits that promote harmful and anti-social behavior. In other cases it may be sufficient to require welfare recipients to perform community service in exchange for benefits. In some circumstances, welfare benefits may be converted into loans which the recipient will be expected to repay at a future time. Serious reform should also include new incentives which encourage positive behavior.



Finally, all welfare reform must be undergirded by firm budgetary controls on the growth of future welfare spending. Welfare bureaucracies are prolific in inventing new welfare programs which allegedly promote self-sufficiency, but which accomplish nothing or actually draw more people into welfare dependence. Without definite limits on the funds flowing into the welfare system, such counter-productive "reforms" are difficult to block.

To meet these goals, reform should be based on the following twelve steps:

- 1) Cap the Growth of Welfare Spending and End Welfare as an Entitlement.** Any fair observer would note that no matter how frequently policy makers "end welfare," the costs continue to rise. Welfare absorbed around 1.5 percent of GNP when Lyndon Johnson launched the War on Poverty in 1965; it had risen to over 5 percent by 1992. With a \$324 billion price tag, welfare spending now amounts to around \$8,300 for each poor person in the U.S. Worse, Congressional Budget Office figures show total welfare costs rising to a half trillion dollars, about 6 percent of GDP, by 1998.<sup>52</sup>

The long history of bogus welfare reforms, all of which were promised to save money but did not, leads to one obvious conclusion. The only way to limit the growth of welfare spending is to do just that: limit the growth of welfare spending. The welfare system must be put on a diet.

To accomplish this, welfare entitlements must be ended. Most separate federal non-medical welfare programs should be eliminated and the funds should be pooled into a single non-medical welfare block grant to the states. The future growth of federal means-tested, non-medical spending should then be capped at 3 percent per annum.<sup>53</sup> Comprehensive reform along these lines is provided in The Welfare Reform Act of 1994 (S.2134) introduced by Senators Lauch Faircloth, Charles Grassley, and Hank Brown and the companion bill (H.R. 4566) introduced by Jim Talent, Tim Hutchinson, and Charles Canady in the House of Representatives. Limiting the growth of mean-tested non-medical spending in this manner would save some \$90 billion in federal spending over the next five years relative to the projected baseline.

By slowing the outpouring from the federal welfare spigot, the cap would gradually reduce the subsidization of dysfunctional behavior: dependency, non-work, and illegitimacy. The cap would send a warning signal to state welfare bureaucracies. Cushioned by a steady and increasing flow of federal funds in the past, most bureaucracies have found no need to grapple with the tough and controversial policies needed to really reduce illegitimacy and dependency. With a cap on future federal funds, state governments would, for the first time, be forced to adopt innovative and aggressive policies that would reduce the welfare rolls.

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<sup>52</sup> These figures represent estimated federal, state and local spending on means-tested welfare programs and aid to economically disadvantaged communities. The Congressional Budget Office estimates only future federal spending. Future state and local spending figures were estimated separately by assuming that ratio of federal spending to state and local spending on specific programs would remain unchanged. This is a reasonable assumption since the required state contribution to most federal welfare programs is legislatively established at a fixed percentage of federal spending on that program. These percentages change little over time.

<sup>53</sup> Means-tested veterans programs would be exempt from the cap.

Similarly the entitlement nature of Medicaid should be eliminated. Medicaid and other means-tested medical programs should be converted into a single medical block grant for the states which would increase at the rate of medical inflation; this would save \$99.5 billion over the next five years relative to the projected baseline.

- 2) Limit Welfare Benefits to Young Unwed Mothers.** The present welfare system, by paying young women to have children out of wedlock, encourages them in a course of action that in the long term proves self-defeating to the mothers and harmful to both the children and society. Placing millions of single mothers in work and training programs will have little positive effect for society as long as the illegitimate birth rate remains over 30 percent.

Congress must go to the heart of the dependency problem by seeking to reduce the number of illegitimate births. It has been a tragic mistake for the government to pay money to 14-year-old girls on the condition that they have children out-of-wedlock. The government should begin to address the illegitimacy problem by ending the disastrous present policy of giving direct AFDC and Food Stamp benefits to unmarried young mothers. This would almost certainly result in a sharp and substantial drop in illegitimacy.

However, the government should not simply abandon all aid to children born out of wedlock; federal AFDC and Food Stamp funds currently given directly to unwed mothers under age 21 should be converted into block grants to the states. State governments could use the funds to develop innovative policies for assisting those teenagers who continue to have children out of wedlock. Such policies could include promoting adoption and orphanages or supporting the mothers in tightly supervised group homes, but federal funds could no longer be used to simply give direct welfare benefits to teen mothers.

The limitation on benefits should apply to all children born to unwed mothers aged 21 and under one year or more after the date of enactment of the legislation. Three years after enactment the age limit should be raised: AFDC and Food Stamp benefits would no longer be available to women under age 25 who, in future years, have children out of wedlock. The funds that ordinarily would have gone to these mothers would again be provided to state governments as block grants.

Out-of-wedlock births are primarily a tragedy of the young; two-thirds of all children born out of wedlock are born to women under 25. Sadly, out-of-wedlock birth and single parenthood are quickly becoming a normal "life-style option" among young women in many communities in the U.S. This proposed policy change would eliminate much of the welfare aid that supports and encourages this self-defeating and ultimately socially costly behavior. By initially focusing on younger unwed mothers, the policy would seek to reduce illegitimacy first among those mothers with the least prospects for supporting and successfully raising children. Eventually, however, federal direct payments to unwed mothers at all ages should be eliminated.

- 3) Do Not Provide Increased AFDC and Food Stamp Benefits to Mothers Who Bear Additional Children While Already Enrolled in the AFDC Program.** Under the current welfare system, if a mother enrolled in AFDC bears additional children, she receives an automatic increase in her AFDC and Food Stamp benefits. No other family in U.S. society receives an automatic increase in its family income if it has

more children. There is no reason to provide expanded welfare benefits to single mothers who have additional illegitimate children after they are already dependent on welfare. A limitation of this sort has already been put in effect in the state of New Jersey by Democratic Assemblyman Wayne Bryant. Evidence from controlled scientific experiments designed to determine the effects of the family cap show a 19 percent to 29 percent decrease in illegitimate births to mothers on AFDC as a result of the cap.<sup>54</sup>

- 4) Require Paternity Establishment for Children Receiving AFDC.** Current law requires that an AFDC mother must make a "good faith" effort to identify the father of the child in order to receive AFDC. This law is ignored. The government should require, for children born after January 1995, that the mother must identify the father of the child in order to receive any federally funded welfare aid.<sup>55</sup> Exceptions to this rule in a few hardship cases could be given, but the exceptions should not exceed ten percent.

Modern DNA testing permits determination of a child's real father with absolute confidence. Once the mother has identified the father and paternity has been established the father can be required to pay child support to offset welfare costs. If the father claims he cannot pay any child support because he cannot find a job, the government may require community service work from him to fulfill his obligation. Experiments with this approach in Wisconsin have led to surprising increases in the ability of absent fathers to locate private sector employment and pay child support. Moreover, the definite expectation among young men that they will be identified as fathers and required to pay child support for their children may put an end to the ethos in some communities where young men assert their masculinity by fathering children they have no intention to support.

One additional policy to enforce male accountability is needed. In many inner-city communities, when 16- or 17-year-old girls become pregnant, the father is often four or five years older than the girl. Such cases represent statutory rape, a serious criminal offense. States should act vigorously and visibly to enforce their statutory rape laws in such cases as a means of deterring such predatory male behavior in the future.

- 5) Reduce Welfare's Marriage Penalty.** The current welfare system heavily penalizes marriage between a mother and a working man. This marriage penalty should be reduced by creating a tax credit for lower income parents who are married and who are working rather than living on welfare. The pro-marriage tax credit should be available to low-income married couples who are living together and supporting dependent children; the family should have the equivalent of at least one adult working full time. The credit should be refundable and should have a maximum value of \$1,000.
- 6) Provide Increased Funding for Abstinence Education.** Scientific experiments have shown that strong sexual abstinence curricula substantially change teenagers' attitudes

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<sup>54</sup> Robert Rector, "New Jersey Experiment Sharply Cuts illegitimate Births Among Welfare Mothers," Heritage Foundation *F.Y.I.*, No. 50, February 9, 1995.

<sup>55</sup> For children born years ago it often is impossible to locate the father. The paternity establishment rule should therefore be applied prospectively: the mother should be required to establish paternity in order to receive welfare for children born in 1995 and after.

toward early sexual activity. Among girls taking abstinence courses, pregnancy rates have been reduced by over 40 percent when compared to girls who have not taken the sex abstinence classes.<sup>56</sup> By contrast, programs promoting contraception often increase pregnancy rates.

- 7) **Abstinence and Pregnancy Prevention.** The federal government should also encourage states to experiment aggressively with abstinence-related programs which provide rewards to at-risk women for avoiding out-of-wedlock pregnancy. Such programs should be strictly limited to women who have a very high probability of becoming unmarried mothers and should be scientifically evaluated to ensure that they have a cost-effective impact in reducing illegitimacy.<sup>57</sup>

For example, such an illegitimacy prevention program might be structured as follows: an at-risk girl could be enrolled in a prevention program at age 17 and informed that if she behaved responsibly and avoided pregnancy for the next four years she would receive a \$4,000 reward. If the young women avoided pregnancy, in each subsequent year \$1,000 would be placed in a escrow account. If the young women completed the full four-year period without becoming pregnant outside of marriage she would receive the funds in the escrow account. If, however, she became pregnant at any point during the four years, all the escrow funds would be forfeit.

- 8) **Establish Serious Workfare.** The key to successful workfare is the number of welfare recipients who are required to participate. Most able-bodied welfare recipients should be required to perform work in exchange for any benefits received. Real reform would require *all* fathers in the AFDC-UP program to perform community service work forty hours per week in 1994. It would also require able-bodied, non-elderly single persons in the Food Stamp program to work. Finally, half of all single mothers on AFDC should be required to perform community work service for benefits by 1996.
- 9) **Establish Sensible Workfare Priorities.** Workfare programs should be efficient and low cost. Workfare should be established first for those persons who have the least justification for being out of the labor force. Therefore workfare requirements should be imposed initially on able-bodied, non-elderly single persons on welfare, followed by fathers in two-parent families on welfare and absent fathers who fail to pay child support.<sup>58</sup> After workfare has been put in operation for the preceding groups, those single mothers on AFDC who do *not* have pre-school children should be required to work.<sup>59</sup>

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56 U.S. Department of Health and Human Services, Office of Adolescent Pregnancy Programs, *Final Report O.A.P.P. #000816-05, 1985-1990*, p. 8.

57 Programs which provide rewards for pregnancy prevention should be limited to women who have a high probability of becoming unmarried mothers, specifically: women who have below average math and verbal skills, who were themselves born out-of wedlock and who received AFDC as children.

58 For example, modest work requirements on males in the Food Stamp program have been shown to significantly reduce welfare rolls, cutting welfare cost by nearly a third and immediately saving several dollars in welfare expenditures for every dollar spent operating the work program. See data on the San Diego Food Stamp workfare program in U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis and Evaluation, *Food Stamp Work Registration and Job Search Demonstration: Final Report*, Contract No. 53-3198-0-85, July 1986, pp. 169, 251.

59 There should be no blanket two-year exemption from work requirements. Work requirements which are imposed

High day care expenses mean that putting a single mother with a young child to work in a community service work program costs roughly two to three times as much as requiring a mother with an older child to work. Because work programs inevitably operate within fixed budgets, an emphasis on workfare participation by mothers with younger children leads to a sharp reduction in the total number of persons who will be required to work. One little understood aspect of the workfare debate is that liberals often attempt to focus workfare programs on mothers with very young children precisely because they understand this will quickly soak up available funds and thereby limit the number of recipients required to participate. Liberal welfare advocates also would like to undermine the general concept of workfare by showing that all workfare programs cost more than they save; they promote the least cost-effective workfare programs (i.e., those with a heavy emphasis on mothers with young children) precisely for that purpose.

Around half of AFDC single mothers do not have any pre-school children under age five. Workfare should be imposed on single mothers with younger children under five only after most mothers with older children have been required to work. (However, if an AFDC mother gave birth to an added child after her initial enrollment in AFDC, that child would not exempt her from work requirements even if the child were under age five. This rule is needed to prevent mothers from having additional children to escape the work requirement.)

**10) Recognize the Limits of Job Training.** A perennial panacea in the welfare debate is to provide education and job training to single mothers to enable them to obtain "good jobs" and become self-sufficient. Unfortunately, despite over three decades of experience the government has never been able to run training programs that raise the wage rates of welfare recipients by more than a tiny amount. For example, the U.S. Department of Labor recently completed a controlled scientific evaluation of its massive Job Training Partnership Act (JTPA) program. Labor's own evaluation of JTPA showed the program had little effect on the wages of trainees. The average hourly wage of female trainees was raised by 3.4 percent; the hourly wages of males were not increased at all.<sup>60</sup>

The complete lack of effectiveness of government training programs is especially salient given the very low cognitive ability levels of many welfare mothers. A recent study by Child Trends, Inc. finds that mothers in the Aid to Families with Dependent Children program have significantly lower math and verbal abilities than other women of the same ethnic group who were not enrolled in welfare programs. When all U.S. women are ranked according to basic math and verbal skills, over half of welfare mothers are found to have cognitive skill levels placing them in the bottom 20 percent of the overall population. The study states: "The average aptitude or achievement scores

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when a recipient first enrolls in welfare are likely to have the strongest possible effect in reducing welfare rolls because they dissuade individuals from enrolling in welfare in the first place. Thus serious work requirements mandated at the time of initial welfare enrollment are likely to be the most cost effective workfare programs.

60 U.S. Department of Labor, Employment and Training Administration, *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months*, Research and Evaluation Report 93-C, Washington, D.C., U.S. Department of Labor, 1993.

of welfare mothers are significantly below the mean of even the lowest of the occupational classes."<sup>61</sup> The government can do little if anything to alter these cognitive skill levels.

The very low cognitive abilities of the average welfare mother, coupled with the impotence of government educational and training programs and the cost of child care, underscore the futility of reform schemes aimed narrowly at making unwed mothers employed and self-sufficient. Rather than reforms aimed at enabling single mothers to "go it alone," what is needed are more fundamental changes aimed at reducing illegitimacy and restoring marriage. To repeat the basic historical lesson: raising children is a difficult and expensive task which generally requires the efforts of the mother and father bound by the commitment of marriage. It is very difficult for a single parent to devote the great time and emotional effort needed to raise a child while also working to support the family. The importance of marriage and the contribution of both parents is intensified in the case of parents with low personal skills and earning capacity.

The well-being of American children requires policy changes that will not only reduce illegitimacy and promote marriage, but will also encourage potential parents to defer child-bearing until both the mother and the father have acquired the education, job skills, and personal maturity needed to financially support a family and properly nurture children. Above all, it is imperative to eliminate the wide array of programs which subsidize and encourage young, poorly educated girls to have children out of wedlock in the first place.

**11) Convert Some Welfare Benefits into Loans.** Workfare programs can be difficult to administer and expensive to operate. In some cases, it may be easier to require a welfare recipient to repay at a future time any aid received during a temporary time of need. This policy would not be feasible, of course, for most unwed mothers who will have difficulty ever supporting their families, let alone repaying welfare debts. However, the policy may be appropriate for many divorced parents. Roughly 40 percent of AFDC families are divorced or separated.

Divorce has many of the same harmful consequences for children as illegitimacy. Divorce exacts a severe price on children. When compared to intact families, children in divorced families are 50 percent more likely to exhibit behavioral problems. They are almost twice as likely to engage in anti-social behavior and twice as likely to fail in school.<sup>62</sup>

Society should take active steps to discourage divorce, rather than to promote it. State governments should institute "cooling off" periods for couples seeking divorce and should eliminate no-fault divorce for parents with dependent children. The federal government should curtail the current welfare subsidies for divorce.<sup>63</sup>

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61 Nicholas Zill, Kristin Moore, Christine Ward, and Thomas Stief, *Welfare Mothers as Potential Employees: A Statistical Profile Based on National Survey Data*, February 25, 1991. Child Trends, Inc., 2100 M Street, N.W., Suite 610, Washington, D.C. 20037.

62 Dawson, *op. cit.*

63 All means-tested welfare benefits promote divorce as well as illegitimacy. "Means-tested" programs offer benefits to families with earned income below a certain cut off level. Such programs promote "household splitting" or

It is immoral for the government to tax married couples in order to subsidize parents who divorce. While it may be necessary to provide temporary aid to divorced families during a short period of transition, such aid should not constitute a permanent transfer of wealth from intact to divorced families. Because divorced parents, in general, have higher earnings potential than unwed mothers, it is more reasonable to require that they repay welfare aid. Divorced parents entering the AFDC system should be given the option of promptly participating in a work service program, or of temporarily receiving conventional AFDC and food stamp benefits as a loan for up to two years.

If welfare benefits are accepted as a loan, both the custodial and the non-custodial parent should be required to contribute to the repayment. The parent who was at fault in the divorce should repay a greater share of the loan. The repayment period could be long-term, lasting a decade or more.

**12) Provide Additional Incentives to Encourage Constructive Behavior.** Welfare reform should not only eliminate the large current rewards for self-destructive behavior, it should also provide new incentives to reward positive behavior: marriage, self control, and work. Congress has already taken steps in this direction by expanding the Earned Income Tax Credit (EITC) in 1990 and again in 1993. In contrast to other welfare programs, the EITC is available to families where at least one parent is gainfully employed. Thus the EITC supplements the income of low-skill parents who are working and striving to be self-sufficient. In accord with recent legislative changes, the EITC will be incrementally increased reaching a maximum value of \$3,536 for a low-income family with two children in 1996, up from around \$1,000 in 1989.<sup>64</sup>

While the EITC is generally constructive in comparison to other welfare programs, it is also quite expensive to the taxpayer. Therefore expansion of the EITC should be paid for by cuts in other welfare programs which offer perverse incentives to the poor.

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divorce in the following manner: most husband's earnings are sufficient to make the family ordinarily ineligible for welfare; as long as the parents remain married they get no welfare. However, when the couple splits or divorces the wife and children become eligible for welfare. The divorced couple's total income now equals the husband's earnings plus the wife's welfare. By divorcing the couple will actually increase its overall income.

Non-means-tested or universal welfare programs (such as the child allowance common in many European countries) offer cash payments to all families regardless of earned income levels. These programs also promote single parenthood because they make the father's role as breadwinner far less necessary. While the anti-marriage effects of such universal programs are not as pronounced as those of means-tested programs, they are far more expensive.

**64** Unlike other welfare programs, the EITC is restricted to individuals who work. Changes enacted in 1993 will gradually increase the value of the credit over time. By 1996 a parent with two children will receive a refundable credit worth 40 percent of annual earned income up to earnings of \$8,425. For families with earned income between \$8,425 and \$12,500 the credit is worth about \$3,300. As family earnings rise above roughly \$12,500 the value of the EITC is phased down, reaching zero at around \$24,000. Since the EITC increases the returns to work relative to welfare, it encourages families to leave AFDC. On the other hand, the EITC's income effect (and substitution effect for earnings above \$12,500) would tend to reduce labor effort among low income working families in general. Thus, enlarging the EITC would reduce debilitating dependence in which families perform no work and remain totally dependent on government aid for years at a time—but will also slightly reduce work effort among non-dependent, low income parents. The recent expansion of the earned income tax credit to individuals who are not parents has no merit and should be repealed.

## REINFORCING WELFARE REFORM WITH MORAL AND CULTURAL RENEWAL<sup>65</sup>

While serious welfare reform is a necessary step in dealing with the problems of the underclass and family disintegration, it is not sufficient. Welfare programs, by subsidizing self-destructive behavior have played a huge role in promoting underclass problems. But welfare is not the sole cause of these burgeoning problems: changing cultural values and norms concerning sexual behavior, marriage, work, respect for others, and self control have also played a heavy role.<sup>66</sup> Members of Congress and others seeking a comprehensive solution must look beyond reforming welfare programs and into the broader culture.

The plight of the underclass is rooted in behavior; behavior in turn is molded by the cultural values and norms of low-income communities and the larger society. For the problems of the underclass to be solved, there must be a dramatic change in behavior, which in turn will require an enormous shift in underlying norms and values. Policy makers must seek to reanimate within low-income communities the ethical principles which are the foundation of successful society.

It is a chasm of values and behavior which today separates the underclass and the chronically poor from the American middle class. Quite simply, there are three rules for escaping from poverty in America:

- ① **finish high school;**
- ② **get a job, any job, and stick with it;**
- ③ **do not have children outside of marriage.**

Those who abide by these rules of middle-class existence will not be chronically poor in the U.S. Those who violate these rules are very likely to be trapped at the margins of our society. They and their children will disproportionately become a burden and eventually a threat to the very society which supports them.

Government leaders seeking to reestablish sound norms and values within vulnerable groups could do well to look to reforms of the past. Few people realize that 19th century America fought several Wars on Poverty which, in contrast to the 20th century version, were quite successful. These historic anti-poverty efforts were headed by non-governmental institutions, primarily churches, who saw poverty as emanating from behavior and individual character.<sup>67</sup> They took as their central task the molding of character and self-discipline within vulnerable low-income communities. Typical of these earlier anti-poverty efforts was the Young Mens Christian Association (YMCA), established as an instrument to combat urban crime. The YMCA saw its mission as molding the moral character of the

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<sup>65</sup> Portions of this section appeared in Robert Rector, "Try the Difference Values Can Make," *Insight*, December 13, 1993, pp. 22-24.

<sup>66</sup> Myron Magnet, *The Dream and the Nightmare: the Sixties' Legacy to the Underclass* (New York: William Morrow and Company, 1993).

<sup>67</sup> Marvin Olasky, *The Tragedy of American Compassion* (Washington, D.C.: Regnery Gateway, 1992).



young: it successfully undertook a struggle to win the hearts and minds of inner-city youth of the 19th century.

The lessons of the past are clear. Efforts to tackle underclass problems in the previous century succeeded because they were spearheaded by value-laden Protestant, Catholic, and Jewish religious institutions. By contrast, efforts to fight urban poverty in the 20th century have failed in a large part because they relied on "value free" government programs.

In grappling with the burgeoning problems of family disintegration, crime, and dependence, Americans must fully utilize all the vital resources within society. History, common sense, and research all show that there is one neglected institution which is ideally suited to lead this struggle of moral renewal in low-income communities and across the nation: the church. Research by Dr. Richard Freeman of Harvard University shows that black inner-city youth who have religious values are 47 percent less likely to drop out of school, 54 percent less likely to use drugs, and 50 percent less likely to engage in criminal activities than those without religious values.<sup>68</sup> Religious belief and practice have also been shown to greatly reduce pre-marital sexual activity among adolescent girls.<sup>69</sup> Studies also show that young people who attend church have a positive affect on the behavior of other youngsters in their immediate neighborhood. The effect of young people motivated by religious values is the exact opposite of the heavily publicized negative peer pressure exerted by street gangs who suck the young into lives of aimless violence and alienation.<sup>70</sup>

The church is thus America's strongest weapon in the war against family disintegration, crime, drugs, and despair in low-income communities. Churches can clearly succeed in tackling these problems where government has failed. Rather than relegating the churches to the social periphery, policy makers must unleash their energy, permitting them to play a much greater role in educating and molding the character of youth. The key to harnessing the church's untapped social strength is another crucial public policy issue: school choice. Poor parents should be given vouchers equivalent to the sum which is spent "educating" their children in the public schools. The parents would be free to use the voucher to place their children into a school of their own choice, including private religious schools. If voucher plans were put in place in large cities, dozens of high quality private religious schools would immediately spring up in each city operating as adjuncts of urban churches. Many low-income parents, struggling to save their sons and daughters from the social tide of violence, drugs, and sexual promiscuity, would be overjoyed to place their children under the firm moral tutelage of such church-related schools. And each school in turn would function as a focal point of moral renewal emanating into the surrounding community.

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68 Michael Novak, *The New Consensus on Family and Welfare* (Washington, D.C.: American Enterprise Institute, 1987), p.34.

69 Brent C. Miller and Kristin A. Moore, "Adolescent Sexual Behavior, Pregnancy, and Parenting: Research through the 1980s," *Journal of Marriage and the Family*, November 1990, pp. 1029-1030.

70 Anne C. Case and Lawrence F. Katz, "The Company You Keep: The Effects of Family and Neighborhood on Disadvantaged Youths," National Bureau of Economic Research Working Paper No. 3705, May 1991.

Liberals will argue that providing parents with vouchers which can be used in religious schools violates the First Amendment prohibition on establishment of religion. This is untrue. The Supreme Court has clearly ruled in *Mueller v. Allen* and *Witters v. Washington State Department of Services for the Blind*, that vouchers or tax credits can be spent for religious education without creating constitutional problems. Just as a widow can place her Social Security check in the collection plate of a church or synagogue, or a veteran can use funds from the GI bill to go to seminary without violating the constitutional provisions against state-established religion, a poor parent may use education vouchers to place a child in a religious school. As long as the parent, not the government, decides where the voucher funds will be spent, the government has neither advanced nor hindered a particular religion, and there is no violation of the religious establishment clause of the First Amendment.<sup>71</sup>

To combat the growing problem of the underclass, Americans need a multi-dimensional policy which harnesses all the vital forces in our society. But in the war against poverty and violence, the most effective social weapon, the church, lies dormant. Unlike Bill Clinton, Al Gore, and Jesse Jackson—and many Members of Congress<sup>72</sup>—who are wealthy enough to send their children to private schools, poor parents are left with the inert monopoly of the public schools, institutions which can no longer adequately teach simple reading, let alone serve as the focal point for moral transformation within underclass communities. In grappling with the problems of dependence and the underclass, education voucher programs for low-income parents are an indispensable complement to welfare reform.

### **Restoring Balance to the Social Structure**

Dealing with social problems through greater reliance on non-governmental social institutions is nothing new. It is a return to the fundamental political philosophy upon which the American Republic was established. The founding fathers placed little reliance on government as a cure for social ills. Indeed the notion that a major portion of the upbringing of younger generations should be turned over to vast government educational bureaucracies would have startled them. In lieu of government, they placed greater reliance on civil institutions such as the family and church.

This wisdom is reflected in the writings of one of the most astute observers of American politics and society, Alexis de Tocqueville. De Tocqueville placed a crucial emphasis on the role in American society of “private associations” such as religious institutions, private philanthropies, clubs, fellowships, voluntary civic associations, and private moral and educational institutions. According to de Tocqueville, these private associations or civil institutions were more important than America’s political and economic institutions. One of the functions of private civil associations was to affirm, renew, and sustain social values. It was their task to inculcate into American citizenry the basic values and norms which made civilized life possible. Without these value-affirming and renewing institu-

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71 See Clint Bolick, “Choice in Education: Part II - Legal Perils and Legal Opportunities,” Heritage Foundation *Backgrounder* No. 809, February 18, 1991, p. 8.

72 See Allyson M. Tucker and William F. Lauber, “How Members of Congress Exercise School Choice,” Heritage Foundation *F.Y.I.* No. 9, February 1, 1994.

tions, Americans would soon lose their capacity to maintain healthy families, to work honestly and diligently, to educate and govern themselves, and even to live next to one another without murder and mayhem. In other words, civil institutions provided the moral foundation which made the political and economic super-structure possible.

De Tocqueville saw value-affirming and-sustaining civil institutions as society's immune system. Their ability to shape individual character and to inculcate individuals with the guiding values and norms necessary for social life was absolutely essential to the continuance of society. De Tocqueville's private civil institutions differ from government in that they are decentralized and diverse; membership is voluntary. The intimate and voluntary nature of participation in civil associations (in contrast to the mandatory and coercive operation of government) was essential to their role of sustaining personal values and norms.

De Tocqueville was clear concerning the impotence of government, in contrast to civil institutions, to affirm and sustain personal norms and values. He predicted that if government attempted to usurp the function of civil institutions, the result would be complete social collapse. He wrote:

The government, by itself, is equally incapable of refreshing the circulation of feelings [i.e., values] and ideas among a great people....The morals and intelligence of a democratic people would be in as much danger as its commerce and industry if ever a government usurped the place of private associations.<sup>73</sup>

De Tocqueville's dire predictions have come true. Over the last one hundred years, the government has usurped much of the role of civil associations. One social function after another has passed from civil institutions into the tender hands of government bureaucracy: education, charity, and, increasingly, child-rearing. At the same time, those civil institutions which remain have come ever more under government control. And the government, itself, has increasingly exercised the functions it usurped from civil society such as charity and education in a "value-free" manner—or has even gone so far as to seek to inculcate values foreign to most of society.

By arrogating ever more functions and monopolizing an ever-larger share of total financial resources (which are also needed for the operation of civil institutions), the government decisively undermines private civil associations. By diminishing and shouldering aside value-affirming and-sustaining institutions, the government wages war on society's natural immune system.<sup>74</sup> The growing underclass and the collapse of the family are only two of the many problems which stem from this assault.

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73 Alexis de Tocqueville, *Democracy in America*, translated by George Lawrence, edited by J.P. Mayer (Garden City, New York: Doubleday and Company, Inc., 1969 edition), Volume II, Part II, Chapter 5, p. 516.

74 Some would argue that the government educational system does not actively harm or undermine civil institutions, it merely offers an alternative competing source of education. According to this theory, as long as parents remains free to send their children a private school, the state has not truly undermined the private sphere. But the reality is that the tax burden for education and other purposes which the government imposes on most working and middle class families is now so large that those families no longer have sufficient funds remaining after taxation to provide a quality private education for their children. The huge government tax burden thus supplants private associational activity and dramatically limits the right of most parents to choose education for their children which directly

De Tocqueville predicted the attempt of government to control and manage the economy would result in failure. The collapse of communist economic systems confirms this prediction. Policy makers must recognize the equal truth of his predictions concerning the intrusion of government bureaucracy into the realm of value formation. Because true education involves the imparting of values and character on an equal par with the instruction of literacy and numeracy, government institutions are radically unsuited to monopolize the education of society's young. This is particularly true in a pluralistic society in which basic values are often in conflict, and the religious beliefs which form the underpinning of moral behavior for most of society's members have been expelled from the public sphere. To restore moral health to our society America must restore balance between the governmental and social spheres; educational vouchers which allow for authentic parental control over their children's education are a good place to begin.

## CONCLUSION

Government spending on welfare now exceeds funding committed to the national defense. The welfare state is growing rapidly, drawing more and more Americans into dependence each year. The core problem behind this growth is that the current welfare system promotes self-destructive behavior: non-work, illegitimacy, and divorce. Welfare insidiously creates its own clientele; by undermining the work ethic and family structure, it generates an ever growing population in "need of aid."

Immediate, drastic reform is required. Congress must take action. True reform must convert welfare from a one-way hand-out into a system of mutual responsibility in which welfare recipients would be given aid but would be expected to contribute something back to society for assistance given. A reformed system must strongly discourage dependency and irresponsible behavior and encourage constructive behavior. It must firmly control soaring welfare costs which are slowly bankrupting the nation. Finally, and most important, welfare reform must seek to greatly reduce the illegitimate birth rate in the U.S. and promote the formation of stable two-parent families. Any "reform" that does not dramatically reduce the illegitimate birth rate will not save money and will fail to truly help America's children and society.

Halting the growth of the underclass will ultimately require not only welfare reform but also moral and cultural renewal. Such moral renewal will clearly not emanate from the government. However, the government can assist in the process of moral rebuilding by allowing private social institutions to play a far greater role in educating and shaping the moral code of young people. Parents must be given far greater choice in how their children will be educated, including the right to use government vouchers to send their

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reflects their values. The tax burden also siphons off other funds which would ordinarily have gone to private charity for the operation of schools for poor children and other philanthropic activity.

children to religious schools. The collapse of the family threatens the foundation of American society. Those working to win the battle against expanding underclass culture must not rely on government alone but must utilize the great strengths of all America's social institutions.

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