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**Black statistics: A look at the figures on social change**

Sharp differences continue in white views and black views regarding the situation of blacks in America. In 1978, 73 percent of whites responding to a Gallup poll thought blacks in general had as good a chance as whites of obtaining in their community any job for which they were qualified; only 38 percent of black respondents concurred. In a 1980 poll, 75 percent of whites thought the quality of life for blacks had gotten better over the last ten years, but fewer than half—45 percent—of black respondents gave that answer. The majority of blacks thought their quality of life had stayed about the same or gotten worse.<sup>1</sup>

Other statistics can support contrasting answers to the question, How have blacks fared in the last decade? The broad generality of the question is likely to produce an oversimplified answer and give rise to debates that may do more to obfuscate than to clarify. On the optimistic side of the debate, numerous blacks have achieved prominence and success, and some social scientists have suggested that what were problems of racism have been transformed into problems of class. In *The Declining Significance of Race* (1978), William J. Wilson writes:

It would be nearly impossible to comprehend the economic plight of lower-class blacks in the inner city by focusing solely on racial oppression, that is, the overt and explicit effort of whites to keep blacks in a subjugated state. It would also be difficult to explain the rapid economic improvement of the black elite by rigidly postulating the view that the traditional patterns of racial discrimination are still salient in the labor-market practices of America industries. In short, unlike in previous periods of American race relations, economic class is now a more important factor than race in determining job placement for blacks (p. 120).

Other optimistic observers have relied on income and occupational data to support what has been termed the “dramatic improvement” thesis, which might be loosely paraphrased as a kind of declaration of victory: that thanks to the energy and initiative of individual blacks, thanks to the inherent desire of most Americans for equity, and thanks to federal and state policies of affirmative action, those who had in the past been thwarted by racism are now more comfortable members of the middle class,

and those still trapped in the ghettos should be viewed as a group whose problems stem from poverty rather than race.

A major report of the National Urban League (*The State of Black America 1980*) is a stark contrast to the “dramatic improvement” view. In the introduction the League’s president, Vernon Jordan, states:

For black Americans the decade of the 1970’s was a time in which many of their hopes, raised by the civil rights victories of the 1960’s, withered away; a time in which they saw the loss of much of the momentum that seemed to be propelling the nation along the road to true equality for all its citizens (p. i).

It becomes imperative to see clearly. What has been happening to black America in the past decade? What do the statistics mean? What can we expect in the 1980s? Researchers at the Institute for Research on Poverty have explored these questions from a number of different perspectives. Their studies indicate that although the socioeconomic position of blacks in America still lags behind that of whites, progress is being made. And they point to programs that can promote further narrowing of the gap.

## Education

The last ten years have brought considerable advancement in one sphere—school desegregation. Although the Brown decision (separate is inherently unequal) was delivered in 1954, implementation was sporadic until the late sixties, when the federal government began systematic enforcement efforts and the Supreme Court sanctioned increasingly strong measures including, in a 1971 decision, busing for the purpose of racially balancing public schools. In a study of the 2,000 school districts that contained an analyzable number of both white and minority students, a team headed by two Institute researchers, Karl Taeuber and Franklin Wilson, examined the impact of school desegregation policy on racial and socioeconomic characteristics of the nation’s schools and residential communities.<sup>2</sup> They measured the success of school desegregation by using an index of dissimilarity: in completely segregated school districts the index would be 100; in totally desegregated schools (where each school had the same percentage of black students as the black percentage in the school district) the index would be zero. They found that the index declined from 42 in 1968 to 21 in 1976. The decline was greatest in the South, and in smaller sized school districts; the index remained highest in large—especially the central-city—districts. Implementation of school desegregation programs (drafted under pressure from the courts, the DHEW Office of Civil Rights, or state agencies) was the major factor responsible for the declines in the level of school segregation.

Many of the school districts in the study just described were small southern districts, whereas a majority of the nation’s black pupils attend school in fewer than 100 very large districts in the North, South, and West. In another study (see box), Taeuber, Wilson, and others therefore examined 87 of the larger school districts, each containing more than 10,000 black students in 1968. All of those districts in 1968 had segregation indices above 50; eight years later, 37 had scores below 50. Districts in which blacks were a minority in 1968 were more likely to show a decline in segregation by 1976 than those districts in which black pupils outnumbered white pupils. In the areas with the largest black population (New York City, Chicago, Detroit, Philadelphia, Los Angeles, Washington, D.C., and Baltimore), segregation in 1976 was still above an index of 50.

“Exposure indices” were also calculated to portray the changing racial composition of schools. The index of exposure of blacks to whites, for instance, is the average percentage of whites in the schools attended by black pupils. These measures indicated substantially increased opportunities for within-school contact between the races in most of the large school districts. This was especially true for those districts experiencing large-scale desegregation, even though many such districts experienced heavy declines in white enrollment (white flight). The report con-

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The purpose of FOCUS is to acquaint a wide audience with the work of the Institute for Research on Poverty, by means of short essays on selected pieces of research.

The material in any one issue is, of course, just a small sample of what is being done at the Institute. It is our hope that these summaries will whet the appetite of the reader to learn more about the research itself, and more about other research on poverty—an area of vital social concern—by Institute staff.

The views expressed are those of individual members of the Institute; they do not represent the position of the Institute for Research on Poverty, the University of Wisconsin, the Department of Health and Human Services, or other funding agencies.

Written by Elizabeth Uhr, Sheila Ryan, and Jan Blakeslee; edited by Elizabeth Evanson.

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cludes with a ray of hope about the long-run linkages between housing segregation and school segregation:

Most desegregation plans offer to many families the opportunity to send their children to geographically proximate public schools during some portion of the grade span. That portion is likely to be greater the more racially balanced is the local residential area. School desegregation plans may thus offer incentives for local moves that enhance residential integration (p. 39).

An attempt to avoid a less satisfactory alternative is not the best motivation for residential integration, but to the extent that the races are mingled, there should be some diminution of prejudice and fear. Diana Pearce, who spent the summers of 1978 and 1979 as a visiting researcher at the Institute, is carrying out a study of metropolitan areas comparing cities which have and have not undergone desegregation of the public school system to ascertain effects of desegregation on residential discrimination.<sup>3</sup>

In the area of educational attainment there are generally encouraging signs. The Urban League report notes that the enrollment of black Americans in colleges by 1976 approximated their percentage in the population (10.2 percent of enrolled students; 11 percent of the population). They were still, however, far behind in graduate enrollment: 4 percent of the dentistry enrollment, 5.9 percent in medicine, and 4.5 percent in law. A disproportionately large number of these advanced students were still at historically black universities.

## Housing

Franklin Wilson, in *Residential Consumption, Economic Opportunities, and Race* (1979), documents the movement of blacks to the suburbs: from 1970 to 1977, the number of blacks living in suburbs increased 35 percent, to a total 4.6 million; and the average annual rate of growth of the black suburban population almost doubled in that period (reaching 4.2 percent, in contrast with the 2.3 percent rate of the 1960s). The movement is dominated by young heads of households in higher income brackets who are moving out of the central cities. Those who have urged dispersal have hoped that in moving to suburban residences these blacks will simultaneously reduce existing levels of residential segregation, upgrade the overall quality of residences inhabited by blacks, and afford blacks greater access to employment opportunities and better public schools for their children.

Wilson points out, however, that the fact that blacks are moving to suburbs does not necessarily mean they are moving into integrated neighborhoods. The movement is often simply a spillover from the overcrowded black cen-

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## Selected papers

William L. Darity and Samuel L. Myers, Jr., "Black Economic Progress: A Case Against the Dramatic Improvement Hypothesis," Institute for Research on Poverty Discussion Paper no. 613-80.

Peter K. Eisinger, "Affirmative Action in Municipal Employment: The Impact of Black Political Power," Institute for Research on Poverty Discussion Paper no. 621-80.

Peter K. Eisinger, "Municipal Employee Residency Requirements and the Local Economy," Institute for Research on Poverty Discussion Paper no. 636-80.

Samuel L. Myers, Jr. and Kenneth E. Phillips, "Housing Segregation and Black Employment," Institute for Research on Poverty Reprint no. 376.

Timothy Smeeding, "The Antipoverty Effectiveness of In-Kind Transfers," Institute for Research on Poverty Reprint no. 257.

Karl E. Taeuber, Franklin D. Wilson, David R. James, and Alma F. Taeuber, "A Demographic Perspective on School Desegregation in the United States," Institute for Research on Poverty Discussion Paper no. 617-80.

## Related reading

Reynolds Farley, Suzanne Bianchi, and Diane Colasanto, "Barriers to the Racial Integration of Neighborhoods: The Detroit Case," *The Annals of the American Academy of Political and Social Science*, 441 (1979), 97-113.

Franklin D. Wilson, *Residential Consumption, Economic Opportunities, and Race* (New York: Academic Press, 1979).

Franklin D. Wilson and Karl E. Taeuber, "Residential and School Segregation: Some Tests of Their Association," Institute for Research on Poverty Reprint no. 333.

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ter cities, creating black enclaves in the suburbs. Though analysis of recent migration awaits 1980 census data, Wilson suggests that suburbanization among blacks is not necessarily leading to greater integration. It does, however, represent an upgrading of the housing situation for blacks. Wilson is not so sanguine about the possibilities of improved economic opportunities for suburban blacks. Wage differences “stem from forces inherent in the labor market—such as racial discrimination. Thus residential decentralization for blacks would seem to be, on the whole, of dubious economic benefit to them” (p. 194).

Samuel L. Myers, Jr., an Institute visitor in 1979–1980, and Kenneth E. Phillips look at the other side of the residential equation. They have examined the effects on poor blacks of the dispersal of the central city ghetto.

There has been a renewed desire to make large urban areas comfortable, safe, and convenient places to live. Either by design or consequence, black inner-city residents have been displaced and new pocket ghettos are becoming the future problems of the suburban towns. For whatever reasons, the ghetto is being dispersed and it is difficult to see how poor blacks will benefit. However, more comprehensive evidence, emerging from the 1980 Census, may show that the scattered black residences, the isolated black pockets of what was once a community, indeed, have fared well (p. 301).

If there are substantial employment losses as a result of decentralization of black residential communities, the ghetto dispersal argument appears to degenerate into merely dispersal of the ghetto problem (p. 300).

In reviewing the arguments related to ghetto dispersal, Myers and Phillips are less than enthusiastic: “Whether by design or by accident, ghetto dispersal may be a suboptimal means of improving the economic status of poor urban blacks” (p. 298).

Reynolds Farley and Suzanne Bianchi, with Diane Colasanto of the Institute, studied Detroit in 1976, a time when the center of the city was increasingly black and the suburbs increasingly white. They found that some of the barriers to integration were based on misperceptions by both blacks and whites. Using interviews, they found that most whites tended to feel that they were more liberal than their neighbors, and 73 percent said they would feel comfortable with one black family in their neighborhood. The authors did not address the question of whether these whites felt what they said they felt, or were merely paying lip service to what they felt they ought to have felt. But, as George Orwell sardonically noted: “Hypocrisy is a check upon behaviour whose value from a social point of view has been underrated.”<sup>4</sup> In any event, Farley, Bianchi, and Colasanto have suggested six steps to encourage future residential integration:

Make whites aware that other whites are not as prejudiced as they may think.

Make whites aware that blacks of equal [economic] status will be their new neighbors if residential integration becomes a reality.

Make blacks aware that whites are not as hostile to neighborhood integration as they [blacks] may think.

Make both blacks and whites aware that it is illegal to discriminate in the sale or rental of housing. [The researchers found that 52 percent of blacks and 37 percent of whites in Detroit did not know that the 1968 Civil Rights Act banned such discrimination.]

Prosecute realtors or home owners who violate the Civil Rights Act of 1968 or who threaten the civil rights of those blacks who enter a white area.

Have national and local leaders stress the importance of equal housing opportunities (p. 113).

Examining the factors that might influence black decisions to move into white neighborhoods, these researchers found no influence from either an overestimate of housing costs or the feeling that by moving they were deserting the black community. On the contrary, blacks had realistic assessments of the housing market, and a sense of black solidarity did not affect decisions to move. The only factor that mattered to blacks was how they could expect to be treated by their white neighbors: not surprisingly, they did not want to subject themselves to hostility.

Attitudes favorable toward reduced housing segregation increased during the 1970s, the decade throughout which federal law proscribing all forms of racial discrimination in housing was in place and during which a network of federal, state, and local agencies fought discrimination and encouraged integrated neighborhoods. Yet change in the underlying structure of housing segregation appears to have been glacially slow. Institute researchers hope that analyses of the forthcoming 1980 census data will cast new light on the barriers to and opportunities for change.

## Politics

Progress in residential dispersal and desegregation may have a negative effect on black political power. That the concentration of blacks in the cities has added up to political strength is obvious. Big cities such as Detroit, Cleveland, Atlanta, and Los Angeles have (or have had) black mayors. By 1979, 4,600 elected officials at state, county, and municipal levels were black. And though it is often suggested that given the financial plight of the cities, municipal control can gain nothing for the constituents of those in power, Peter Eisinger of the Institute has demon-

*(continued on p. 14)*

# A perspective on the juvenile justice system

*"How do you propose to deal with the case, sir?" inquired the clerk in a low voice.*

*"Summarily," replied Mr. Fang. "He stands committed for three months—hard labour, of course. Clear the office."*

Charles Dickens, *Oliver Twist*, 1837

Falsely accused of a petty theft, Oliver Twist was spared the cruel consequences of Magistrate Fang's "summary justice." Less fortunate were Oliver's counterparts in the crowded cities of England and America. Many of these children were tried in adult criminal courts where, according to many observers, unsympathetic judges meted out harsh punishment for trivial offenses. By the late nineteenth century, the plight of these children had so aroused the sympathies of social reformers that pressure began to mount for separate court hearings for children. In 1899 the state of Illinois passed an act establishing the nation's first juvenile court system. The act brought together under a single jurisdiction cases of dependency, neglect, and delinquency. Hearings within the new juvenile court were private, informal, and nonadversarial; children were detained separately from adults; and a special probation service was provided.

Thus began what has been characterized by the Chicago Bar Association as a thoroughly benevolent undertaking: "The whole trend and spirit of the [1899 Illinois juvenile court] act is that the State, acting through the Juvenile Court, exercises that tender solicitude and care over its neglected, dependent wards that a wise and loving parent would exercise with reference to his own children under similar circumstances."<sup>1</sup>

How have Oliver Twist's twentieth-century brothers and sisters fared at the hands of their wise and loving parent, the state? Researchers do not agree on all points, but it is generally recognized that if, like Oliver, young people are poor and disadvantaged, they stand a good chance of finding out first-hand how the state will deal with them. A disproportionate number of poor children appear in the courts.

Equally disturbing are findings which seem to confirm that nonwhite youths face a far greater risk of involvement with the juvenile justice system than do white youths. One nationwide study revealed a juvenile court referral rate of 6.7 per thousand for white youths in a juvenile court's jurisdiction, a figure contrasting sharply with the rate of 19.1 per thousand reported for nonwhite youths. The contrast is even more striking in courts serving large (over 700,000) youth populations—6.3 per thousand white youths, 25.8 per thousand nonwhite

youths.<sup>2</sup> But what especially troubles many observers is the perception that, whatever its founders' intentions, the modern juvenile court is "a bureaucratic nightmare in which due process and legal safeguards are virtually nonexistent."<sup>3</sup>

## How the juvenile justice system works

Michael Sosin of the Institute for Research on Poverty has studied juvenile courts in depth as part of his larger concern with the effects that social systems exert on the individuals—especially the poor—who are brought into those systems. Much of his work at the Institute has grown out of his participation in a 1976 study by an independent research project, the National Assessment of Juvenile Corrections, funded by the U.S. Department of Justice. Crucial to a clear understanding of how juvenile courts operate, he argues, is the fact that the young person brought to court may never appear before a judge. The youth will first undergo an interview with an intake worker, who may be a social worker, a probation officer, a prosecutor, or even, in a handful of courts, a clerk. This interview takes the place of the preliminary hearing to which adults are entitled, and the interviewer determines the child's fate on the basis of varying factors, including a youngster's previous record if there was one, or perhaps even hearsay evidence. An informal disposition of the case may result: the intake worker may let the youth off with a warning or refer the youngster to a community treatment program. Only if the intake worker recommends a formal hearing will the youth face a judge and the accompanying possibility of commitment to an institution.

Commitment to an institution is the harshest disposition a juvenile court may impose (other possibilities include dismissal, probation, or referral to a community treatment program). Commitment can mean direct placement in either a state institution (such as a detention home or reform school) or a similar private facility. Equivalent procedure in some states is for courts to hand the child over to the state agency responsible for corrections. Few specific statutes or appellate decisions contain criteria governing when judges may commit juvenile offenders to institutions, and this absence of legal controls has generated a good deal of controversy among observers of the juvenile justice system.

## Issues and assumptions

Debates over the juvenile justice system frequently focus on the issue of commitment: Would greater certainty of commitment deter juvenile crime? On the other hand,

should some juveniles (habitual runaways, for example) be incarcerated at all?

Most people who address these questions base their arguments, both pro and con, on shared assumptions about the nature of the juvenile justice system. The standard view holds that the system is characterized by arbitrary and idiosyncratic decisionmaking. Many proponents of reform charge juvenile court judges with too much exercise of judicial discretion. Rates of commitment, these critics charge, vary dramatically across the country, reflecting, among other factors, community sentiments toward juvenile crime. In a community outraged over stories of helpless old people terrorized by young toughs, the argument goes, judges will respond to local pressures by committing a high percentage of youthful offenders. If, on the other hand, people in a community express little alarm over juvenile crime or indicate that they favor community treatment programs for young lawbreakers, judges will be less inclined to commit youths to institutions.

So goes the conventional wisdom about how the juvenile justice system operates. But do the facts bear out the truth of these conjectures?

### National patterns of commitment

In 1974 the National Assessment of Juvenile Corrections mailed questionnaires to juvenile court judges and administrators in 600 courts across the United States. Researchers supplemented the statistical information provided by the administrators (whose response rate averaged 50 percent) with data from state and local reports on juvenile courts. Their effort boosted to 80 percent the proportion of courts in the sample for which statistical information was available. The administrators' responses

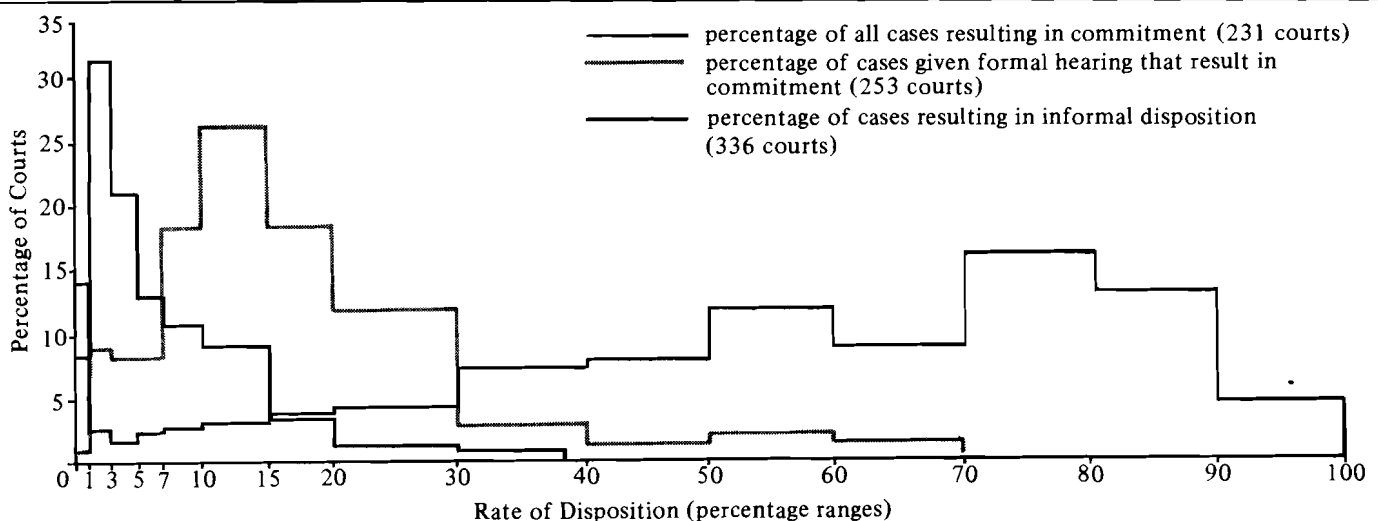
revealed surprising information about commitment rates, and Sosin's analysis of the data challenges some common assertions, chief among them the notion that commitment rates across the country vary tremendously.

When Sosin looked at the percentage of all cases referred to juvenile court that result in an informal disposition by an intake worker, he did discover a good deal of variation. In most of the courts surveyed (85 percent), intake workers have the authority to make informal dispositions of cases. Within this group, the use of informal dispositions ranges from 1 to 95 percent. But when Sosin examined the remaining cases, those resulting in a formal hearing before a judge, a different picture emerged. Although a handful of judges committed as few as 1 percent of these cases and a few committed as many as 69 percent, many courts clustered near the average: 13.5 percent. The majority of courts are within 2 percent of this figure, and courts near the extremes tend to be unusually small. The wide variation in rates of informal handling did not appear to set a pattern for commitment rates.

This finding, surprising to those who assume that rates of commitment vary dramatically, is mirrored when one takes a look at what Sosin terms the overall commitment rate—the percentage of *all* cases referred to juvenile court that result in commitment. (Figure 1 compares the three types of dispositions.) The average overall commitment rate is about 5 percent, and two-thirds of the courts commit between 1 and 6 percent of cases. This range, although not trivial, is less than most observers seem to imply.

Sosin's research also indicates that a person's chances of being committed to an institution hinge to a great extent upon the decision made by the intake worker who con-

*(continued on p. 17)*



**Figure 1. How Juvenile Courts Treat Their Cases: Procedural Variations**  
 Source: Responses to a 1974 survey of juvenile courts in counties with populations over 50,000.  
 Based on Figure 1 in Institute Discussion Paper No. 550-79.

# Health, economics, and health economics

In 1981, it has been estimated, 22 percent of all federal and state government expenditures on income support programs in the United States will go to Medicare and Medicaid.<sup>1</sup> For the nation as a whole, the costs of medical care are absorbing rapidly increasing shares of national resources; in 1950, national health expenditures were \$12 billion—4.5 percent of GNP; in 1965, the year before Medicare and Medicaid were put into operation, they totaled \$43 billion—6.4 percent of GNP; and in 1978 they were \$192 billion—9.1 percent of GNP.<sup>2</sup> It is not surprising that the need to find administratively and politically feasible ways to control these costs has become a central issue for researchers and policymakers alike.

Research interest in the economics of health care has grown steadily, worldwide, over the last quarter century. Both the amount of information available and the sophistication of methodological approaches have been greatly advanced by several conferences on the topic. The latest, and perhaps the most truly international, with far wider representation of European and Asian scholars than any preceding conference, was held at Leiden, The Netherlands, in September 1980. A selection of the papers presented at the conference has now been edited by Jacques van der Gaag, research associate at the Institute for Research on Poverty, and Mark Perlman, professor of economics at the University of Pittsburgh. The volume will be published in summer 1981 under the title *Health, Economics, and Health Economics* (Amsterdam: North-Holland).

With a wealth of submitted papers to choose from, the editors have focused upon five main areas: the role of government, the demand for medical services, physician behavior, the measurement of health status, and the structure of the health care market. Research represented in this volume moves beyond the kinds of cost-benefit analysis that have been the traditional focus of health economic research to question some of the long-accepted assumptions about rights to health care, about the character and purpose of government intervention, and about the behavior of physicians, not as healers, but as economic agents. Research over the last decade is reviewed and new directions are indicated; European and American experiences, especially with government intervention, are compared; new ways of measuring supply of and demand for health care—indeed, for measuring the “commodity” of health itself—are set forth; and early results are reported from the Health Insurance Study being conducted by The Rand Corporation on behalf of the U.S. Department of Health and Human Services.

The character of the volume can perhaps best be indicated by noting some of the more interesting and provoca-

tive issues addressed by the authors in their own words, in the following excerpts arranged under the main topics.

## The role of government

“Health care is not and never has been a commodity whose production and distribution satisfied the conditions for optimal allocation through competitive markets. . . . Until recently, however, the available technology made it relatively inexpensive to regard health care as a right, not as an ordinary economic commodity. Little economic waste attended this approach. The recent and continuing revolution in the technology of medical care has inflated the cost of that right. . . . The scope for waste is large and getting larger. Nations can deal with this situation (a) by accepting waste as a price of sustaining a valued approach to human life and of maintaining an institution that contributes to social solidarity, (b) by imposing regulations to curb the natural tendency of a zero-marginal-cost, positive-marginal-revenue system to generate waste, (c) by imposing budget limits on providers, (d) by increasing cost sharing for patients, (e) by putting providers at financial risk, or by some combination of all of the above. Unless countries choose option (a), the role of governments as guarantors of the right to health care must end. They will be forced increasingly to make ethically painful decisions about what care shall not be provided.”

Henry Aaron, “Economic Aspects of the Role of Government in Health Care”

## The demand for medical services

“When most consumers are insured, the behavior of the insurer as well as the consumer becomes presumptively relevant to the reimbursement that the provider receives. . . . How prices and utilization behave in heavily insured markets looms as one of the most important frontiers to explore. . . . Many believe that the United States has too many surgeons, and too few primary care physicians such as pediatricians. The study of Fuchs et al. (1972), for instance, suggests underemployment among surgeons. Suppose these beliefs are true; what might explain them? The pattern is suggestive of markets with prices fixed at levels other than the price in competitive equilibrium. Could prices be fixed? Insurance coverage for physicians whose services are mostly rendered in the hospital, such as surgeons, has historically been quite extensive, whereas insurance for physicians whose services are primarily delivered on an outpatient basis, such as pediatricians, has been more scanty. Might extensive insurance coverage have fixed fees in a way that induced exces-

sive entrance into specialties such as surgery? The standard partial equilibrium model suggests not; if prices are flexible, surgeons should not be underemployed. Alas, we seem to have no theory other than the standard model to explain how prices are set in heavily insured markets and whether they might be set so as to induce an appropriate distribution of physicians across specialties.”

Joseph P. Newhouse, “The Demand for Medical Care Services”

## Physician behavior

“Economists and public policymakers have tended to focus on unit prices or unit costs of health care services because those are the variables their tools can measure and control. . . . Such a focus . . . produces an incomplete view. Provider-determined variations in utilization may be of much greater interest from the point of view of cost-reduction. Inducing providers to curtail the rendering of those services which yield very low or no marginal health value may be a far more effective and acceptable way to limit spending than attempts to reduce the price or unit cost of services, or to make consumers pay a larger fraction of the price. . . .

“In the United States, the largest and (with the exception of nursing home care) the fastest growing component of health care spending is hospital services. . . . While physicians’ services account for less than one fifth of the grand total, physicians control or exert a very strong influence over most of the rest of health care spending, especially hospital spending. Physicians recommend hospitalization and admit patients. They recommend and perform surgery. They order and may perform other diagnostic and therapeutic procedures. They prescribe drugs, and they decide when to discharge patients. Blumberg (1979) has estimated that physicians control 70% of total health spending. Thus, physician propensities to prescribe costly services are of particular interest from the point of view of total health care spending.”

Alain C. Enthoven, “The Behavior of Health Care Agents”

## The measurement of health status

“There are a myriad of ways in which health can be characterized . . . for the purposes to which I see this health status measure being put, measures based simply on presence or absence of disease, or on changes in mortality, are inappropriate. . . . The best measure of health for the purpose of economic evaluation must be a ‘feeling-functional’ one, in which the presumed ideal is a long life in which each individual is able to undertake the normal pattern of activities free of pain and distress. . . . Since ‘normal’ functioning is a socially conditioned notion, this no-

tion of healthiness may well fall short of ‘perfect’ health, in the sense of the maximum attainable by anyone, anywhere, ever. Rather it will have the more modest (and more useful) connotation of accepting that there is a threshold below which society considers someone as ‘to all intents and purposes’ healthy (warts and all, and although not 100% fit as judged by Olympic standards).

“But what lies at the opposite extreme from healthy? The obvious answer seems to be ‘dead,’ but herein lies a hornet’s nest of problems which are not at all easy to resolve. For instance, it could be argued that the opposite of ‘pain-free ability to conduct normal activities,’ is ‘in very severe pain and totally unable to conduct normal activities.’ It may further be asserted that this is worse than being unconscious (i.e., in no pain but totally unable to conduct normal activities), and perhaps even worse than being dead (as witness: the proponents of voluntary euthanasia). There are two ways of resolving this dilemma in the present context. One is to constrain individuals to conform to society’s view (whatever that is), by postulating what the worst state is . . . . The other is to let each individual choose which is the worst (i.e., zero-valued) state, and let that be part of the realm of individual valuation.”

Alan Williams, “Welfare Economics and Health Status Measurement”

## The market for health care

“A comprehensive national insurance system would recognize that it is in the interest of both individuals and the society at large to provide the entire population with access, at low money and time price, to certain minimal levels of health care. Above these minimums a system of deductibles and coinsurance would restrain demand, with some exemptions for low-income families. Thus, above the minimum levels the consumer would pay all or part of the cost of care. The traditional objection to national health insurance has been that the system would boost demand and lead to substantial cost increases. In recent years, however, such cost increases have occurred in the absence of a national health insurance plan. Given the substantial share of cost already paid by third parties, especially the federal government, a comprehensive system of national health insurance may, in fact, restrain, rather than promote cost increases.”

Michael D. Intriligator, “Major Policy Issues in the Economics of Health Care in the United States”

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<sup>1</sup>Irwin Garfinkel, “Overview,” Table 1.1, in Irwin Garfinkel, ed., *Income-Tested Transfer Programs: The Case For and Against* (New York: Academic Press, forthcoming).

<sup>2</sup>Figures for 1950 from R. M. Gibson and C. R. Fisher, “National Health Expenditures, Fiscal Year 1977,” *Social Security Bulletin*, 41 (July 1978), p. 5; remainder from *Statistical Abstract of the United States, 1979*, Table 145, p. 101, Table 715, p. 437.



# Providing nutrition effectively: A continuing challenge

by Alice Clark

In the last few years the U.S. Department of Agriculture's Food and Nutrition Service has begun to place greater emphasis on evaluating the nutritional results of food assistance programs. This emphasis can be expected to increase in the future as concern over reducing federal spending leads to concern over providing more effective nutrition for the poor without greatly enlarging expenditures. Food stamps, for example, have since the inception of that program intertwined the goals of income assistance and feeding; in the future the program may concentrate less on income supplementation (by reducing the eligibility limits) and more on nutritional benefits through education and perhaps by restricting choices of foods. Two smaller programs, School Feeding (lunch and breakfast) and the Special Supplemental Food Program for Women, Infants, and Children (WIC), have been directed more specifically toward improving the nutritional status of mothers and children. A new Institute Special Report (see box) examines these three programs for the purpose of understanding better how a range of nutritional objectives might be incorporated into the government's food assistance efforts.<sup>1</sup> The 1980s may prove to be, the report states in its opening, "the decade for the emergence of a national food and nutrition policy."

The number of people served by the three programs has been large, and the majority have been the poor and their children. In 1979, the Food Stamp program assisted 16 million people; 25 million schoolchildren were served by the School Lunch program; 3 million ate school breakfast; and nearly 1.5 million pregnant women, nursing mothers, infants, and small children received supplemental foods and health services through WIC.

The new administration proposals call for trimming the Food Stamp program by lowering eligibility limits from a maximum of 167 percent of the poverty lines to 130 percent. Eligibility for free and reduced-price school meals would stay the same as before—a maximum of 125 percent and 195 percent of poverty levels respectively—but federal subsidies to schools for full-price meals would be reduced or eliminated, raising their purchase price. The WIC program, for which eligibility is income up to 195 percent of poverty levels, may be indirectly affected by the proposed curtailment of the Maternal and Child Health program, since WIC centers are tied to the availability of health care providers.

## Changing goals of food programs

Food assistance programs were enacted at different times and for different reasons. One of the earliest, the Commodity Surplus program, was intended as much to help farmers by redistributing agricultural surplus as to feed the hungry. By the 1960s, concern over hunger and poverty had gained national attention and led to passage of the Food Stamp Act of 1964. The issue of malnutrition in an overfed land gained attention after the fact of actual hunger in America had been publicly uncovered in the 1960s. Though the words "nutrition" and "nutritious" were in the earliest legislation for several programs, including National School Lunch (1946), and though the Food Stamp program included the goal of raising the levels of nutrition among low-income households, a scientifically precise nutritional focus was not yet really a major emphasis for these programs. Their basic assumption was that more food equaled more nutrition.

The existence of malnutrition as well as hunger became clearer during the late 1960s and early 1970s as nutrition researchers conducted a number of surveys of parts of the U.S. population. The Ten State Nutrition Survey (1968-1972) and the First Health and Nutrition Examination Survey (1971-1974) are the most important. Researchers learned that particularly serious effects of malnutrition

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## Institute Special Report

SR 28 *Nutrition Program Options for Maternal and Child Health* by Barry M. Popkin, John Akin, Pamela Haines, Maurice MacDonald, and Deborah Spicer.

## Other publications

Maurice MacDonald, *Food, Stamps, and Income Maintenance*. Institute for Research on Poverty Policy Analysis Series. New York: Academic Press, 1977.

Barry Popkin, "Economic Benefits from the Elimination of Hunger in America." Institute for Research on Poverty Reprint no. 126.

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are found in children, and that their most prevalent problems are poor nutrition in iron and vitamins A and C, poor growth, and both underweight and obesity.

The major emphasis of the USDA programs began to shift in the 1970s from simply increasing household budgets or offering lunch to schoolchildren in general, to providing children with an adequate diet. This changing focus coincided with the increased concern being directed toward the wider issue of maintaining and improving national health. The WIC program came into being in this climate. Enacted in 1972, the Special Supplemental Food Program for Women, Infants, and Children was the first that specifically sought to supplement the diets of low-income clients with selected nutrients by supplying the special needs of pregnant and lactating women, infants, and preschool children. Among the usual WIC supplements, fortified cereals provide iron; fruit juices contribute vitamin C; milk, cheese, and eggs add needed extra calcium and protein to the diets of low-income, nutritionally at-risk clients.

### **Evaluating nutrition programs**

WIC provided a testing ground for the emerging practice of evaluating programs, since its authorizing legislation included requirements for assessment of program benefits. Though it is one of the smallest programs, in terms of nutritional impact it has been found to be highly beneficial, for example in improving pregnancy outcomes and in overcoming anemia and growth deficiencies in small children. A carefully controlled study of Massachusetts health centers showed that participation by pregnant women reduced significantly the proportion of low birth weights.<sup>2</sup>

Presumably, school meals take over where WIC leaves off in providing one or two highly nutritious meals to children who might not get them otherwise. How nutritious are school meals? How can we ensure that children actually obtain the necessary nutrients? Providing good nutrition is a more sophisticated proposition than was imagined in the old commodity surplus days. In a review of the school feeding programs, the report shows that even menus prepared according to a particular meal formula that specifies portions from the four basic food groups often fail upon analysis to provide the intended one-third of the Recommended Daily Allowance of major nutrients. The report cites a study in which sample meals were collected from 300 schools, were homogenized and then frozen for several days, and were then analyzed for all nutrients except vitamin C. One-fifth to one-third of the schools failed to serve even a quarter of the requirements for several nutrients. That finding covers only the issue of nutrients served; food waste also occurs as children throw out portions of their lunches. A large-sample study analyzed proportions of food wasted and found that children were underconsuming particularly iron and thiamin and that 50

percent of raw vegetables were wasted. Research continues on ways both to provide sufficient nutrition and to have it accepted.

As nutritional science develops and as what is known about human requirements changes, however, both evaluation and education grow more complicated than before. Nutritional evaluation of the WIC program is more thorough than for school meals. Closer evaluation is possible because of the biochemical and dietary data which the WIC program itself routinely collects on every client, whereas comparable information for assessing the nutritional impact of the other programs is more difficult to obtain. What current research does make possible for schools is an increased level of precision in supplying needed nutrients. A nutrient meal standard specifies those nutrients most likely to be lacking and most needing to be maintained at standard levels—thiamin, iron, vitamin A, zinc—and those that need to be limited to standard levels—fat, cholesterol, sodium. The standard enables schools to supply nutrition more effectively. This is very important; as the authors of the Special Report contend, the school meals programs can both improve the nutrition of children and increase their ability to learn and to benefit from schooling. If expanded, the School Breakfast program in particular would show a high degree of cost-effectiveness.

In the case of food stamps, the report describes studies indicating that participants purchase more and better quality food than do comparable nonparticipants, but notes that it is difficult to determine whether this results in better nutrient intake. The Food and Nutrition Service is now sponsoring studies and demonstration projects to obtain better information concerning the effect of food stamps on nutrition.

### **Nutrition and human capital**

While the humane goal of feeding the hungry has had much to do with the expansion of feeding programs over the last two decades, other considerations have more recently been incorporated into the issue. While national awareness has been increasing regarding the role of nutrition in health promotion and disease prevention, there has been a corresponding theoretical broadening of the human capital approach to social service policy. Hungry children cannot be expected to perform well in school; malnourished children do not grow as strong or enjoy good health as consistently as well-nourished ones. These effects ultimately decrease the nation's stock of productive human capital. Such children when they grow up are more likely to need continuing welfare and social service expenditures than are well-nourished and well-educated children. Therefore, the authors of the report argue, it is cheaper to feed needy children than it is to pay the later social costs and to absorb the productivity loss from not feeding them.

## Policy options and projections

In the current political climate, what can we expect to see happening to programs providing food for children? What might happen under alternative plans?

To deal with the second question first, if times were different we might see an expansion of all the feeding programs, because there are thousands eligible for each of them who are not currently being served. Pursuing the policy goal of raising the nutritional level of the nation's children to a certain standard, we could greatly expand the WIC program and the School Breakfast program in particular. But with budget cutting, these expansions seem unlikely. Or do they?

The authors of the Special Report conclude that, for the purpose of continuing to sharpen the focus of feeding programs on nutritional effectiveness, either the existing mix of programs may need to be restructured or the criteria for the larger programs need to be made more strictly nutritional. Welfare issues are more likely now to be treated separately from nutrition issues than has previously been the case. In recent years, Congress has attempted to limit expenditures for the Food Stamp program, which operates in large part as an income maintenance tool, while continuing gradually to expand the school meals programs. Senator Jesse Helms and his staff have perhaps the most draconian proposals for cutting the Food Stamp program, but as a staff member expresses their goals, "We need to see what can be done to stop the massive growth and restore it to a nutrition program."<sup>3</sup> Income maintenance issues will remain, but the conclusions of this report will prove particularly appropriate as nutritional issues come to the surface.

Among nutrition researchers such as those represented in this report, there is new emphasis on target effectiveness. Researchers are asking how programs can best be directed to serve the neediest under the constraint of a fixed or even reduced budget. They believe some aspects of the proposals to cut and limit food programs can be turned to this goal. For example, Senator Helms's emphasis has been on eliminating duplication of benefits to families participating in several programs at once. In a general way, the authors contend, this emphasis may be seen as constructive: "It automatically raises the issue of how funds might be used in other programs whenever there is an attempt to expand or to restrict one of the programs" (p. 183). The Helms proposal, however, is not target effective: reducing Food Stamp benefits for families that use school meal subsidies would deprive people who are often still well below even the altered eligibility levels, and thus could penalize the poorest of the poor.

Although expansion of the feeding programs may be hampered by budget restraints, there is likely to be a modest increase in the numbers of people served. When subsi-

dies for school meals are removed, for example, full-price school meals will become sufficiently expensive that an increased number of eligible families may decide to have their children apply for reduced-price and free meals, for which subsidies will remain. WIC grew very rapidly for several years, but is now likely to experience limited growth due to a freeze already in effect in federal allocations to states for starting up new centers. States may, however, be able to serve larger numbers of clients at already existing centers.

A sharpening of the nutritional effect of available programs may be brought about by increased focus on nutrition education. Each program currently has an educational component. The School Lunch and Breakfast program is accompanied by the Nutrition Education and Training program, which works with food service staffers, teachers, and the community. In some areas, the Food Stamp program has the Expanded Food and Nutrition Education Program (EFNEP), which assigns nutritionists to work on an individual and small-group basis with Food Stamp clients to inform and advise them about necessary nutrients, their availability in foods, and how to achieve a good diet on a very limited income. The WIC program involves an interview with each client during which a nutritionist provides information and suggestions based on the client's recorded dietary practices.

Studies of the effect of nutrition education on schoolchildren show that particularly among those under twelve, plate waste was reduced after educational programs had been presented. Food Stamp clients' diets have been found to be better than those of persons not receiving EFNEP instruction. Nevertheless, not enough research has been done in this area. If programs face budget constraints, nutrition education may be one of the most effective tools for improving clients' use of benefits and thus nutritional outcome.

Are the authors of the report too optimistic in their hope that the 1980s may see the emergence of a governmental food and nutrition policy? This goal, when couched in the language of human capital investment and an emphasis on target effectiveness, is compatible with a political climate stressing more restricted use of resources. It may be that a rationalization of the nation's child nutrition system will proceed along the lines the authors have sketched. ■

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<sup>1</sup>The report summarizes work originally conducted for the U.S. Senate Select Panel for the Promotion of Child Health. See the article by Barry Popkin, John Akin, Mildred Kaufman, and Maurice MacDonald in volume 4 of the Panel's series, *Better Health for Our Children: A National Strategy*, Public Health Service, Dept. of Health and Human Services, No. 017-002-143-7 (Washington, D.C.: U.S. GPO, 1981).

<sup>2</sup>E. T. Kennedy, S. Gershoff, R. Reed, and J. Austin, *Effect of WIC Supplemental Feeding on Birth Weight* (Washington, D.C.: Food and Nutrition Service, U.S. Dept. of Agriculture, 1979).

<sup>3</sup>Community Nutrition Institute, *Weekly Report*, Nov. 20, 1980, p. 2.

## American inequality in the past: Myth and reality

*Among the novel objects that attracted my attention during my stay in the United States, nothing struck me more forcibly than the general equality of condition among the people.*

Alexis de Tocqueville,  
*Democracy in America*, 1835

*Men would not accept inferior wages and a permanent position of social subordination when this promised land of freedom and equality was theirs for the taking. . . . In a word, then, free land meant free opportunities.*

Frederick Jackson Turner,  
*The Frontier in American History*, 1920

American myths die hard. For the most part their credibility has depended upon the eloquence of their proponents. But no longer must we rely on rhetoric to demonstrate a case. Sophisticated analytic techniques now enable economists to utilize incomplete historical data to draw firm conclusions about the past. With these new methods—the science of Cliometrics—it is possible to answer such questions as, What was American experience with inequality? What were the causes of trends of inequality? The questions asked are not academic, though posed and answered by academicians. Interpretations of America's past are having important effects on the routes being taken to industrialize the Third World.

There is, for example, the great “Growth-Equality Trade-Off Debate” now going on. According to Simon Kuznets—a Nobel Prize winner who pioneered in the field of income distribution—modern economic growth (that is, rising income per capita) generates rising inequality in its earliest phases and declining inequality later on. This interpretation of history has encouraged developing nations to put up with great inequalities in the hope that conditions for the poor will improve eventually, as the country industrializes. Some countries have permitted widening inequalities on grounds that, because the rich save more than the poor, the result will be faster capital accumulation and thus speedier growth. But the assumption that an “income revolution”—the equalizing of incomes late in the process of capitalist development following long episodes of increasing inequality—will occur eventually is by no means universally accepted. Indeed,

Marxists believe that the rich get inevitably richer in a capitalist society, and doubt that an “income revolution” ever takes place.

Nor is it just developing countries that are looking to the American past for direction. America's future is predicated upon an interpretation of its past. Can we, when our capital plant is aging, afford welfare policies that redistribute money from the rich, who save, to the poor, who consume? What does history tell us about the past and future of capitalism?

Using data on wages, income, and wealth, Jeffrey Williamson and Peter Lindert in *American Inequality: A Macroeconomic History* document the trends toward equality and inequality from colonial times to the present. Working back from the World War II era, for which data abound—from surveys of the Census Bureau, the Federal Reserve System, the Institute for Social Research at the University of Michigan, and from federal income taxes and national income estimates—they have dug through earlier sources, by no means as plentiful, using probate inventories, manuscript censuses that recorded household real estate and personal estate holdings, local tax assessments, and the findings of other researchers to provide a comprehensive picture of trends in American inequality.

### The trends

Williamson and Lindert have found that the ratio of wealth and income of the richest 10 percent to the poorest 10 percent in America has not been constant, that certain periods stand out as ones of rising or falling inequality. Furthermore, these trends run their course unaltered by those minor perturbations in the economy known as business cycles. Given that their data for early years may still be insufficient to support firm conclusions, they conjecture that inequality (among free Americans) before the Revolution was roughly the same as inequality today, but they record wide fluctuations between 1776 and 1980.

Their evidence points conclusively toward an epoch of increasing inequality during the four decades before the Civil War. Ironically, inequality in America began to surge during the era of Jacksonian Democracy—the era

of the common man—and just when Tocqueville was lauding “the general equality of condition among the people.” The Civil War reduced inequality within regions but increased it between South and North. Although Williamson and Lindert found no evidence of an inequality trend across the rest of the nineteenth century, the trend picks up again in the twentieth century so that, despite the absence of a landed aristocracy, despite the supposed value of the frontier as a “safety valve,” and despite a national commitment to the concept of equality, inequality in America at the time of World War I had reached proportions on a par with inequality in the Old World: in Germany and Great Britain. Although World War I temporarily arrested and reversed the trend toward inequality, by 1929 it was back to prewar levels. And then, as Kuznets found, there occurred a dramatic and pervasive shift toward equalization in income and wealth through World War II. This trend did not reverse itself after the war. Instead, postwar distributions of income have been surprisingly stable, with a slight increase in inequality offset by government policy: progressive taxation and increased transfers to the poor.

Such, at least for now, is the picture of inequality in America. Williamson and Lindert, cognizant of the paucity of data for colonial years, offer a number of suggestions to researchers looking for material to either corroborate or contradict their findings. For that period and the post-Independence years there are of course hundreds of thousands of probate records yet to be examined; company records combined with local cost-of-living indices may produce new wage series; profit rates for industrial enterprises, land rents and values, poor-relief rolls, local tax records, and even the distribution of life expectancy (it being assumed that the death gap between the better-paid and the worse-paid widened and narrowed with economic gaps). No doubt further data will come from records as yet unsought, waiting in dusty corners for an ingenious and lucky scholar to use to fill in the missing pieces of American economic history. But it is the earliest period that is still in some doubt. The rest of the story is firm.

### **The causes**

Having found confirmation of the supposition that inequality in income and wealth rose sharply with the onset of modern industrial growth in the United States, Williamson and Lindert direct their investigation to the explanation of this supposed correlation. Did one cause the other? Were they both results of some third phenomenon? Finding the sources of inequality trends is not a simple and straightforward exercise, as no single variable explains why a trend occurred in some periods and not in others. The causes turn out to be complex and commingled. Technological progress, labor supply, and capital accumulation are powerful agents in explaining inequal-

ity, but it is only with the help of a general-equilibrium model that Williamson and Lindert have been able to disentangle the ways these forces have operated to cause and perpetuate trends of inequality in the distribution of income and wealth. That is, by constructing sets of equations to represent the interrelationship of all the elements in an economy, the authors are able to determine the relationship of change in one variable to the others.

Williamson and Lindert find that the trend in wage inequality before the Civil War was caused primarily by extraordinary rates of capital accumulation, which favored skilled and high-wage workers in two ways: (1) capital can substitute for unskilled labor more readily than for skilled labor; and (2) capital accumulation, in raising income per capita, through the workings of Engel’s Law (“the percentage importance of food expenditure declines as income increases”) caused agriculture to contract as a share of national income, a process which threw many more unskilled than skilled workers out of jobs.

The next question obviously is, Why did capital accumulation rates rise so rapidly? The authors find the answer in the sectoral imbalance of antebellum technological progress. Because total factor productivity growth was most rapid in the industrial sector, especially in those industries supplying producers’ equipment, it increased the supply and lowered the price of producer durables, making them a bargain relative to other commodities. Total factor productivity growth was biased toward sectors using large quantities of capital as a factor of production, rather than such other factors as labor and land. As these sectors expanded, they raised the demand for capital and skills nationwide, checking part of the reduction in cost of capital goods and raising capital accumulation, and, by further buoying up the wages of skilled labor, increased the gap between the skilled and unskilled. Thus it was not capital accumulation as such, but a sectoral imbalance causing capital accumulation, which was behind the inequality trend of the nineteenth century. Once a trend starts, it gathers momentum, since its effects are intensified by another economic principle at work: The dynamics of prices are such that in times of rising inequality, the prices of

### **AMERICAN INEQUALITY: A MACROECONOMIC HISTORY**

by

**Jeffrey G. Williamson and Peter H. Lindert**

*Academic Press, \$29.50*

commodities purchased by the poor rise in price faster than other commodities, and conversely, in times of trends toward equality, these prices rise more slowly than prices of commodities less frequently purchased by the poor.

But that is not the whole story. Other complications enter. For example, the declining rate of growth in inequality at the end of the nineteenth century appears to have been caused by the decline in the proportion of the labor force that consisted of unskilled immigrants from lower-income countries. Then the inequality gap widened once again, with the further resumption of unbalanced technological progress. This was the era of cheap energy: of an energy-using, labor-saving economy.

But why, following a seemingly self-perpetuating trend of inequality, was there a marked reversal? What happened to the country after 1929? According to Williamson and Lindert and their general-equilibrium model, the leveling that began then was the result of both technological and demographic forces. Total factor productivity had evened out among the sectors of the economy (agriculture for example had become highly capital-intensive and virtually insignificant). Americans conscientiously limited the size of the work force by having fewer babies and halting immigration altogether. Proportionally there were many fewer unskilled workers.

## The future

Complex though the causes of the American inequality experiences have been, it is clear that during periods of high inequality national income per capita grew no faster than during periods of leveling and lower capital accumulation. In fact, growth in income per capita has been quite stable across periods of full employment since 1839. There was, then, no growth-equality trade-off. According to the authors: "The link between income inequality and the rate of growth in income per capita is very tenuous and pliable. It depends critically on the *sources* of both the inequality and the growth" (p. 290). Thus there is no necessity for choosing between growth and equality. Certain kinds of investments which enhance the assets of the poor *may* enable developing countries to eat their cake and have it too: growth with equality. The word "may" is of course necessary, because there is no such thing as *ceteris paribus*.

As for the United States, the authors refuse to be as dismal as their discipline. They raise the question, If an economy which is strongly labor saving and energy using promotes inequality, then should not the era we are entering—one of energy conserving and labor using—lead us farther along the road to equality? Furthermore, shouldn't this nation have room for and need of the new wave of immigrants coming from Latin America? ■

## Black statistics

*continued from page 4*

stated that in fact the accession of blacks to municipal leadership results in positive measurable gains for the black residents of that city.

In a comparative study of 43 cities with more than 10 percent blacks, using data on affirmative action required under the Equal Employment Opportunity Act of 1972, Eisinger found that although both black-run and white-run administrations respond to black voting blocs by using affirmative action techniques to lower such barriers to black public employment as civil service requirements and city hiring practices, under black mayors this trend is accelerated significantly. In some cities the mayor has personally pushed for the implementation of affirmative action plans; in other cities (Detroit and Atlanta), mayors have appointed black personnel directors to modify recruitment, testing, evaluation, and grievance procedures to increase minority employment. Eisinger concludes:

The presence of a black mayor has clear incremental effects on levels of black employment and on affirmative action effort, enabling us ultimately to conclude that a significant portion of black gains is a product of black political power. This is particularly the case in the area of hiring administrative officials and professionals. . . . The penetration by blacks of these job categories ensures black influence in bureaucratic policymaking, the internal administration of various agencies . . . information gathering and control . . . and implementation of policies (pp. 31-32).

In a separate study Eisinger examined one of the tools enabling black mayors to respond concretely to the needs of urban blacks: the residency requirement. He found that in virtually every major city with a black mayor, this ancient device of machine politics—a requirement that municipal employees live within the city limits—has been passed or, if already on the books, enforced. The residency regulation provides employment for the unemployed blacks in a city by eliminating workers who live outside the city from the competition for local public sector jobs; it stabilizes in the city some portion of the nonminority population that wants to hold onto city jobs, and it keeps within the city the taxpayer moneys that are expended in the salaries of public employees. Thus the rule supplies not only jobs, but also money—no small amount.

Yet in politics as elsewhere the gains have been slow. One estimate indicates that if blacks continue to be elected at the rate that prevailed in the 1970s, by the year 2000 they will hold only 3 percent of the elective offices. Of 103 counties where blacks were a majority of the population in the 1970s, only one-third elected black officials. In 1972, only 50 percent of black eligibles were registered to vote.<sup>5</sup>

## Income and employment

But of course the bottom line for measuring black advancement in our society is income, which means chiefly earned income, and that means jobs. How does black income compare with white income? What has happened to the ratio over the last ten years? How have black employment and unemployment fared in a decade of recurrent recession and continuous inflation? Proponents of the "dramatic progress" viewpoint in the early 1970s pointed out that the incomes of blacks had risen in relation to white incomes and that the earned income of black women in the labor force had begun to equal that of white women. William Darity and Samuel Myers, who ultimately challenge the optimistic interpretation, cite these apparently encouraging figures: In 1968 the ratio of the mean earnings of black men in the labor force to white men in the labor force was .586. In 1978 it was .686. In 1968 the ratio for black women was .759, and in 1978, .995. Taken together these numbers mean that the ratio of the mean wages of all blacks to all whites rose from .605 in 1968 to .748 in 1978.<sup>6</sup> This promising convergence has been attributed to a number of factors: affirmative action, a decline in discrimination in the labor market, and—the most hopeful sign of all—the convergence in human capital characteristics (meaning that black youth is better equipped through education and training to compete with white youth). The remaining differences in wages, say the optimists, will disappear as blacks, with more schooling, grow more like whites in their productivity characteristics.

Other scholars have questioned such assertions. It has been shown that although there is an apparent convergence in individual black and white incomes, it is not reflected in a comparable convergence in family incomes. It has also been pointed out that black families who achieve higher incomes are less likely to stay permanently in the upper-income brackets than are whites. In fact, Darity and Myers have demonstrated that when the data on black-white individual incomes are examined over time, taking into account not only those actively in the labor force but also those of both races who received no income and were not actively searching for work (the potential labor force), the apparent dramatic progress vanishes. Using the Census Bureau's Current Population Surveys from 1968 to 1978 for adults (aged 14 or older), Darity and Myers found that within the potential labor force black men displayed only slight convergence with white men, and they lost ground from 1974 on: in 1968 the ratio of black to white male earnings was .597; by 1978 it had climbed only to .616, after falling from a high in 1974 of .630.<sup>7</sup> The optimistic data, Darity and Myers argue, were derived from a biased sample—biased because it did not take into account the many blacks who (unable to get work or for some other reason) withdrew from the labor force entirely.

Further breakdown of the data by Darity and Myers disproves as well the assumption that convergence in the human capital characteristics of young black and white men has meant a corresponding convergence in their relative earnings. Quite the contrary. "The annual relative earnings for black males in the 14-24 and 25-34 age groups have *fallen* in the decade since 1968" (p. 7). The so-called "vintage hypothesis" would imply that more recent cohorts would be closer in their relative performance in the marketplace. Yet not only are they not closer in wages, but the greatest gap in employment occurs in this group. In the 1970s the unemployment rate for black youth 16-24 years old was about 28 percent. The comparable figure for whites was 9.9 percent. White high school dropouts have lower unemployment rates (16.7 percent) than black youth with some college education (21.4 percent) and about the same unemployment rate as black college graduates (16.5 percent).<sup>8</sup>

Using a model of income determination, Myers and Darity explored what variables seem to be related to an individual's income. To incorporate the effects of business cycles, their study made estimates at two different periods, when the economy was expanding and when it was contracting. They found that the largest changes in inequality had nothing to do with less discrimination or the vintage hypothesis: the salient factor in the decade following 1968 was South-to-North migration. In summary, their data show that opportunities appear to be worsening for younger blacks, and equivalent background characteristics do not necessarily translate into equivalent wages.

The Urban League provides a number of reasons for the loss of ground in jobs and relative wages. One is that blacks suffer more from business fluctuations than do whites. During the 1974-1975 recession, blacks lost their jobs at almost double the rate experienced by whites, and as recovery got under way they were called back at a slower rate (last hired, first fired). Between 1975 and 1978, unemployment among whites dropped by 1.7 million, while black unemployment remained almost unchanged. Black teenage unemployment has been close to 30 percent since 1971. In 1969 only 5.6 percent of all black women in the labor force and heading families were unemployed, but by 1978 their unemployment rate was 15.4 percent. Of black families headed by women, almost three out of five were living in poverty in 1977.<sup>9</sup>

## Poverty

Historically, unemployment and poverty have been linked. People for whom work is low-paying and intermittent or nonexistent are very likely to be poor—if not while they are working then certainly when they are too old or ill to work. Government measures have altered that situation. Social welfare programs, especially in the last ten

years, have lessened the connection between joblessness and poverty.

Recent data assembled by Sheldon Danziger and Robert Plotnick of the Institute<sup>10</sup> demonstrate that poverty has since 1965 declined faster for nonwhites than for whites (see Table 1). Nonwhites entered the period with a considerably higher incidence of poverty—four times greater, even if one uses the income measure established by the Census Bureau, which includes government cash transfers. By 1978 this ratio had dropped to 3 to 1; and when in-kind transfers are included as well, the proportion for 1980 is 2 to 1. Breaking the figures down by age (under and over 65) and sex, Danziger and Plotnick

found that declines in the poverty of nonaged nonwhite men were much greater than for nonaged white men, but the level of poverty for nonwhite men was still about twice as high as for white men. Nonwhite women, however, had fared only about as well as white women; and neither fared as well as males. The aged especially had gained, but elderly whites showed a lower incidence of poverty than elderly blacks.

## The condition of black America

The achievements of black America over the last decade are difficult to assess. Some black leaders see a glass half empty. Others, using the same data, see the glass as half full. Many individuals have attained the education and opportunities requisite for advancement, yet progress is slow and government transfer programs have borne the burden of alleviating the hardships of poverty, from which a disproportionate number of blacks have been unable to escape. The period of economic dislocation and uncertainty that now exists in American society finds a much larger proportion of blacks than whites below poverty levels, and it is at these levels that hard times are the hardest. ■

**Table 1**  
Persons with Incomes below the Poverty Line, 1965–1980  
(percentage of total population)

	Market Income <sup>a</sup>	Census Income <sup>b</sup>	Adjusted Income <sup>c</sup>
<b>Nonwhite</b>			
1965	49.2%	43.8%	28.6% <sup>d</sup>
1978	38.1	28.4	n.a.
1980	—	—	7.5
Percentage change	-22.6	-35.2	-73.8
<b>White</b>			
1965	17.5	11.8	7.7 <sup>d</sup>
1978	17.4	8.7	n.a.
1980	—	—	3.6
Percentage change	-0.6	-26.3	-53.2
<b>Both</b>			
1965	21.3	15.6	12.1
1978	20.2	11.4	n.a.
1980	—	—	4.1
Percentage change	-5.2	-26.9	-66.1

**Sources:** Market and census income calculated by S. Danziger and R.D. Plotnick from March Current Population Survey tapes. Adjusted income before 1980 estimated from Smeeding (see box), and for fiscal year 1980 from an unpublished paper by G. W. Hoagland of the Food and Nutrition Service, U.S. Department of Agriculture.

**Note:** Nonwhite used because figures for blacks alone are available only from 1967. Blacks constitute approximately 90% of the nonwhite classification.

<sup>a</sup>Calculated by subtracting government cash transfers from census income.

<sup>b</sup>Includes earned income and income from property, pensions, and cash transfers (Social Security, AFDC, unemployment compensation, and other benefits).

<sup>c</sup>Census income plus in-kind transfers (such as food stamps, Medicare, Medicaid, housing benefits, child nutrition).

<sup>d</sup>Figure is for 1968 (1965 not available).

<sup>1</sup>*The Gallup Opinion Index*, report no. 160 (1978), p. 29; report no. 178 (1980), p. 10.

<sup>2</sup>Karl E. Taeuber and Franklin D. Wilson, Project Directors, "A Study to Determine the Impact of School Desegregation Policy on the Racial and Socioeconomic Characteristics of the Nation's Schools and Residential Communities," draft of HEW Project Report 1, "Analysis of Trends in School Segregation," Summary of Findings, 1979.

<sup>3</sup>Diana Pearce, "Breaking Down Barriers: New Evidence on the Impact of Metropolitan School Desegregation on Housing Patterns." Final Report submitted to the National Institute of Education. November 1980.

<sup>4</sup>"Raffles and Miss Blandish," in *A Collection of Essays by George Orwell* (Garden City, N.Y.: Doubleday, 1957), p. 154.

<sup>5</sup>D. K. Newman et al., *Protest, Politics, and Prosperity: Black Americans and White Institutions, 1940-1975* (New York: Pantheon, 1978) p. 25.

<sup>6</sup>Darity and Myers, "Changes in Black-White Income Inequality, 1968-1978: A Decade of Progress?" *Review of Black Political Economy*, 10 (1980), Table 1, p. 358.

<sup>7</sup>Ibid.

<sup>8</sup>Ibid., p. 360, citing figures from Robert Hill, Research Director of the National Urban League.

<sup>9</sup>National Urban League, *The State of Black America 1980* (Washington, D.C.: NUL, 1980), pp. 5, 7, 35.

<sup>10</sup>Sheldon Danziger and Robert D. Plotnick, "Has the War on Poverty Been Won?" manuscript in preparation, Institute for Research on Poverty.



## Juvenile justice

*continued from page 6*

ducts the interview. Analysis of the link between the rate of informal disposition and the overall commitment rate in juvenile courts discloses that judges apparently do not counteract decisions made at the intake level. Although one might expect judges to commit higher proportions of youths when pretrial screening eliminates the less serious offenders, this is true only to a restricted degree, according to Sosin. Judges show only a limited tendency to commit a smaller percentage of youths when intake workers send before them a large number of youngsters, accused of a variety of offenses. Instead, regardless of the actions of intake workers, judges appear to commit nearly a standard percentage of youths who come before them. In a court which makes little use of informal dispositions, a greater number of youths will be sent before the judge and that court's overall commitment rate is therefore likely to be higher.

### A new definition of discretion

Thus it appears that the image of the juvenile justice system as both arbitrary and inconsistent may be correct. The focus of attention, however, is misplaced. The decisions of intake workers play a more significant role than many analysts have assumed, and it is at this level that the critical discretionary judgments are likely to be made.

What influences decisions made by these workers? Local crime rates? Community attitudes toward juvenile crime? Sosin discounts the importance of either factor. Instead he finds that an important influence is the court context. To a large degree it seems that juvenile court workers handle cases in ways that mirror the practices of other courts in the same building. Small civil courts, for example, handle most cases formally; juvenile courts attached to them do likewise. Misdemeanor courts handle many cases without a trial; so do adjacent juvenile courts. Other factors that play a role include the influence of the police, whether judges are elected or appointed, and whether they specialize in juvenile cases. Sosin believes that the findings exemplify "social discretion"—that is, in the absence of strong laws and controls, treatment reflects the social environment within which the decisionmakers operate. Social discretion, he claims, must be distinguished from rational discretion, which is exercised by decisionmakers who vary their judgments according to personal goals or community sentiments.

Sosin regards the discretion exercised by judges as social, in a somewhat different sense: regardless of the range of cases they confront, judges across the country apparently have a similar standard for what percentage of youths should be committed. A judge may regularly face youngsters who mug old people for their Social Security checks, or he may see youths guilty of a wide range of offenses. He

may see a dozen youngsters a week; he may see a hundred. It depends largely on intake decisions. Regardless, and even though there are some factors that influence judges to a small degree, a judge is likely to commit a percentage very close to the national average of 13.5.

### How can we reform the system?

In the late 1960s and early 1970s the limitations of the juvenile justice system came to the attention of the Supreme Court. *Kent v. U.S.* (1966) warned against "procedural arbitrariness," and *In re Gault* (1967) recognized the rights of juveniles in such matters as notification of charges, protection against self-incrimination, the right to confront witnesses, and the right to have a written transcript of the proceedings. *In re Winship* (1971) declared that proof beyond a reasonable doubt is needed to establish delinquency.

At the time these decisions were handed down, they were expected to curtail arbitrary and unjust practices in juvenile courts by effecting procedural reforms. But, despite high hopes for a "due process revolution," evidence suggests that the Supreme Court's mandates have played a small and unspectacular role in overhauling the juvenile justice system. Sosin questions the utility of the due process strategy, pointing out that the strategy is based on the assumption that developing standards of proof or procedure will alter judges' perceptions of individual cases. This, in turn, will alter the percentage of youths who are viewed as deserving commitment. However, since it seems

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### Selected papers

Michael Sosin, "Due Process Mandates and the Operation of Juvenile Courts." Institute for Research on Poverty Reprint no. 347.

Michael Sosin, "Juvenile Court Commitment Rates: The National Picture." Institute for Research on Poverty Discussion Paper no. 550-79.

Michael Sosin, "Juvenile Court Commitments: The Role of Organizational Factors." Institute for Research on Poverty Discussion Paper no. 533-79.

Michael Sosin, "Juvenile Court Liaisons and Theories of Interorganizational Relations." Institute for Research on Poverty Discussion Paper no. 605-80.

Michael Sosin, "Parens Patriae and Dispositions in Juvenile Courts." Institute for Research on Poverty Discussion Paper no. 496-78.

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that judges actually commit a relatively standard percentage of youths, even with procedural reforms in effect, such reforms may not strongly affect the overall commitment rate. Judges may continue to view a constant percentage of the youths they face as requiring incarceration.

Sosin does not discount the importance of due process procedures. He agrees that these legal changes may be important on an individual level. But he insists that the reforms appear to be ineffective at the broad policy level represented by commitment rates. He suggests that any attempt to control the incarceration of juveniles must be based on intervention prior to the formal hearing stage. Sosin is unenthusiastic about proposals that would standardize the intake interview, even though the potential for ill-considered decisions at this level is great. Informal screening at the intake stage does provide early exit routes for some of those youths for whom formal hearings may be inappropriate (runaways, curfew violators, and the like).

One possibility for reform put forward by Sosin places a greater burden on groups (such as the police) who decide which youths are brought to juvenile court. He cites the example of black youths' overrepresentation in juvenile courts: police officers are more likely to arrest when they receive a complaint, and more citizen complaints are lodged against black people. If police officers viewed such complaints and pressures in a different light, Sosin suggests, the present imbalance might shift.

Proposals for reform must take into account the nature of existing institutions—particularly the role of the jurisdictional environment. With hopes of curtailing arbitrary and possibly unjust practices in juvenile courts, reformers have developed sophisticated techniques for controlling juvenile commitment rates—procedural reforms, rules to match an offense more closely to its penalty, even monetary formulas to increase the incentive to handle youths in the community. What they have failed to do is to take a hard look at how the juvenile justice system really operates. The standardization of commitment rates suggests that decisions affecting young offenders are not made by people who consciously follow or disregard rational guidelines. The question is: Do we want our juvenile justice system to be governed by some standard of appropriate percentages? Or do we want it to operate according to a rational consensus that balances the protection of society with equity for the individual? ■

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<sup>1</sup>Anthony Platt, *The Child Savers: The Invention of Delinquency* (Chicago: University of Chicago Press, 1969), p. 138.

<sup>2</sup>National Assessment of Juvenile Corrections, *Brought to Justice? Juveniles, the Courts and the Law* (Ann Arbor, Mich.: Center for Continuing Legal Education, 1976), p. 65.

<sup>3</sup>Barry Krisberg and James Austin, *The Children of Ishmael: Critical Perspectives on Juvenile Justice* (Palo Alto, Cal.: Mayfield, 1978), p. 4.

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