

Social science cannot furnish a definitive answer, but it can offer some evidence. The existing evidence implies that many recipients will not be offered a job, no matter how hard they search for one.

AFDC supported a heterogeneous collection of families. Thus we should resist the temptation to describe the widely varying population of welfare recipients with a single typical example.

Some recipients could have taken available jobs without leaving their children at risk but chose not to—perhaps because they did not perceive any economic advantage to working instead of living on welfare.

In other families, the adult supplemented welfare benefits by working off the books in low-wage jobs, in violation of existing welfare rules.¹³ In still other families, the adult refused to take available paid employment because of a lack of child care or because the position did not provide the health insurance that AFDC did.

Other parents had physical or mental limitations that inhibited their ability to work but were not sufficient to qualify them for supplemental security income. Still others simply lacked the labor-force skills or experiences that potential employers required.

A strict time limit, applied uniformly, would have different consequences for each of these types. Some might make it across the high wire unassisted. Others might do so with only modest assistance in the form of child care or health insurance. Still others might fall.

Policymakers should care about how many families would fall into each of these categories, but social scientists have not yet provided such a count. Still, trends in the overall economy give us ample reason to worry about how well welfare recipients can fend for themselves. (Please see “*Benefits, Opportunities Decline for Current Welfare Recipients.*”)

Past studies suggest that many welfare recipients will have difficulty maintaining stable employment after benefits end.¹⁴ And our own research reinforces that concern.

To estimate the overall job prospects for current welfare recipients, we studied

Benefits, Opportunities Decline for Current Welfare Recipients

One change in America’s welfare programs over the past two decades involves the decline in the level of cash benefits the programs provide. Indeed, inflation significantly eroded the purchasing power of a welfare grant after the mid-1970s.

Moreover, during the 1990s, several states cut benefits in nominal terms. By the early 1990s, the combined AFDC and food-stamp benefit in the median state for a nonworking mother with two children was about 70 percent of the poverty line. That marked a decline from about 85 percent 20 years earlier.

The declining economic circumstance of AFDC recipients is not unique. The past two decades have been characterized by slow economic growth and increased economic distress for the middle class, the working poor, and the unemployed.

In the two decades following World War II, the rising economic tide lifted all families’ boats regardless of whether the families were rich or poor or had less-skilled or more-skilled workers. After the early 1970s, however, the rising tide became uneven, as the gaps in living standards widened between the most-skilled and least-skilled workers.

Economic hardship became remarkably widespread. Popular portrayals of economic hardship tend to focus on inner-city poverty, single-mother families, or displaced fac-

a sample of single mothers between the ages of 18 and 45 living in the nation's 77 largest metropolitan areas. We defined single mothers as women who had at least one child under the age of 18 living with them and who did not have a husband residing in the same household.

Compared to the average single mother who does not receive welfare, the typical welfare recipient has less education, is younger, has more children, and is more likely never to have been married.

Consider the following:

■ About 25 percent of nonrecipients, but 50 percent of welfare recipients, have never married.

■ About 20 percent of nonrecipients, but more than 40 percent of welfare recipients, lack high-school degrees.

■ Less than 17 percent of nonrecipients, but 25 percent of welfare recipients, are below 25 years of age.

■ About 17 percent of all nonrecipients, but 33 percent of welfare recipients, have three or more children.

All of these characteristics suggest that welfare recipients are more likely to possess lower earning potential than nonrecipients and will have a more difficult time finding jobs.

Whereas the average earnings for a working single woman was \$18,215 in 1989, our economic model predicts that the average welfare recipient could have earned only about \$13,000. The prediction is less than \$7,000 for African-American mothers under 25 who had never married and who lived in central cities with a child under 6. Indeed, only 40 percent of welfare recipients could have anticipated earning as much as the poverty level for a family of three.

This evidence counsels caution in the structuring of time limits. It suggests that some form of employment assurance is necessary to avoid throwing many families with young children into destitution. In other words, shock therapy carries a high risk of failure.

But what about those families that can successfully navigate the high wire

tory workers. Most of these portrayals attribute poverty primarily to those persons' behavior or lack of skills.

During the 1980s, however, inequalities increased within most socioeconomic groups as well. It is true that white-collar workers fared better on average than blue-collar workers and that married-couple families fared better on average than mother-only families. Nevertheless, many white-collar workers and many workers in married-couple families also were laid off or experienced declines in real earnings.

Not even the most educated groups were spared. In 1991, among 25- to 34-year-old college graduates without post-college degrees, 16 percent of men and 26 percent of women worked at some time during the year but earned less than the poverty line for a family of four.

Such recent economic hardship should prompt suspicion of claims that any welfare reform can permanently transform most welfare recipients into self-sufficient workers. The fact is, the welfare problem is part of a broader poverty problem, which, in turn, is part of a broader economy-wide problem.

The problem has resulted from two decades of slow economic growth and rising income inequality. In effect, despite the lower unemployment rates that have accompanied the recent economic recovery, the economy continues to generate hardship for the least-skilled members of society.

A set of structural changes in the labor market is the primary source of this increased economic hardship. Less-educated workers have found it more difficult to se-

and find employment? Even if adequate work opportunities for welfare mothers exist, what are the effects on children of requiring their mothers to accept those opportunities?

The research on this issue is inconclusive. Some children will benefit, but others will suffer. For instance, one could imagine that the 2-year-old child of a disadvantaged welfare recipient might benefit from the stimulation provided by a day-care center while her mother is at work. On the other hand, one can as easily imagine that the child might suffer from the disruption in his or her intimate relationships.

Ultimately, the effects on children will reflect two factors. The first relates to the quality of the child's new day-care environment. Will state funds be sufficient to provide adequate child-care assistance, or will some children end up with inadequate supervision?

The second is how much the mother's work experience raises the family's standard of living and makes her a more successful parent. As states implement the new welfare reforms, they should pay close attention to these factors.

EVIDENCE ON NONMARITAL BIRTH

Other questions involve the increasing rate of nonmarital births. Did AFDC exacerbate it? Will restructuring welfare reduce its incidence?

To Murray, the linkages were so obvious and causal that they did not require proof. If one did not have to consider evidence, those linkages are plausible. The structure of AFDC to provide benefits to never-married mothers created an incentive in the direction of having a child out of wedlock. Indeed, worry about that incentive has long been prominent in discussions of welfare policy.

The problem, however, is that any discussion of incentives should not stop at the level of theory. Merely grasping the theoretical direction of an economic incentive does not tell us anything about how great an effect the incentive actually has in the real world.

cure employment, and those who are hired tend to receive lower wages. Meanwhile, the decline in labor-union membership, declining manufacturing jobs, and increased global competition have all lowered employer demand for and the wages of less-skilled workers. And the introduction and spread of computers and other technological innovations have increased demand for skilled workers.

These changes in the structure of the labor market carry important implications for welfare reform. Because most welfare recipients have limited education and experience in the labor market, the economy offers them minimal prospects even when unemployment rates are low.

The shift in the skill mix required in today's economy means that, even if an employer extends a job offer to a welfare recipient with low skills and experience, that employer is not likely to pay very much.

These facts lead to the conclusion that most welfare recipients cannot hope to obtain stable jobs that will lift them and their children out of poverty. Despite what some welfare opponents claim, most have not failed to find jobs for want of trying.

Fear of destitution is a powerful incentive to survive; it will not, however, guarantee that an unskilled laborer who actively seeks work will earn enough to support her family. Changes in incentives aimed at prompting welfare mothers to search for work are unlikely to make much of a difference in actual earnings unless they are accompanied by expanded employment opportunities. □JL/SD