

# Institute for Policy Research

## NEWS

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### Panel Study to Track Impact Of Illinois Welfare Reform

A recently formed University Consortium on Welfare Reform, headed by social policy expert **Dan A. Lewis** (IPR-Education and Social Policy), has received funding of \$1.3 million from three Chicago-area foundations to study the impact of new state welfare laws on former and current Illinois recipients and their families.

The John D. and Catherine T. MacArthur Foundation (\$600,000), the Joyce Foundation (\$500,000), and the Woods Charitable Trust (\$200,000) are funding the project.

Investigators for the ambitious six-year panel study will report annually to the Illinois General Assembly on how 1,500 welfare recipients fared in their efforts to find and retain jobs and reduce their dependency on public aid. The study will focus on four key issues: work-force attachment, job retention and advancement, children's well-being, and family stability.

The project is an innovative collaboration of academics and state government, supported by foundations, to produce a multifaceted portrait of the effects of welfare reform at the state level. The government will provide administrative data while the academics get a rare opportunity to funnel their results directly to policymakers. Systematic information, based on both administrative and survey data, will be

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### Economic Adviser Dissects Public/Private Debate

As privately run prisons, schools, and job-training programs proliferate—and advocates push to privatize Social Security—policymakers face a perplexing question: When can government do a better job than private firms in providing social services, and what are the trade-offs?

Northwestern economist **Rebecca Blank**, currently serving as a member of the Council of Economic Advisers, laid out the pros and cons of the complex issue in a 1999 IPR Distinguished Public Policy Lecture she delivered in Evanston on February 22.

"Some believe that some form of regulation, with income supplements or vouchers, is as far as the government should go," Blank told the audience of 140 faculty, students, and

members of the public. "A broader view argues for much greater government control over ownership and management—in at least some areas."

Addressing the topic of "When Can Public Policymakers Rely on Private Markets? The Effective Provision of Social Services," Blank offered four models of government involvement:

- ◆ Public ownership and management (typically, prisons, schools, and welfare services).
- ◆ Public ownership with contracts to the private sector to manage and operate the service (e.g., privatized prisons and job training programs).
- ◆ Private market ownership with government regulation and funding to subsidize low-income clients (e.g., Section 8 housing vouchers or food stamps).

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### Mixed Review for Chicago's Community Policing

Within the Chicago Police Department (CPD), they no longer refer to the community policing program as "just smoke and mirrors," nor do they expect it to disappear after a mayoral election. In fact, the six-year-old Chicago Alternative Policing Strategy (CAPS) has made considerable strides toward involving the public in securing neighborhood safety, according to a just-released report from an IPR evaluation team.

The ongoing study found that a large majority of residents knows about the program and remains highly involved, with attendance at monthly beat meetings averaging 6,000 citywide during the first 11 months of 1998. "These robust involvement figures are impressive, especially in a year when there was a change in administration at the Chicago Police Department as well as some challenging, high profile cases on the minds of Chicagoans," according to **Susan M. Hartnett**, an IPR research associate and project director of the evaluation.

Yet in some ways "it has also been a standstill year," Hartnett cautions. Following the loss of a key architect of the program and the transition to new leadership, "many things that were in the works just stopped," she said. This was

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## Blank Lecture (continued from page 1)

◆ Private market ownership and operation with some government regulation (e.g., emission standards for dirty water or smoke).

Choosing among them, in Blank's view, depends on the mix and severity of four types of market failure in the social service area: externalities, informational asymmetries, agency problems, and distribution problems.

*Externalities* become an issue when the benefits or costs of a service to society are greater than those to any specific recipient. As an example, Blank cited poorly run prisons, which may impose higher costs on society if they increase the possibility of crime after release of an inmate.



*Informational asymmetries.* Some social services are hard to monitor, too complex, or infrequently purchased, as in the case of health

procedures. This makes it difficult for a recipient to judge quality.

*Agency problems* may be created when the recipient is not the decision-maker (e.g., a school child or nursing home resident) and someone else may not maintain the person's best interests.

*Distribution* may be a problem when private providers do not cater to market segments that cannot pay for services. People with limited incomes, for example, could be excluded from certain markets such as health care or education.

**Upside of Government.** Government may be the preferred provider when information on quality in the private sector is lacking, when it can attract high-quality labor (while still paying low wages), when its own inefficiencies are low, or when universal provision of services is sought. In some cases, even "inefficiencies" become a virtue if they enhance quality, as when a nurse devotes extra "caring" time to sitting and talking with patients. This, however, might be provided by private sector employees as well.

If universal provision of services is desired, government may be the preferred provider because it has greater control to assure that standards are met. Publicly operated schools with uniform curricula and standards are an example.

In the past, the government commanded market power when it provided a source of jobs to high-quality workers who had been excluded from the private market. This was especially true for women teachers and social workers. But Blank pointed out that as the labor market for women has opened up, government's ability to hire these higher quality workers at low wages has lessened.

**Downside of Government.** Government becomes less

attractive when its inefficiencies are large enough to offset benefits, even if it offers somewhat higher quality, Blank said. Problems of patronage and corruption can create inefficiencies, and poor public management can affect quality of services. Two other factors are of growing significance: an erosion of public trust, when government cannot attract any more caring employees than the private sector, and an erosion of market power, when government may not be able to hire committed high-quality workers at lower wages.

"Arguably, both of these things have happened in recent years, perhaps providing one reason for the increased interest in greater private provision of social services," Blank said.

**Pros and Cons of Private Provision.** Concerns about agency are prevalent in the debate over private provision of social services, said Blank, who believes there are "real questions about whether parents can make the best schooling decisions for their children, whether individuals can make appropriate long-term savings decisions for retirement, and whether long-term welfare recipients will seek economic self-sufficiency."

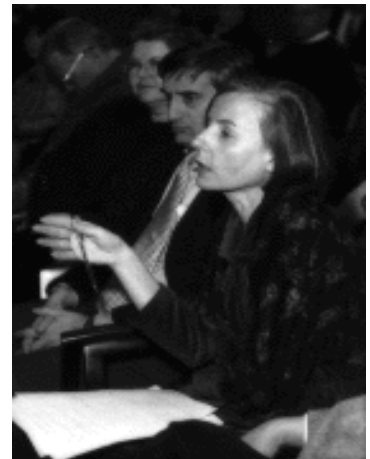
She also suggests there may be an efficiency/quality trade-off in providing social services. If quality cannot be observed or incorporated into the decision-maker's behavior, there is danger that the private sector may produce services at lower price as well as lower quality. However, Blank thinks the private sector could develop observable quality measures over time. She also sees some circumstances in which private ownership and management can effectively balance both efficiency and quality concerns.

### Summing Up.

Though she made no recommendations for public versus private provision of social services, Blank offered some possible guidelines: "If quality is readily observable, the government can regulate private providers to assure that

standards are met. But when standards are difficult to observe or when the recipient is not the decision-maker, government ownership may be preferable—unless private market providers can credibly signal their quality level."

Having laid out her arguments on both sides of this issue, Blank concluded that "there are a number of areas where the direct government provision of social services is not obviously worse than, and—along at least some dimensions—may be better than more privatized arrangements."



*Penelope Peterson, Dean of the School of Education and Social Policy responds to Blank's remarks. Northwestern Economics Chair Joel Moykr (left) listens attentively.*

## Economic Surge Smooths Path for Welfare Reform

“We have been incredibly lucky. We have had the strongest labor market in 30 years at exactly the time we decided to push more low-skilled people into the labor market.”

This was the current assessment of federal welfare reform rendered by **Rebecca Blank** in a talk delivered to IPR students and faculty February 22. Blank, currently serving on the Council of Economic Advisers, was among those skeptical of the Personal Responsibility and Work Opportunity Reconciliation Act passed by Congress in 1996 that abolished AFDC and established TANF block grants for states.

Like many others, Blank has been surprised by the “amazing economy” the United States continues to enjoy. “This is the best economic environment we could possibly have had in which to implement this welfare reform bill,” she said. She cited the 4.3% unemployment rate—at its lowest level since 1967—and low inflation, averaging 2.2% in 1997 and dropping even lower in 1998. Another encouraging sign is that wages for low-skilled workers, which fell steadily from the late 1970s through the mid-1990s, have turned up sharply in the past two to three years. Young black men’s wages rose 7% in real terms in 1998 alone.

**State Innovation.** States have been surprisingly speedy and innovative in the welfare-to-work programs they have designed, Blank said. And because of the strong economy, they have been able to focus on implementation and management issues rather than economic concerns. This is not just true of reform leaders like New York and Wisconsin, but of states like Arizona and Tennessee as well, she said.

“*States are awash in TANF money.*” The decline in caseloads by over 4-million since 1994—the largest drop in history—has produced a windfall for states, who have much more welfare money than they know what to do with, Blank pointed out. Part of the reason is that states are getting block grants predicated on their funding levels of the mid-1990s, when caseloads were considerably higher.

Only about a fifth of the drop in caseloads can be explained by the economy, however. Blank also credited shifts in states’ sanctioning policies and case management, behavioral changes among eligible populations who are no longer seeking welfare, the Earned Income Tax Credit (EITC), and a rise in the minimum wage.

“The EITC is the largest income support program for low-income families that the country operates these days,” Blank said. (Unlike traditional welfare, it is only available to workers.) She pointed out that for a single mother with one child, the maximum subsidy has gone up by 87% in the last ten years; with two children, the rise is a whopping 210%. “This has had an enormous effect in terms of making work pay, and accounts for huge increases in labor market participation,” she said.

These results have produced an abundance of unanswered questions that Blank urged researchers to study:

- ◆ What will happen to today’s new workers over time, or when the next economic downturn comes? Blank thinks the slowdown in the world economy has been very good for

the U.S. economy: it has kept inflation low, cooled down an economy that was beginning to overheat, provided a reason for the Fed to ease up on interest rates, and almost surely extended the expansion. There is no question that a downturn would start turning around some of these numbers, she said.

- ◆ If so, how can we guard against the worse cases of another recession? Blank thinks attention should be paid to reforming the unemployment insurance system so more of the ex-AFDC participants who get jobs and then lose them have some sort of short-term support.

- ◆ What is happening to wages at the bottom of the labor market? Are recent increases a sign that wage inequality is lessening, or is this purely a cyclical phenomenon? If the latter, these trends could be reversed.

- ◆ How will the changes in rules affect welfare recipients? Are the shifts in behavior permanent? What is causing them, and what would cause them to turn around? What will be the effects of time limits and sanctions?

- ◆ How do you help fathers? “This is a hot topic right now,” said Blank, who suggests that one route may be through new forms of rehabilitation in prison.

“We need to do a lot more state-specific work than we did in the past,” she advised. “Researchers must find ways to effectively describe these state programs quantitatively to measure relative success.”

### Protest Honored for Justice Work

As the *New York Times* noted in a Sunday editorial against the death penalty, “no system that requires college students to provide justice can be called functional.” It was referring to the work of **David Protes** (IPR-Journalism) and his Medill students whose investigative work led to freedom for four innocent Death Row inmates in the past three years.

Their most prominent success, the notorious Ford Heights Four case, is recounted in *The Promise of Justice*, a co-authored work by Protes and Rob Warden. The 1998 book has received the Investigative Reporters & Editors (IRE) Medal Award and was nominated for a Pulitzer Prize. The widely publicized efforts of Protes to expose miscarriages of justice and rally support to repair the criminal justice system has been recognized with awards from the ACLU of Illinois, the Southern Center for Human Rights, and the University of Chicago’s School of Social Service Administration.

Starting this summer, Protes will continue this work as co-director, with Northwestern law professor Lawrence Marshall, of a new Center for Wrongful Convictions and the Death Penalty to be housed at Medill and the Law School. The Center will strive to identify possible miscarriages of justice, expose cases that led to wrongful convictions, publicize the plight of the wrongfully convicted, and engage in advocacy to right legal wrongs.

## Community Policing (continued from p. 1)

especially true of district management plans for allocating resources and improving problem-solving at the neighborhood level—important steps in CAPS development that didn't get far off the ground.

Though the rate of programmatic innovation slowed, the CPD and city government have made significant structural changes to accommodate CAPS, the report found. Community policing and problem-solving are now integrated into the department's recruit training, and virtually all city departments have been re-engineered to ensure they can be responsive to service requests filed by police officers.

"Chicago has managed to carve out a meaningful role for the key players in problem-solving policing—the community, the police, and city services—and engage them as well. The public's sustained involvement and interest has eluded many other police agencies," notes principal investigator **Wesley G. Skogan** (IPR-Political Science).

The report is the fifth in a series examining community policing in the city. "Community Policing in Chicago, Years Five-Six: An Interim Report" describes community activist attitudes about CAPS progress; the effectiveness of the city's marketing campaign aimed at raising program awareness in the neighborhoods; and the extent to which program components are being implemented. It also delineates a new community organizing initiative that aims to rebuild the capacity of city neighborhoods to resolve their problems.

CAPS was instituted in 1993 in five experimental districts. In autumn 1994, coordination of city services, officer training, and new dispatching procedures began to be introduced in police districts throughout the city.

Following are highlights of the findings in years five and six of the evaluation:

- ◆ Recognition of CAPS has grown from 53% to 79% since 1996. It increased the most among young adults, and the least among older Chicagoans and Spanish speakers. Gaps *between* groups have not been erased, however. The largest cleavages are between high school graduates and those with less education, between English and Spanish-speakers, and moderate- versus low-income people.

- ◆ Television is the greatest source of information about the program; in 1998, nearly 40% of Chicagoans recalled hearing about CAPS on television, a figure that has risen from 16% since 1996. Word of mouth, posters or signs, brochures, flyers, and newsletters, also showed noticeable increases.

- ◆ Involvement continues to be strong among some of the city's poorest, most crime-ridden, poorly educated communities, and highest in areas with high levels of violent crime.

- ◆ Overall, 14% of Chicagoans said they attended a beat meeting during the past year and thought them productive. Evaluators, however, found the meetings weak at finding solutions to problems. Most actions were proposed by police rather than residents, and the percentage of meetings at which solutions were discussed actually declined between 1995 and 1998. Residents were ineffective at reporting about their recent problem-solving efforts, volunteers were seldom recruited, and residents rarely left a meeting with a clear commitment to action.

- ◆ Community activists from throughout the city were generally satisfied with the program. Substantial majorities think the police are effectively fostering resident involvement, and believe their district commander and advisory committee are effective.

- ◆ Police officers who attend beat community meetings also found the meetings effective and well-attended, and nearly all felt welcomed by the community members.

- ◆ A new community organizing initiative that aims to strengthen the problem-solving ability of neighborhoods has considerable work ahead. The city's CAPS Implementation Office is coordinating the efforts of about 40 organizers in about 90 target beats throughout the city. Nearly all residents of the targeted areas—disproportionately low-income, and poorly educated—were pessimistic about the quality of police service in their community. They thought police were not doing a very good job at controlling crime and disorder, and were not particularly responsive to resident concerns.

- ◆ The impressive pace of innovation has moderated. The lack of a sworn manager with line authority within the organization seemed to shift the program's gears into neutral. Progress in rectifying deficiencies in the department's planning process and the development of new organizational processes also suffered.

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In recent months, however, the department has moved to rectify the situation. It has created a new senior management team with explicit responsibility for pushing CAPS implementation forward, and a senior police official now shares co-directorship of the program with an experienced civilian executive. Commanders who demonstrated their ability to implement the program have been given new, higher level responsibility for the program.

*The report is available free of charge from the Illinois Criminal Justice Information Authority, 120 South Riverside Plaza, Chicago, IL 60606 (312-793-8550). The study is funded by the Illinois Criminal Justice Information Authority, the U. S. Department of Justice, and the John D. and Catherine T. MacArthur Foundation.*



*Members of the CAPS evaluation team (L to R): Jennifer Comey, Susan Hartnett, Jill DuBois, Wesley Skogan, and Erik Gudell*

## Heed Public on Social Security, Study Advises Policymakers

When it comes to “fixing” Social Security, politicians should pay close attention to the American public. Collectively, public preferences have been consistent for decades—and most of them are likely to stay that way.

That’s the premise of a new working paper by political scientist **Benjamin Page** who finds the public’s policy preferences about Social Security are generally quite stable and consistent, and form coherent patterns that reflect basic American beliefs and values.

His analysis, based on scores of opinion surveys from recent years, provides some guidelines for policymakers about what’s popular, what policies have no chance of public support, and what they can do about all this.

The “extraordinarily broad support for the Social Security system” has varied little for decades, Page points out. Yet, for many years Americans have been far from sanguine about the program’s future and believe that major changes are needed to guarantee its future financial stability. They also draw clear lines about how *not* to effect those changes:

“Benefit cuts of any sort will be a very hard sell,” says Page. This applies to direct across-the-board cuts in benefit levels, as well as less direct cuts that would slow down cost-of-living adjustments (COLAs) or extend the retirement age. All but two of 18 surveys during the past two decades have found majorities opposed to extending the retirement age.

“The idea of wholesale privatizing—or making the Social Security system voluntary—is very unpopular and not politically feasible,” says Page. “This idea would probably sink any major political figure who openly espoused it, just

as it damaged Barry Goldwater in 1964. The only privatization proposals that seem politically feasible are those that involve partial privatization and compulsory participation.”

Substantial majorities, up to 69%, also oppose investing some Social Security trust funds in the stock market, reflecting a general distrust of government, Page said. He thinks this option might garner more support if means are built in to insulate investment decisions from political influences.

“One of the most popular of all social security reform proposals is to reduce the benefits of wealthy or well-to-do Americans,” says Page, either by increasing taxes or imposing new taxes on their benefits. Though raising payroll taxes for everyone else is highly unpopular, he detects some willingness to use general tax revenues to help shore up Social Security—if it is clear the money would be used for that purpose. Page thinks the public fears that government officials might mismanage, waste, or redirect the funds. Some surveys show support for individual retirement accounts—until risks and administrative costs are mentioned.

“So what’s a poor policymaker to do?” asks Page. He suggests they avoid less popular options, especially benefit cuts, and focus instead on alternatives such as raising caps on income subject to payroll taxes, or investing in equities.

They should also explore public opinion more fully about these measures, especially the merits of individually managed vs. government-managed equity investments. “The public is perfectly capable of accepting painful policy prescriptions so long as they are no more painful than necessary and so long as the necessity for accepting them is made clear by those whom citizens trust,” Page concludes.

*“Is Social Security Reform Ready for the American Public?” may be ordered from IPR’s publications department for \$5.00 or downloaded from our web site at [www.nwu.edu/IPR/publications](http://www.nwu.edu/IPR/publications).*

## Cook Sets GSA Aging Agenda For Twenty-First Century

“In the 20<sup>th</sup> century, the study of aging really came of age,” says IPR Director **Fay Lomax Cook**, who assumes the presidency of the Gerontological Society of America in November 1999 with an ambitious agenda for the new millennium. “We learned so much about the aging process and instituted such important new policies as Social Security, Medicare, and the Older Americans Act that we have a strong base on which to stand as we enter the next century.”

Longevity has increased dramatically over the course of the 20<sup>th</sup> century with average life expectancy today 76 years, compared to 47 years in 1900. “Research has taught us a tremendous amount about the aging process as well as about the factors that can increase our physical, mental, social, and financial well-being,” she says.

Cook has chosen the theme of “Linking Research to Policy and Practice: Lessons Learned, Task Ahead” for the GSA annual meeting in November 2000, the nation’s largest interdisciplinary scientific meeting on aging research. At the conference, she plans to emphasize how much has been learned through research and the ways it has affected the nation’s programs, policies, and practices. But she will also

challenge its 5,500 members to address some lingering research questions about the elderly.

Chief among them is the issue of women’s poverty. Though the poverty rate among the elderly has decreased dramatically from 33% in 1960 to just over 10% today, it disproportionately affects women, many of whom have interrupted careers for child-raising and receive less in pensions or Social Security. Cook says other central issues emerging from the waning years of the century include conquering age-related diseases such as Alzheimer’s, long-term care for the elderly, intergenerational programming, and public education to encourage healthy lifestyles and successful aging.

With the aging of baby boomers, she predicts the next century will see much healthier, more active older persons. Yet there is still no national long-term care policy. “We need to address how we can better enable people to age with dignity and grace in their homes and communities,” she says.

Cook also wants the nation to consider older people as a national resource, a concept that is beginning to surface on the public agenda. Expanding intergenerational programs would help achieve this goal, she believes.

# Communities Strive for Health the ABCD Way

In Saginaw, Michigan, medical and nursing schools have revised their curricula to train nursing and medical students in community health promotion. A South Bend, Indiana, hospital system is tithing 10% of its profits to invest in community health programs. And 19 counties in northern California are developing local initiatives to promote child health.

These are among dozens of health-related programs springing up around the country that are utilizing the asset-based community development strategies of the ABCD Institute. They give credence to the growing recognition that treatment is an incomplete route to good health.

“More and more people are recognizing there are limits to institutional diagnosis and treatment of sickness,” says ABCD Institute co-director **John Kretzmann**. “They are seeing the power of local communities to produce health by building social networks, economic well-being, and environmental wellness.”

Kretzmann’s co-director, **John McKnight**, has been involved with health promotion for 25 years, and was a founder of the Healthy Communities Movement. Since his early work with public health nurses, McKnight has observed a burgeoning interest among health professionals in producing health. Their thinking has evolved from prevention, which tends to be focused on unhealthy behaviors and risk factors (e.g., teen pregnancy and auto accidents), to creative community health promotion.

McKnight says health institutions (hospitals and agencies) comprise the biggest continuing demand for help in adopting asset-based approaches. They want to become closer to communities in an effort to produce health, and, not incidentally, their own institutional

economic stability, he observes.

Currently, at least four major thrusts in health promotion are advancing under ABCD tutelage:

◆ The American Academy of Pediatrics (AAP), through its five-year-old CATCH program, is funding pediatricians to develop plans to promote community health for children. Carol Pandak of AAP and McKnight have jointly produced “New Community Tools for Improving Child Health: A Pediatrician’s Guide to Local Associations.” AAP is currently distributing 10,000 copies of this booklet to people in the medical professions. The guide

## Kretzmann Brings ABCD “Tools” To Middle East

At the invitation of the United Nations, ABCD co-director **John Kretzmann** was off to Cairo in early June to guide its non-governmental organizations (NGOs) in using ABCD “tools” to stimulate community development. His mission was to help them analyze local resources they can utilize in this process. Kretzmann’s trip was arranged after **John McKnight** briefed the staff of the Division on Poverty and Sustainability of the UN Development Program about the economic development methods that have emerged from his research. “This marks a turnabout in the traditional UN approach to assessing and addressing needs and deficiencies,” says McKnight, who believes the UN hopes to apply these techniques to cities in other developing countries around the world. “We are increasingly interested in facilitating international dialogue about the most effective community development approaches,” adds Kretzmann. “The United States has a lot to learn from developing countries.”

shows how neighborhood associations can play a vital role in promoting child health in local communities.

◆ Health Forum, recently folded into the American Hospital Association, is a national organization devoted to community health and getting health systems and professions to focus on health promotion. It convenes conferences on health innovations and sponsors an annual class of Health Forum Fellows, professionals from medical

institutions in North America. In more than six years of keynoting at these conferences and training these fellows, McKnight and Kretzmann have introduced asset-based thinking widely. As one step in this process, fellows were trained to develop inventories of hospital assets that could be used to foster community health.

◆ The Sierra Health Foundation began a project five years ago, guided by McKnight and coordinated by Diane Littlefield of the Center for Collaborative Planning, to improve child health in 19 counties of Northern California. Its purpose was to offer

funding, training, and support to small, rural communities to design their own local initiatives promoting child health.

McKnight trained groups within each community to use research in identifying community assets that could be involved in this effort. A wide variety of initiatives has resulted.

◆ A portion of England’s new lottery funds are designated for special projects aimed at developing and improving 100 of England’s poorest communities. One major effort is to create Healthy Living Centers in each locality, using ABCD ideas for finding and mobilizing community assets. These centers would provide support, resources, and

space for community organizations, economic development groups, and health and wellness facilities.

Kretzmann, who has been advising various British government groups on this project, plans to work this summer with several Liverpool communities who are engaged in asset-based community health production. This fall, he will address a national gathering of public health officials in Manchester, England.

## Savannah Study Shows Cities How to “Lead by Stepping Back”

In *City-Sponsored Community Building: Savannah’s Grants for Blocks Story*, IPR research associate **Deborah Puntenney** and Henry Moore, former assistant city manager in Savannah, Georgia, report on an innovative small grants program that has successfully engaged Savannah’s citizens in rebuilding their neighborhoods. The Grants for Blocks program enables residents of Community Development Block Grant (CDBG) neighborhoods to initiate and implement their own community-improvement projects. It provides a simple mechanism for local people to become involved with their neighbors, to develop and improve relationships with the city, to acquire and utilize new skills, and to take an active role in building their own visions for their community.

Residents are encouraged to be creative in their inter-

pretation of “neighborhood improvement.” Some turn to beautification and landscaping; others run workshops, organize neighborhood festivals, or cultivate neighborhood pride. From the beginning, the city turned over control of the program to residents—a key ingredient for achieving sustained neighborhood improvement—and it continues to provide staff support if residents request it.

Since its origins in 1993, the program has increased resident participation in neighborhood activities, empowered citizens and local associations to initiate and carry out small neighborhood improvement projects, fostered cooperation between residents and city departments and staff, and identified and trained new local leaders.

The workbook describes the program’s history, operation, and outcomes. It offers perspectives from neighborhood participants, city staff, and city officials, and shares lessons learned in Savannah about the process of developing and administering such a program.

## Good News-Making Guide for Local Residents

“Some way, somehow, the media and citizens are missing each other,” observes Byron P. White, community relations manager of the *Chicago Tribune*.

In a new ABCD Institute workbook, White pinpoints the disaffection of local residents with the way newspapers cover their communities and offers a series of strategies designed to put citizens and reporters back on the same page.

For newspapers it’s a matter of economics. According to White, papers have suffered a decline in readership from 64.8% in 1987 to 58.3% in 1997. Competition from the Internet, a rash of niche magazines, and cable television is siphoning off their audience.

In their scramble for new readers, news agencies are beginning to pay attention to the increasingly diverse ethnicity of metropolitan areas. Some are taking steps to connect with these readers and elevate their voices in the paper.

Thus the time may be ripe for residents to respond. In the three-part guidebook, White lays out some ideas.

**First Steps.** For starters, he says citizens must reconcile their desires with the newspaper’s own interests and goals. This entails some homework to learn the mission of their newspaper, the kinds of stories it runs, and who writes them. They must then decide what stories they want to read about their communities, find an “angle” that will attract a reporter, and make a case about the possible impact of such an article.

As a case in point, White quotes a study by ABCD co-director **John McKnight**, who queried community leaders in the low-income Austin neighborhood of Chicago about the types of coverage that would interest them. They opted for stories about how citizens made a difference, how local events came about, and about the everyday actions of residents that could help them connect to their neighborhood, the city, and the world beyond.

There are many avenues for making local voices heard,

White advises. Today, newspapers run guest columns, opinion polls, neighborhood sections, special issue sections, and web sites. Some sponsor focus groups or even town hall meetings where citizens can vent their concerns.

In turn, citizens can help speed the flow of information and nurture contacts with reporters. White suggests community leaders set up mechanisms to help the papers gather neighborhood news. Residents might assemble a community resource guide, complete with names and phone numbers of local “experts,” institutions, and associations. They could create a neighborhood news bureau or hold periodic community information sessions for reporters. And they could be tutored to monitor local coverage and learn how to handle themselves with reporters.

The workbook also contains a case study of some 15 to 20 low-income Toronto neighborhoods that gives credence to White’s strategies. A group known as the Coalition Against Neighbourhoodism (CAN) banded together to fight their neighborhoods’ negative portrayals by local newspapers. They developed a Bill of Rights for fair-minded media treatment and an advocacy network to fight instances of negative coverage. They also taught residents how to deal with the media, produced videos showing more positive views of their communities, and set up mechanisms to improve local dialogue with reporters and editors.

With CAN’s support, researchers at the University of Toronto conducted a content analysis that documented a significant disparity in how the three major local newspapers covered disadvantaged and elite local neighborhoods. Results from that study are highlighted in the workbook.

*Newspapers and Neighborhoods: Strategies for Achieving Responsible Coverage of Local Communities and City-Sponsored Community Building: Savannah’s Grants for Blocks Story* may be ordered from ACTA Publications (1-800-397-2282), at \$9.00 each.

## High-Speed Network for Poverty Researchers

Next fall, scholars and policymakers plan to gather in Evanston to nail down the latest effects of the Earned Income Tax Credit (EITC) on the working poor. It would not be happening without the resources and determination that distinguish Northwestern University/University of Chicago's Joint Center for Poverty Research (JCPR).

Just 33 months into its mission, JCPR is moving at high speed to promote and disseminate the best of the nation's poverty research while it coordinates a far-flung network of research affiliates, trains graduate students, and seeds new studies by junior scholars and faculty. Through a blizzard of conferences, policy briefings, workshops, information sessions, working papers, newsletters, and electronic media, it has captured a national audience of academics, policy-makers, and agency staffers anxious to understand the causes and effects of poverty and find ways to alleviate it.



*Susan Mayer*

JCPR was founded shortly before passage of the national welfare reform law in 1996 that effectively turned responsibility for public assistance back to the states. The timing also gave the center a key role to play in keeping scholars and policy-makers up to date in this fast-changing field.

**Young Scholars.** As part of its training mission, JCPR now supports 15 junior scholars a year through small research grants from the Department of Health and Human Services, the Census Bureau and, most recently, the Department of Agriculture. It also mentors two young visiting scholars annually, one at Chicago, and one at Northwestern. Some have opened new doors for the core poverty researchers.

"We are bringing together research areas sometimes not thought of as poverty research," says JCPR Director Susan Mayer, an associate professor at the Harris School. She points to the work of current visiting scholars Annamaria Lusardi at Chicago, who studies savings behavior, and Sheila Murray at Northwestern, who specializes in educational financing. Neither is a mainstream poverty issue, but both could be important to understanding poverty. "Poverty is not synonymous with social welfare benefits," insists Mayer, who expects issues such as education and mental health to become increasingly important to researchers concerned with poverty issues.

JCPR Deputy Director **Greg Duncan** credits both the Poverty Center and the teaching resources at the two universities for the breadth of training received by JCPR graduate fellows. The Northwestern students who worked on

the New Hope evaluation (see p. 9), for example, were trained in both qualitative and quantitative methods in human development, economics, and sociology. This diverse background positioned them well to analyze program effects, and they enriched the study by providing ethnographic data as well as statistical analysis, Duncan said.

**Conferences.** Duncan is equally pleased with how well JCPR has advanced research through its conferences. Not only are there more (six in this academic year alone) than JCPR committed for, but he says they afford an opportunity to bring in the best people to write papers on focused topics.

A case in point is a major conference that he and University of Chicago developmental psychologist Lindsay Chase-Lansdale will host in Washington DC next September on State Welfare Reform and the Well-Being of Low-Income Families and Children. It is timed for early evaluations of the effects of Temporary Assistance to Needy Families (TANF). "We want to go beyond the usual caseload and labor supply data to understand the impact of welfare reform on families and kids," said Duncan. "Are families better off? Are kids worse off? We hope for the best, fear the worst, but we urgently need to know."

A dozen papers have been commissioned and 125 people are expected to attend the conference. "These are totally new papers that would not have been written otherwise," says Duncan, "papers that provide an interdisciplinary and highly policy-focused approach to particular topics." Among those to be covered are the New Hope findings and early results from a three-city study of the impact of welfare reform on children and youth.

Similarly well-timed is a large conference on Economic Incentives and Income Support Programs that JCPR plans for November 2000. It will coincide with the national debate on reauthorizing TANF.

Well aware that poverty is not confined to central cities, JCPR will hold a conference on Rural Poverty and Welfare Reform next May. "Rural people may actually suffer more than the urban poor because there are fewer jobs in rural areas and bigger transportation needs," says Mayer. "Yet this field has been underappreciated because we've been so focused on urban poverty."

Proceedings from three of JCPR's commissioned conferences are available on its website and may soon appear as books. The Upjohn Institute is publishing the papers from a conference on Welfare Reform and the Macro-Economy, and the Russell Sage Foundation is reviewing the papers from last November's conference on Labor Markets and Less-Skilled Workers.

JCPR is publishing proceedings from an Illinois Welfare Reform symposium held last December both as a book and on its web site. All the sessions were recorded and transcribed by University of Chicago graduate students.

A special issue of the *Journal of Public Economics*, edited by **Bruce Meyer** (IPR-Economics), will contain the papers from a conference on tax and transfer programs that Meyer is putting together for next November. While review-

ing papers submitted for the conference, Meyer discovered such a wealth of excellent papers on the EITC that he was impelled to organize a separate conference on that topic alone. JCPR jumped on the idea and both worked quickly to secure the necessary funding. The conference is planned for October.

**Reaching Out.** Communicating outside the academic community has been an eye-opener for JCPR director Mayer, who “thought we’d be talking in empty rooms” when they went to Washington for policy briefings. Instead she has seen a thirst for new knowledge “about what works and what doesn’t” from agency personnel, congressional staffers, and others involved in the policy process. And it’s a two-way street. “We are not getting standard academic questions,” says Mayer, who believes “we have all benefited from being at the same table.” “Many many people come to these presentations,” concurs Duncan, who thinks JCPR has successfully bridged the gap between academic researchers and “those who are eager to know.”

## ***New Hope Holds Promise for Families***

An experimental anti-poverty program in Wisconsin that offered cash subsidies and health and child care benefits to poor families who entered the workforce has had some surprisingly beneficial effects on family functioning and boys’ behavior and aspirations.

Comparing 679 families enrolled in Milwaukee’s New Hope Project with 678 control families, researchers found a pattern of advantages for New Hope boys. Teachers reported significantly more positive and less problematic social behavior as well as higher academic achievement. The boys expressed higher expectations of attending and finishing college and getting good jobs.

These findings emerged from a two-year evaluation of New Hope by the Manpower Demonstration Research Corporation. JCPR deputy director **Greg J. Duncan** and an interdisciplinary team from the MacArthur Network on Successful Pathways Through Middle Childhood looked at the child and family effects.

On average, New Hope parents were more hopeful and received more practical advice and emotional support from social service programs. They made greater use of child care arrangements and after-school activities for boys and were more involved in their children’s activities than the control group.

New Hope drew its participants from two of Milwaukee’s poorest communities—one predominantly black, the other primarily Hispanic—whose incomes were at or below 150% of the poverty line. It provided benefits to participants who worked at least 30 hours a week. Those who could not otherwise find work were offered temporary full-time minimum wage community service jobs for six months.

Duncan thinks the additional resources freed up parents, some of whom had been working two jobs or significant overtime, to arrange for more supervised activities with their children. This may have helped keep the boys out of trouble.

“If these findings hold in the five-year follow-up study, there could be huge potential benefits,” he says. “It may redirect program designers to consider not just the labor supply questions, but what is happening to families and to kids under welfare reform.”

*The paper, “Can Anti-Poverty Programs Improve Family Functioning and Enhance Children’s Well-Being?” may be downloaded at [www.jcpr.org](http://www.jcpr.org).*

The MacArthur Foundation has awarded JCPR a four-year grant of \$350,000 to disseminate poverty research to state and local policy audiences. One of its most successful initiatives has been a series of information sessions, now held monthly at the Gleacher Center in Chicago. These feature academic researchers who present their latest work over lunch to intimate groups of journalists, policymakers and advisors, advocates, and foundation program officers.

Speakers have covered issues that ranged from concealed gun-carrying laws and crime to why people are not saving for retirement. In recent sessions, Meyer presented his own research on the effects of the EITC, IPR Director **Fay Lomax Cook** spoke about the new politics of Social Security, and Duncan offered new findings from the New Hope evaluation.

“We feel quite solid with our national audience and with Chicago and Illinois audiences. Reaching out across states is our new push,” says JCPR Communications Director Julie Balzekas. One route to state officials may be through annual

and regional meetings like the National Governors Association. JCPR also plans to help disseminate relevant findings from JCPR researchers at a session on “The Chicago Face of Poverty and Welfare Reform” at the August meetings of the American Sociological Association.

**Electronic Media.** JCPR is now well-wired into cyberspace. It has a listserv audience of 1200; its extensive web site ([www.jcpr.org](http://www.jcpr.org)) averages 14,700 user sessions a month; and its rapidly growing stable of working papers averages 3500 monthly downloads.

The National Welfare Information Network is planning a new web site for the state of Illinois that may become a model for other states. JCPR plans to create the research section for the site, which may also post data on welfare recipients as they are gathered by the new Illinois Consortium on Welfare Reform (see p. 1).

“We are just now hitting our stride,” says Mayer. “It takes a ton of effort to get going. Bringing people together to talk about their research, doing new research and communicating it, rely on good networks of people and building a reputation. We’ve now gotten to a place where we can accomplish the mission that we established in the beginning.”



*Greg Duncan*

# Policy Perspectives

by Joseph P. Ferrie

## *A New U.S. Immigration Policy for a New Millennium?*

The debate over immigration policy, like some perverse perennial that blooms only when the weather takes its annual turn toward winter, has lain dormant for much of the seven years of the nation's current economic expansion. But it will no doubt bloom once again when the current boom has run its course. And that's unfortunate. The time to



discuss issues of profound national importance is not when passions are inflamed by the inevitable stress of a downturn in the economy, but rather when historical perspective, serious scholarship, and considered judgment make it possible for us to take a longer term view. That time is now, rather than two or three years from now.

The current crisis in Kosovo provides a convenient context in which to frame some of the principal issues involved. For example, what would be the consequences of accepting into the U.S. *all* of the Kosovar Albanians displaced from their homeland? What if we were to go even further and abolish *all* restrictions on immigration into the United States? Though such policies are politically infeasible, considering them for a moment might make clear both the costs and benefits to the United States of its current immigration policy and the areas in which reasoned adjustments ought to be made.

The United States has had a long historical experience with immigration. Most of that experience (132 years—nearly two-thirds of the time since 1789) was of almost completely unrestricted immigration, the only exceptions being the Chinese Exclusion Acts of the early 1880s and the imposition of the Literacy Test in 1917. Several episodes in that experience (the middle 1850s, the early 1880s, and the first decade of the twentieth century) were characterized by rates of immigration (the number of immigrants per thousand U.S. residents) that dwarf anything seen in the nation's recent experience. That historical experience also witnessed the settlement of a large fraction of immigrants in the nation's cities, their rapid accumulation of human and finan-

cial wealth, and their gradual assimilation into the nation's larger culture. The impact of these waves of immigration on U.S. workers was quite limited: in the 1850s, only native-born craft workers in the urban Northeast suffered from their arrival, though by the early 1900s there is some evidence of slightly more distress and a political realignment against open immigration policy that culminated in the imposition of the Quota System in 1921.

Though rates of immigration over the last three decades have never reached half of the peak rates achieved in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, we now have a copious scholarly literature on the costs and benefits of immigration in the contemporary United States. Under the aegis of the National Research Council, a nonpartisan affiliate of the National Academy of Sciences, a team of researchers spent two years assembling the latest research on immigration. Their work, summarized in *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration* (National Academy Press, 1997), edited by James P. Smith and Barry Edmonston, provides little comfort to those who support more restrictive immigration policies today. This study finds that immigration produces net economic benefits of up to \$10 billion per year for U.S. residents (and virtually no discernable adverse impact on the earnings and employment of U.S. workers), net long-run fiscal benefits at the federal level and for all but a handful of states (with immigrants paying more in taxes over their lifetimes than they draw in social benefits), and rapid social assimilation.

When coupled with the additional benefits immigration could provide if the U.S. economy exhibits increasing returns to scale in the aggregate (rather than constant returns to scale as the relatively conservative projections in *The New Americans* assumed), and if the arrival of large numbers of prime-age workers helps alleviate permanently or postpones significantly the coming shortfall in the Social Security system, these findings suggest that the nation should be considering a *less* restrictive immigration policy, rather than one that *excludes* large numbers of workers from whom the nation could derive significant benefits. These calculations are made only from the perspective of the U.S. population. If we factor in the benefits that immigrants themselves derive from coming to this country, an even stronger case can be made for a less restrictive immigration policy. The United States could clearly absorb the entire Kosovar Albanian refugee population with little difficulty, and many more immigrants in addition. The only question is how many more? Perhaps the question we can most fruitfully ask at the start of the 21<sup>st</sup> century is not whether immigration policy is too lax, but instead whether in a world of increasingly free trade and globalization, there are sound reasons for having any restrictions on immigration at all.

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*Joseph Ferrie is an associate professor of economics at Northwestern and an IPR faculty fellow. He is the author of 'Yankees Now': European Immigrants in the Antebellum U.S., 1840-60 (Oxford, 1999), and Southern Paternalism and the Rise of the Welfare State (Cambridge, 1999).*

## Chicago's Comer Schools Outperform Controls In Three Major Areas

After four years, IPR researchers found that a closely watched reform experiment in 10 inner-city Chicago elementary schools—the Comer School Development Program—was outperforming other K-8 schools in three crucial areas: improving school climate, raising students' academic achievement, and reducing negative social behavior. This was accomplished in a period when Chicago schools were generally improving in both climate and academic achievement.

The report, issued last fall, revealed that:

- ◆ Both students and staff saw improvements in the academic climate in Comer schools relative to control schools, and students rated the social climate as better.
- ◆ Reading and math scores improved by 3 to 5 points more than the control schools on standardized national tests over four years.
- ◆ Student reports of mischievous and delinquent behaviors showed steadily declining trends relative to the controls on a measure that researchers have shown is related to criminal conduct in adulthood. Buttressing these results, Comer students experienced less anger and better control of their anger relative to control schools and reported they were becoming more conventional in their beliefs toward misbehavior and delinquency.

The student effects are an unusual combination, said **Thomas D. Cook** (IPR-Sociology), who directed the evaluation. He pointed out that few school reforms target both academic performance and behavior modification and it is very rare to see both effects come about.

The Comer Program was designed by Dr. James Comer at Yale and first implemented in several New Haven public schools in the 1970s. By 1990, 70 schools nationwide had implemented the program, and by 1995 it had been adopted in 563 elementary, middle, and high schools in 80 school districts throughout 22 states.

The program is based on the idea that a wide range of student outcomes can be enhanced by improving the interpersonal relationships and social climate of a school prior to enhancing its focus on academic achievement. It encourages each school to determine its own academic and social goals and emphasizes a spirit of collaborative working relationships, trust, and respect among its adults.

Assessing the significance of the findings, Cook said, "In many respects, Chicago schools are already on an upward-moving escalator, but the Comer schools are outpacing even the escalator. Achievement and acting-out results are each quite large for what educational interventions typically attain, and taken together they are even more socially important."

The researchers evaluated the impact of the Comer

program on more than 10,000 5th-through-8th-grade students over four years. Students were low-income and predominantly African-American, Latino, and Asian. Ten Comer and nine control schools voluntarily participated in the evaluation. They were randomly assigned to Comer or control groups.

Data for the study's cross-sectional and longitudinal analyses were drawn from responses to a series of detailed surveys by students, teachers, and other staff in Comer schools. These were compared with responses from the nine control schools. However, many of the latter were also "becoming somewhat more Comer-like" over the study period as Chicago's central school administrators were stressing decentralized methods of administration and planning as well as academic achievement.

Comer students and teachers both came to see academic climate as improving: Teachers said they made more efforts to motivate their students and felt more efficacious in the classroom while students said their teachers were doing more to encourage them to achieve and felt their classmates were more accepting of school values.

While the Comer program seems to have reduced negative behaviors, it did not improve positive behaviors (i.e., engaging in activities adults consider worthwhile, such as after-school sports, clubs, or doing homework). Nor did it have positive benefits on mental health measures.

The investigators are less sure of the reasons for these findings. They speculate that the system-wide push to improve school management and academic achievement undoubtedly affected all Chicago schools, perhaps providing a favorable climate within which reform efforts like the Comer model are more likely to be effective. Another possible factor was the decision by Youth Guidance—a social service agency for at-risk youth whose social workers acted as Comer school facilitators—to pay more attention to curriculum development in the last three years of the evaluation. Its counseling skills also may have contributed to the decline in students' "acting-out" behaviors.

The report, "Comer's School Development Program in Chicago: A Theory-Based Evaluation," was written by Cook, **H. David Hunt**, an IPR postdoctoral fellow, and IPR graduate fellow **Robert F. Murphy**. Funding was provided by the MacArthur Foundation and the Rockefeller Foundation.

"The Comer program changes schools in positive ways," said Cook, "but it does not lead to a radical transformation." The report recommended that studying more sites would enrich the evaluation and several more years of data collection could help determine whether these positive gains persist over time.

The Chicago report is the second in a series of empirical and ethnographic studies of the Comer program. The first found no significant effects of Comer in the more middle-class minority middle schools in Prince George's County, Maryland (PGC). Cook says the PGC findings were based on just two years of exposure during middle school, perhaps too short a span for impacts. Also, its implementation was not as academically focused as Chicago's eventually became.

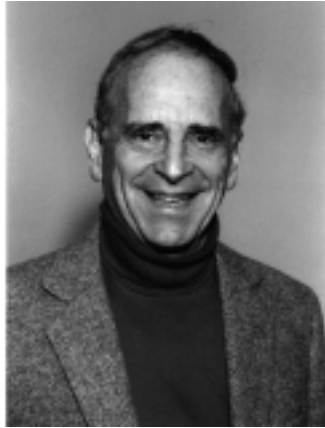


*Thomas Cook*

## Weisbrod Aims Wide-Angle Lens On Nonprofit Behavior

The Andrew W. Mellon Foundation has awarded a three-year grant of \$440,000 to **Burton A. Weisbrod** (IPR-Economics) to study the behavior of nonprofit organizations and their complex relationships with private firms and government agencies.

Weisbrod is undertaking a series of related projects that should contribute to both theory and measurement of nonprofit behavior. He hopes to develop generalizations about the similarities and differences in the behavior of nonprofits, government organizations, and private firms in industries in which they coexist—such as colleges, hospitals, and day care centers. The studies will focus on incentive structures of executive compensation, factors determining charitable donations, provision of collective goods, tax accounting procedures as they relate to nonprofit organization taxable business activities, and conversions of nonprofits to for-profit status.



Burton Weisbrod

The funding will also underwrite a series of interdisciplinary research seminars that Weisbrod plans to organize next year on “Comparative Institutional Behavior and the Nonprofit Sector.” The sessions will bring together faculty and graduate students from various universities to advance research and increase interest in issues related to nonprofits. His goal is “to create an exciting regional community of scholars” that can meet periodically to share their work.

Much of the proposed research for the Mellon grant was stimulated by findings in Weisbrod’s recent book, *To Profit or Not to Profit: The Commercial Transformation of the Nonprofit Sector* (Cambridge University Press, 1998). The collaborative work explores the changing relationships among nonprofits, private firms, and government agencies, and the implications for public policy toward nonprofits. Among the projects underway:

◆ *Compensation Patterns of Top Management in Nonprofit, For-Profit and Governmental Organizations.* Weisbrod has reanalyzed and confirmed his earlier findings that nonprofit hospital chief executive and chief operating officers receive greater base salaries but far smaller performance-based bonuses than their for-profit counterparts; he also found this pattern does not hold true for other managers such as chief financial officers. He will compare this 1992 data to 1996 or 1997 data to see whether these differentials have changed, perhaps narrowed, over time in response to competitive pressures. He is also in the process of acquiring Chicago-area data on autopsies to learn the extent to which

nonprofit and for-profit hospitals differ in their provision of this socially desirable vs. privately unprofitable service.

◆ *Determinants of Charitable Donations.* This study, examining IRS Form-990 data, is concerned with the complex ways that donations to specific nonprofit organizations are affected, directly and indirectly, by fundraising and the crowding-out effects of revenue from commercial activity and government grants.

◆ *Provision of Collective Goods.* Weisbrod is analyzing data for more than 1,000 California hospitals over nearly 15 years to discover any systematic differences between for-profit, nonprofit, and public hospitals, as well as church-related vs. other nonprofits, in their expenditures for research, educational activities, and charity care.

◆ *The Causes and Consequences of Mission-Vagueness.* The mission of many nonprofit organizations is far from clear, which makes it difficult for researchers to identify an objective function against which to measure performance. Weisbrod is exploring the consequences of this fuzziness which, he hypothesizes, may increase the discretionary authority of the nonprofit CEO relative to that of private firms.

◆ *Future of the For-Profit Sector in Higher Education.* Weisbrod will test his hypothesis that long-term processes are underway that may change the traditional revenue structure of higher education and, indeed, the organizational structure of the industry. He foresees for-profit institutions taking on a larger role in providing undergraduate education, and increasing competitive pressure on public, and particularly on nonprofit, colleges and universities. One consequence may be the unbundling of potentially profitable teaching activities from unprofitable scholarly research—a process analogous to changes occurring in the hospital industry.

◆ *Mission-Related and Unrelated Revenue-Generating Activities.* Weisbrod will analyze data from a sample of nonprofits’ tax returns to understand how nonprofits generate funds through the interplay of their taxable (“unrelated”) and nontaxable (“related”) activities.

◆ *Consumer Choice.* Using state-level data from Wisconsin, this study, with IPR graduate fellow Jeff Ballou, is analyzing consumer choice between for-profit and nonprofit nursing homes.

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## Social Ties Open Credit Lines for Medium-Sized Businesses

Firms who forge strong social relationships with bankers have better access to capital and lower interest rates than firms who have only “arm’s-length ties.” When these social ties are lacking, “out-groups” such as women and minorities are more apt to be denied.

This was the message delivered by **Brian Uzzi** (IPR-Kellogg) to Federal Reserve chairman Alan Greenspan and some 400 economists, bankers, venture capitalists, and entrepreneurs at a conference March 8-9 in Arlington, VA.

Uzzi was one of 14 speakers at the two-day meeting organized by the Fed to address the problem of “Business Access to Capital and Credit.” The Fed was particularly concerned about minority access to credit and the effects of recent mergers on lending to firms with less than \$500-million in sales and less than 500 employees.

This understudied segment of banking, the middle-market, now accounts for over half the GDP and since 1970 has created two-thirds of the jobs compared to large firms.

Uzzi based his remarks on a study consisting of a national random sample of 2,400 medium-sized companies, fieldwork at 11 Chicago banks, and statistical analyses. His findings indicate that access to credit among these firms is embedded in the personal relationships they develop over time with their bankers. Such ties encourage bankers to seek more innovative deal structures and to favorably interpret ambiguous information about prospective performance.

“As the banker and the firm become friends, the bank is more motivated to go the extra steps,” says Uzzi. “Through a social relationship, the bank is privy to more unique private information about how a firm went about getting its profit, or how it thinks about problems. This can lead to

new ways to put debt together.” It does not mean banks are less prudent or lend money below prime. Instead, Uzzi’s study showed they split with clients “the mutual benefits created by social attachments and social networks, and share the potential profits that could be made from the loan.”

Women and minorities are much less likely to have these social ties. “The scripts we use for building social attachments are easiest between white males; this disadvantages women and minorities,” Uzzi says.

There is some evidence that banks are waking up to this. One Chicago bank has hired female “relationship managers” who are helping to attract female entrepreneurs. According to Uzzi, the bank has increased its loans to women by 20% over the past three years. African-American relationship managers, however, remain rare.

“Arm’s-length ties,” which afford firms market information freely available through public sources, are in and of themselves not nearly as effective for accessing credit, Uzzi’s study found. But when a firm has both arm’s-length and embedded social ties, “premium benefits” accrue.

Uzzi now plans to study how the large numbers of recent bank consolidations are affecting the way these social relationships operate. He will compare data from 1989, 1994, and 2000 to determine the impact of interest rates, new trends in credit scoring, and securitization of loans, as well as how access to capital is affecting the banks’ ability to retain and build long-term relationships around other services.

*Uzzi’s findings appeared in a 1998 IPR working paper, “Embeddedness and the Making of Financial Capital: How Social Relations and Networks Benefit Firms Seeking Financing.” The American Sociological Review will publish it in October.*

## Cocaine Control Studies Flawed, NRC Reports

Two studies that underpin much of the nation’s illegal drug policy are seriously flawed, according to a new National Research Council report released in April, which can be ordered online at [www.nap.edu](http://www.nap.edu).

The report challenged the credibility of a 1994 RAND Corporation study of cocaine control that has been used to justify increased funding for drug treatment programs. It also found “major flaws” in a 1997 Institute for Defense Analysis (IDA) study that has been cited by advocates of interdiction programs.

The NRC Committee on Data and Research for Policy on Illegal Drugs is chaired by **Charles Manski** (IPR-Economics). It was commissioned by the White House Office of National Drug Policy to do a broad assessment of data and research as a basis for developing a sound national policy on illegal drugs. Controlling this traffic currently costs the nation \$17-billion a year, and data collection on illegal drugs is scattered throughout the government.

In rejecting the IDA findings as a basis for assessing interdiction policies, the committee faulted the assumptions, data, and methods of the study. It characterized the work—based on a fixed demand model for cocaine—as a descriptive time-series analysis of statistics relevant to analyzing the U.S. market for cocaine. But its concerns about IDA’s data and methods “diminish the credibility of the cocaine price series developed in the study,” the report concluded.

The RAND study, which used a static model of the market for cocaine, “did not yield usable empirical findings on the relative cost-effectiveness of policies to reduce cocaine consumption,” according to the report. Citing the study’s many unsubstantiated assumptions about the processes through which the drug is produced, distributed, and consumed, the committee concluded that its findings were equally unpersuasive as a basis for forming cocaine control policy.

The NRC report is the first phase of a 2 1/2 year study slated for completion in the spring of 2001. The committee will assess data on drug production, use, and prices, and evaluate what is known about the effectiveness of drug treatment programs, the economics of drug production, and the effects of domestic law enforcement activities on drug use.

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## Faculty Bookshelf

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*Managing to Make It: Urban Families and Adolescent Success.* Frank F. Furstenberg, Jr., **Thomas D. Cook**, Jacquelynne Eccles, Glen H. Elder, Jr., and Arnold Sameroff (University of Chicago, 1999). One myth about families in inner-city neighborhoods is that they are characterized by poor parenting. This interdisciplinary study explodes this and other misconceptions about success, parenting, and socioeconomic advantage. Based on nearly 500 interviews and qualitative case studies of families in inner-city Philadelphia, the book reveals how parents and their teenage children managed different levels of resources and dangers in low-income neighborhoods and how families and communities contributed to the development of children. The survey results and qualitative analyses describe the creative means parents use to manage the risks and opportunities in their communities and the strategies they develop to steer their children away from risk and toward resources that foster positive development and lead to success. The study shows that poor parenting is not necessarily more common in disadvantaged neighborhoods and explains why neighborhood advantage is not invariably linked to success. It also offers a wealth of information about programs, services, and policy decisions that should be valuable to policymakers, sociologists, educators, and others concerned with the fate of the urban poor. The book launches the MacArthur Foundation Studies on Successful Adolescent Development, a series that focuses on how and why youth are able to overcome—rather than succumb to—social disadvantages.



*Reading Public Opinion: Political Actors View the Democratic Process.* **Susan Herbst** (University of Chicago, 1998). This book describes the ways in which policy managers, journalists and political activists conceptualize relationships among public opinion, mass media, and legislative action. It is aimed at broadening the study of public opinion and political cognition, which often fail to address matters of political culture and occupational context. Among its major findings is that legislative staffers, reporters, and party activists all see a complex fusion between media content, interest group communications, and the content of public opinion. These insights and evidence along these lines have significant theoretical and methodological consequences for studying policymaking processes.



*Custodians of Conscience: Investigative Journalism and Public Virtue.* **James S. Ettema** and Theodore L. Glasser (Columbia University Press, 1998). Based on in-depth interviews with prize-winning investigative reporters, the authors offer a rich portrait of the investigative craft but probe below the surface to examine how these journalists negotiate the tensions between a moral obligation to unearth and document social injustice and professional obligations to maintain objectivity.



*Social Cleavages and Political Change: U.S. Politics Since the 1950s.* **Jeff Manza** and Clem Brooks (Oxford University Press, forthcoming, 1999). Which social groups support which political party and how that support has changed over time are central questions in the sociology of political behaviour. This systematic reassessment and restatement of the sociological approach to American politics challenges widespread arguments that the importance of social cleavages has declined precipitously in recent years in the face of post-industrial social and economic changes. It reconceptualizes the concept of social cleavages by focusing on four major cleavages in American society: class, religion, gender, and race. The authors argue that a number of important changes have occurred in the alignments of the groups making up these four cleavages. They analyze the implications of these changes for both Democratic and Republican parties and examine each party's electoral coalition. Their findings are considered in light of the central dilemmas facing the two major parties in the contemporary political environment.



*On the Beat: Policing and Community Problem-Solving.* **Wesley G. Skogan, Susan Hartnett**, et al. (Oxford University Press, 1999). This book examines how Chicago's ambitious plan to remake its police department actually worked in the field. It describes how the city developed its model for problem-solving and went about training police and neighborhood residents to implement it. It follows the key players into the field and describes how, in partnership, they attempted to tackle chronic problems in 15 neighborhoods representing Chicago's diverse ethnic and class makeup. The areas faced varied problems and had varied capacity to deal with them. The book analyzes the extent to which the police and municipal agencies aided the neighborhoods, including several that were poor, racially diverse, and very much in need of police support. Based on extensive data gleaned from residents, officers, and official records, it examines police leadership in focused problem-solving and offers recommendations to improve the ability of police to make community policing work in areas that need it most.



*The Struggle for Water: Politics, Rationality, and Identity in the American Southwest.* **Wendy Espeland** (University of Chicago, 1998). The Bureau of Reclamation's controversial decision to develop the Orme Dam in Arizona forms the backdrop of this book. Espeland uses the Bureau's long and bitter dispute with the Yavapai Indians, who fought being driven from their ancestral home, to examine both the underpinnings of rationality and its link to commensuration. She explains how rationality became the terrain for struggle over powerful material and ideal interests, and how, once the conflict was cast in these terms, the interests and identities of participants were renegotiated.

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# Faculty Honors

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## Honors and Awards

**Greg J. Duncan** (IPR-Education and Social Policy) will receive an honorary doctorate from the University of Essex in July 1999, “in recognition of [his] outstanding contribution in the field of the collection and analysis of panel data.”

**Dorothy Roberts** (IPR-Law) was awarded the 1998 Radcliffe Graduate Society Medal, which recognizes women affiliated with Harvard or Radcliffe postgraduate programs who have made distinguished contributions in their field. She also received the Myers Center Award for the Study of Human Rights in North America for *Killing the Black Body: Race, Reproduction, and the Meaning of Liberty* (Pantheon Books, 1997).

**James S. Ettema** (IPR-Communication Studies) is the 1999 winner of the Sigma Delta Chi Award for Research in Journalism, given by the Society of Professional Journalists. He was also presented with the 1999 Bart Richards Award for media criticism from the College of Communications at Penn State. Both honors are for his co-authored book with Theodore L. Glasser, *Custodians of Conscience: Investigative Journalism and Public Virtue* (1998).

**David Protes** (IPR-Medill) has received the 1999 Edith Abbott Award, which honors outstanding alumni of the University of Chicago’s School of Social Service Administration.

**Jeff Manza’s** (IPR-Sociology) 1997 article with Clem Brooks, “The Religious Factor in U.S. Presidential Elections, 1960-1992,” in the *American Journal of Sociology*, has received the American Sociological Association Political Sociology Section Award for Best Scholarly Paper published in 1996 or 1997, and the 1998 Distinguished Article Award of the Society for the Scientific Study of Religion.

**Vilna Bashi** (IPR-Sociology) was awarded a Ford Foundation Postdoctoral Fellowship. She will spend next year at the University of Chicago writing a book on immigrant social networks.

**Peter Swenson** (IPR-Political Science) has received a Sabbatical Fellowship from the American Philosophical Society for a research leave next year. He will start a project on the political economy and history of health care in the United States. It will focus on the role of large employers and their relations with providers and insurers.

**Leonard Rubinowitz** (IPR-Law) is the winner of the Robert Childres Memorial Award for Teaching Excellence for 1999, an honor that is bestowed by the Northwestern Law School students. He has been appointed a Special Master in the Gautreaux public housing litigation to mediate the dispute involving the revitalization of the Cabrini-Green public housing development and the surrounding area.

**Paul Hirsch** (IPR-Kellogg) has received the Distinguished Scholar Award from the American Academy of Management’s Division of Organization and Management Theory.

**Henry Binford** (IPR-History) was presented with the National Faculty Award for teaching from the Association of Graduate Liberal Studies Programs.

**Mary Patillo-McCoy** (IPR-Sociology) was honored as one of the *Chicago Sun Times* “Top 30 under 30” in the field of public service in May.

## Elections and Appointments

**Fay Lomax Cook**, IPR Director and President-elect of the Gerontological Society of America, was appointed by Assistant Secretary on Aging Jeanette Takamura to serve on an expert panel for the Administration on Aging (AOA) on performance outcome measurement. Its purpose is to develop outcome measures for evaluating programs that the federal government is sponsoring.

**Thomas D. Cook** (IPR-Sociology) was elected to the Board of Trustees of the Russell Sage Foundation. The Johann Jacobs Foundation in Zurich has invited Cook (with Frank Furstenberg of the University of Pennsylvania) to plan and chair an international conference to be held in Switzerland entitled Transitions to Early Adulthood.

The Association of American Law Schools has asked **John P. Heinz**, Owen L. Coon Professor of Law and IPR faculty fellow, to serve as its delegate to the American Council of Learned Societies. The Council is comprised of 61 national scholarly organizations in the humanities and the related social sciences.

**Charles C. Moskos** (IPR-Sociology) has been elected a member of the American Academy of Arts and Sciences. He also became the first recipient of the American Sociological Association Award for Public Understanding of Sociology.

**Wesley G. Skogan** (IPR-Political Science) is organizing and chairing a special 30-month panel for the National Research Council. It will produce a research synthesis on the operation and impact of policing and provide an agenda for future police research. The two reports will be published by the National Academy of Sciences Press.

**Burton A. Weisbrod**, John Evans Professor of Economics, was elected to the Governing Council of the American Association for the Advancement of Science (AAAS).

## Lewis (continued from page 1)

reported to Gov. George Ryan and his department heads, state legislators, researchers, advocates, and the public.

“The most important thing we can learn is the effect of time limits,” said Lewis. “Proponents think it provides incentives to break the cycle of welfare dependency and motivate recipients to enter the workforce. Critics are scared that families will break down, women will become homeless, and spousal abuse, mental illness, and other negative consequences will increase.”

Even before the federal welfare reform bill was passed, Illinois had already begun to move toward time limits and work requirements. In July 1997, the state eliminated Aid to Families with Dependent Children (AFDC) and substituted Temporary Assistance to Needy Families (TANF), which ended entitlements and limited benefits to five years overall and to 24 consecutive months.

The researchers will gather information on the impact of the 60-month time limit on benefits, the employment history of recipients, and their participation in other public systems such as education and child welfare. Annual reports will provide insights on the impact of work requirements on recipients and the effectiveness of state programs such as Work Pays, Family Responsibility, and Get A Job. The 1,500-case database will be updated annually.

Lewis and his colleagues formed the consortium in response to a 1997 state law that requires data gathered by independently funded university researchers on the impact of TANF to be provided annually to the Illinois General Assembly. The state’s new Department of Human Services selected the consortium to conduct the research and report its findings.

Beginning July 1, the Metropolitan Chicago Information Center (MCIC) will survey a random sample of 1,500 adults who were on the Illinois TANF rolls as of July 1, 1997. It will focus on welfare recipients who leave and do not return, those who cycle on and off, and those who remain on the rolls throughout the study. They will be tracked until June 2005 whether or not they remain on public aid.

The large state sample and unusually long time frame

will allow the consortium to pinpoint racial and regional differences throughout the state. According to Lewis, it will be the only Illinois study and one of the few nationally to analyze differential effects on central cities, suburbs, small towns, and rural areas. It also goes beyond most welfare studies by including in its analysis both whites and minorities living outside the central city. It will be able to target subgroups defined by age, family structure, education, and other variables. “These differential analyses will enable us to make more informed policy,” Lewis said.

Since employability and jobs are key issues for people moving off welfare, the study will examine the effects of TANF provisions for mandatory work requirements, sanctions such as enforcement of child support, the influence of education and training programs, and supportive services such as child care and transportation.

Labor market factors such as wages, working hours, and the types of jobs available for low-skilled, poorly educated welfare recipients also will get close scrutiny. “This will help us understand the job availability and job quality in different parts of the state and how they relate to who gets a job and who stays in a job,” Lewis said.

The researchers also hope to learn how the new welfare reform laws affect other public systems such as schools, subsidized housing, child welfare, and criminal justice, as well as food services and support for the homeless. They will look at how these systems responded to the TANF recipients and where they fell short.

Paul Kleppner, professor of political science and history at Northern Illinois University, and Stephanie Riger, professor of psychology and women’s studies at the University of Illinois at Chicago, are co-principal investigators. MCIC will manage the data collection. The Chicago Urban League and Chapin Hall Center for Children are also members of the consortium. The study will be situated at the Joint Center for Poverty Research, which is housed at IPR and at the University of Chicago’s Harris School (see story, pp. 8-9).

In addition to their annual reports to the Department of Human Services, the investigators plan to make their data available to other researchers by posting them on the Internet.

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