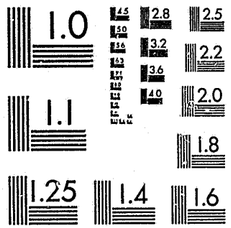

NATIONAL INSTITUTE OF JUSTICE - HOOVER INSTITUTION

WORKSHOP ON ECONOMIC OPPORTUNITY AND CRIME

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C O N T E N T S

P R O C E E D I N G S

MR. NOLD: For the benefit of Mr. Bowers, before we start talking in large numbers of cross conversations and Jim Underwood makes some introductory comments we are going to say our names around the table so that he can identify where we are, and without any further introduction, let me introduce Jim Underwood whose outfit is sponsoring this Conference.

MR. UNDERWOOD: I will just say a few introductory remarks. I don't know of any subject that is more in need of dispassionate analysis and study than the ones that we are looking at today, the general subject of the relationship of economics and crime and the specific subject of the relationship of employment, that phase of economics and crime.

As we all know, this issomething that has been the subject of perhaps more idealistic, ideological, very passionate theories of one expreme or another over the years than perhaps any other subject, all the way from one extreme that attributes all crime to bad economic conditions, particularly bad employment; people are forced into crime because of economic conditions, the old Jean Valjean model which can use that kind of situation out of Les Miserables, forced into crime by bad economic and other conditions. A person who would not otherwise be in that area is now turning

to crime. The other extreme is that crime and economics have no kind of coordination whatsoever, no relationship at all. All crime is committed by people who are simply bad people. They have an evil, black heart of some sort, and we don't have people turning to crime because of the fact that you have bad economic conditions, and we are developing more intermediate theories in there that while a great many of the ordinary people if we can use the phrase in the non-movie sense who would not be pushed into production of crime by bad economic conditions; they have moral standards; they have certain character persistent qualities; there are some of more marginal character and more marginal types of employment that are first hit by bad economic conditions and might under some circumstances turn to crime because of the economic relationship, and I am sure that there are many other theories that you are aware of that I have not been apprised of.

Anyway what we need is some kind of a dispassionate analysis, hopefully using some of the rigorous analytical tools of econometrics and other kinds of objective analysis that will look at this highly emotional overcharged subject and come up with something that will be closer to reality or at least make a start in doing that. I know we cannot reinvent the world today and tomorrow and come out with a solution to the crime problem, cure warts, cancer,bad breath

all in one fell swoop but at least make a modest start along those lines. So, I am looking forward to what you are going to accomplish here today and to what I will hear about different ideas that are tossed back and forth.

Let me explain to you a little bit about the workshops that we have. They serve several purposes. Not all of them serve all the same purposes, but we find that in many instances they are a useful prelude to other research that you toss ideas back and forth and you develop concetps. You assess what needs to be done in research, and from that you are able to give more specific direction to people who want to go ahead and carry out more detailed research. In other circumstnaces it may be not a prelude to research but the aftermath. You get people who have been doing research over the years. They get together. The have contrasting views. They try to meld them together in some kind of useful fashion and cast a light on each other's viewpoints.

Sometimes you have an intermediate position, people who are actively going on in research at that moment. They are not just starting. They are not just completing, but they are actively researching. They meet together and they ave cross fertilization of ideas and cast light on each other's research.

So, I hope that some of those purposes will be

forthcoming from today's comments.

At any rate we appreciate your coming. We know that this is a distinguished gathering and has a great potential for being a considerable help in this area.

Let me just welcome you to it and urge you if you have any questions about what we are doing and we can halp you in any way in your research please give me a call at the National Institute of Justice. I will be looking forward to hearing from you, and I will leave you in the good hands of Dr. Gropper who has been most energetic in helping get this particular venture off the ground.

I am going to have to leave you and simulate a busy Washington executive, in quotes and rush off and deal with some voracious grantees or potential grantees, but it has been nice meeting you. Good luck in the conference.

Thank you.

MR. NOLD: Okay, let me make, since we have now had the theory of conferences let me develop a small taxonomy and make some introductory comments and start with the first session, but before I do that maybe we can start at that end of the table and work around giving just names so that you can identify who is speaking.

(Introductions.)

MR. NOLD: Okay, there will be more coming, and they will probably interrupting. There is one now.

Let me make a couple of introductory comments about the topic. When I was sitting down to try to put together a list of participants it struck me that there have been contributions from a wide variety of disciplines in this area and the collection of people that I tried to assemble represents some but not all of those efforts.

The work that has been done in the area really uses a wide variety of data and that is one of the major points of discussion, I think, and points of divergence in the results. For example, on the crime side people can choose UCR based values that are based on national statistics or regional statistics, that is states or SMSA's. They, also, have, due to the work by different branches of the Justice Department, National Institute of Justice, data on victimizations, and that provides another way of looking at crime rates and is an important adjustment in some respects, at least in theory because reporting and the availability of targets, for example, burglaries often happen in empty houses; houses are more likely to be empty where the unemployment rate is low and it, also, affects the economic loss that a person is likely to sustain in the event of incarceration.

So, victimization series, at least in theory has some advantages of UCR based statistics in looking at crime rates for this question.

Finally there is an abundance of studies done, divergence programs and collectionof data on criminals that provides yet another way to look at crime rates by individuals and to see how that relates to their economic opportunities.

The methodology that is appropriate for each of these different data sets differs, although some models cut across the different data sets, and similarly with the multiplicity of choices that one canmake in crime rate selection there are a multiplicity of unemployment rates which can be used. National aggregate statistics can be matched up with the aggregate crime rates, either the UCR or the victimization survey based rates, but, also, there are rates by individual demographic groups which have advantages and problems and some of the people who will be here, and one of the persons who is here, Richard Rosen is in a position to talk about the reliability of the different kinds of series that one can use for different demographic. And finally to go along with the samples of individuals there are unemployment rates that are internally generated in those kinds of efforts, and Woody has done some work with time to first job as an indicator of employment opportunities, and I am sure there is an abundance of literature that I am ignorant of that other people like Richard Berk know much more about or Harvey Brenner, but I guess while this provides a taxonomy it, also, indicates that people are looking at the

problem in a lot of different ways with a lot of different results coming out, and without further introduction, just to say that since there is such a divergence of our approaches when people talk about the work that they are reporting I think it would be useful and perhaps make the conference hang together if they talked about the kind of data that provided the predominant foundation for the work that they are going to be talking about.

Rather than ask Michael to make a yet third introduction before we get started, I will just ask Harvey Brenner to present his ideas and research in this area. The format for the presentations, basically I tried to allow people to have 10 minutes or so to talk. I am not going to apply and Draconian sanctions if people go overboard although I do believe that the threat is useful, but if people will try to stay within 10 minutes and then we will have time for a nice general discussion, I hope, afterwards, and please begin.

MR. BRENNER: Thank you.

Good morning. In 10 minutes I will just very briefly cover the work of about 15 years. Since essentially the 1920's in the United states, data covering the period from the 1920's through roughly the 1950's to 1960 and work that I have been involved with, there is a very stable relationship between economic changes in our country and

several other countries in Europe and virtually all indicators of crime are very commonly used, whehther they are homicide rates which come from vital statistics,arrest rates, crimes known to police or imprisonment rates, the picture is very similar which is that we find all ofthese measures of crime, of illegal activity, of criminal agression increasing during periods of recession.

They are stable to the point of being graphically observable, and there are a number of documents which, as you would like to see them, can look at.. I have them here.

Something very dramatic happened in the 1960's in the United States in particular though not necessarily in other countries, other western countries. The relationship is very markedly changed.

There is a change in fundamental structure of the relationship.

What seems to occur is that for all of these kinds of criminal justice indicators there is a focus of things to do with loss of employment or with seeking employment as judged by the unemployment rate that is rather focused on youth, and through time in our country in particular and to some extent in Europe, through time since the Second World War there is more and more of an involvement per capita in this country of youth particularly, those under 25 in the criminal justice system, in prisons and in all of

the statistics bearing on crime, including homicide.

The relationships themselves change from those that emphasize simple recession to those that now emphasize the relative unemployment ratio of youth, say 15 to 24, for the moment to the total unemployment rate. That tends to be the principal deleterious, if you like, economic indicator that is associated with homicide mortality patterns in virtually all ages, both sexes, major racial groups in our country through to the 1970's if we begin to examine the relationship after the Second World War.

This tends to be true though not quite as powerful in European countries as well where there is still a very heavy recessional emphasis but to some extent, like our own country, what we begin to see now is that there is a bit more concentration on the relative youth unemployment rate, that is the unemployment rate for youth relative to that of countries as a whole.

In addition to that there are several other factors that seem either to be additive to or to interact with on a national scale with this youth relative unemployment ratio variable which we see particularly in our country.

One of the most important is the involvement of the drug industry, the illegal drug industry which is measured in a variety of ways which we can deal with in conversation later on but it is a very powerful trend factor

particularly affecting criminal aggression as judged by homicide rates involving least of all measures that are most simply to do with things like theft apparently but spreading across by and large all of the major indicators of crime for our country at the national level but very minimally in Europe.

Another major trend involves urbanization per se, urbanization and suburbanization and metropolitanization as these kinds of terms are used coincidental with long-term economic growth though in our country since the Second World War it has been very shallow as compared to other western countries which is one of the reasons for our high youth unemployment rate.

At any rate this is a very important series of phenomena that affect the crime rates as we are able to judge them especially since the sixties in our country and they probably include such things as the following: There seems to have been in our country a very major development of the growth of crime as an industry, as a separate industry analogous to any other industry within the large-scale economic organization of our country; the distributive network for receipt and redistribution, if you will of stolen goods appears to be a very, very major issue. It appears to be most prominent in our own country. It is very closely associated with organized crime as it is euphemistically

called, but it is very vast, and it is particularly important in the large cities of the United States, not nearly so important in other countries that we can become familiar with.

There is a second set of issues that deal with, again, what is euphemistically called urbanization but is really quite particular. We can measure it through urbanization measures, but we probably need ultimately far more precise indicators of it. It concerns the decline of neighborhood structures over time in very major ways, again, particularly in our country which experiences such very high rates of urban mobility, job mobility. What it amounts to is a two-sided story in which on the one hand, especially lower socioeconomic persons but presumably persons of various socioeconomic levels do not relate to one another the way they have in the past in the sense that there is less of a notion of identity among people so that it becomes psychologically, if you like, much easier to injure, to steal from, to in other ways commit illegal acts against people who in another era might be considered one's friends and neighbors.

This sense of friend and neighbor seems to, at least, in our classic literature have very precipitously declined over the last 20 years.

At the same time the affair of people not being at

home as was mentioned by Fred Nold a few minutes ago is one aspect of the second component. Of equal importance, however, seems to be the idea that with residences occupied for shorter and shorter periods of time there is less of a sense in neighborhoods as to who, quotes, belongs. There is less of a sense of a potential of social control among neighborhood persons. They simply do not know whom they are dealing with, so that the opportunity, if you will, for criminal activity increases apace, not just with people being absent as in the victimization studies but with people really not knowing who and who does not fit into the legitimate neighborhood employment situation.

A final very major development in the United States has been pointed out by many people but is now more and more measurable in at least our work is the tremendous overload on the criminal justice system that has been occasioned by far greater increases in actual criminal activity however measured whether you use vital statistics, arrest statistics and prison statistics it really does not matter, a tremendous overload of the criminal justice system apparently resulting in a significant decline in the effectiveness of the system itself at virtually all levels from the prison to arresting officers, which in the minds of many people and I am in agreement here must have had the effect of simply making it less difficult for the person

with crime on his mind to take the risk of becoming involved in criminal activity.

My opinion is that given the data we have the reason for this is nothing intrinsic to the administration of criminal justice but rather overwhelming overload of the system occasioned by actual long-term and very powerful increases in crime, to which the criminal justice system has become quite inadequate.

A very last point is that it seems that we have in our country in particular, to a lesser extent in other western countries a self-generating aspect to wavelike movements of crime that perhaps in discussion we can get into.

Overall then we seem to have a rather substantial interacting system of actual deprivation measured in a varieity of ways butparticularly by the relative youth unemployment rates since the 1960's interacting with a great variety of phenomena, none of which is raally separable in terms of the behavior of any one person at the micro level but at slightly higher macro levels, at regional levels, at city levels, using econometric-like models, if you will, the various aspects tend to be discriminatable.

MR. NOLD: Thank you.

Next is John Laub.

MR. LAUB: Unlike Professor Brenner in terms of a 15-year history I and my colleagues are relatively recent

additions to this area.

Just to fill in a little bit I am going to look at victimization data in terms of what it can tell us about offender characteristics. Traditionally victimization data has been used to study victim characteristics. For the first time we will see what we can do with victimization data to understand offenders' behaviors, specifically juvenile criminal behavior.

One of the things that we wanted to do in that context was look at the relationship between juvenile crime and unemployment and basically what I would like to do is just tell you some of our findings and then talk about some of the problems we ran into using victimization data as an alternative data source on crime in looking at this issue.

Basically what we tried to do is look at three major issues, one the relationship between overall unemployment, changes in unemployment, changes in gross national product and changes in consumer price index relative to changes in the overall rate of offending, again, using victimization data.

Secondly, we tried to look at the changes for specific age, race, sex groups and unemployment and relate that to changes for the specific age, race, sex groups in offenders.

Last, we tried to look at the relationship between adult unemployment and changesin juvenile crime using

victimization data, again.

Generally speaking after taking out effects of seasonality in the data, taking out effects for trend, we found little or no relationship for those measures between unemployment and crime, CPI and crime and GNP and crime. That was basically our findings, but rather than talking about the findings, I would rather stress what I see as the limitations of the study and particularly again to stress some of the problems with the victimization data that some of them are obvious, others are not.

First, the problem that we ran into was utilizing victims reports of offender characteristics. Now, I don't have much trouble with perceived race, perceived gender; however, age which is the key variable we are interested in could be problematic.

What we tried to do with that was use broad age range categories, 12 to 17, 18 to 21 and 20 or older. Eighteen to 20 became pretty much a very loose category, and we did a lot of our comparisons between the lower and upper age groups.

That was one problem. Secondly, victimization data are relatively recent. What we were able to do the first full year data was available in 1973, we were able to use the trends from 1973 through 1978. We were able to cut the data into quarters so we had only 24 data points which is

quite small, needless to say. We are stuck in that we could not use monthly data at all. That is definitely a problem, and it is there.

Third, in terms of using perceived offender characteristics you are stuck again in terms of being able to only look at crimes in which there is some face-to-face encounter with the offender. Thus, we are not able to look at crimes like burglary which one could expect to have a relationship with unemployment.

We were only able to look at robbery, aggravated assault, simple assault and then a total crime rate consisting of rape, robbert, aggravated assault, simple assault, personal larceny with contact, purse snatching and pocket picking.

And then the last problem was what we referred to as the unit of analysis problem. We were using national crime survey data for the United States as a whole. We found, again, little relationship between various economic indicators and crime. However, in another report that we are working on, another part of this project we were able to look at neighborhood characteristics data. One of the neighborhood characteristics data that we examined was unemployment at the neighborhood level, and we found in that study that neighborhoods in which there was high unemployment, also, had high crime rates and the relationship was moderately

strong, positive; as unemployment went up; crime went up, and this was particularly strong for crimes of theft, and this held across all age groups and all race groups. So, we began in retrospect to suggest that possibly variation was massed at the national level, that if one specified the relationship more clearly, more precisely and began to break it down to the neighborhood level or even city level, for example, we may have, in fact, found the relationship.

MR. BERK: How did you get neighborhood unemployment data?

MR. LAUB: Attached to the victimization survey data there are 55 neighborhood characteristics taken from the Bureau of Census, and what we did is we trichotomized neighborhoods into low, medium and high unemployment and then from there we constructed rates of offending and did pretty much the same analysis to see what the trends were.

So, I think as a basis of discussion, I would like to talk about the viability of national crime survey data to look at is it a viable alternative because there surely are some attractive things about it. There seem to be reasons to believe that official data may be biased basically in that crimes are not reported to police; you don't have them. Also, there may be some differential in terms of age, race and sex as to who shows up in the statistics, and secondly, the national crime survey allows you large samples

which generates a lot of serious crime which one can look at and you can begin to break data out by age, race and sex which seems to be of interest.

The other thing I would like to talk about for discussion purposes would be this question of the unit of analysis, whether or not looking at aggregate economic conditions, particularly for a country as a whole, masks important variations at either the regional level, the city level or,in fact, the neighborhood level.

MR. NOLD: Thank you.

Will those people who arrived identify themselves for the benefit of Mr. Bowers so that he can know when you speak up who is speaking?

(Introductions.)

MR. NOLD: The next introductory speaker will be Rick McGaley.

MR. MCGAHEY: In some ways I feel like a little bit of the skunk at the garden party here since the work that we are on now is not in fact in analyzing aggregate economic data in terms of crime.

It struck me by listening to both introductory pieces and to Fred's introductory comments that we are doing a double census of both terms. In the term economic opportunity and crime we use both to mean a relationship, let us say, between unemployment or lack of work and crime,

crime conceived of as an alternative to employment and we, also, are under the idea of economic opportunity, that is in the sense of more targets, that there are more things that people can go steal and there are less people in their houses.

Similarly in terms of aggregate economic conditions and crime, I think it is important and I am sure we will get into discussions of methodologies and data about how one might or might not use various aggregate data sources.

I guess what I would like to focus on a little bit in describing Vera's work and something else I think that I would like to think about are what sort of mechanisms could we think of that would make a convincing case for the linkage between or not between these various rates that people find or do not find. I think economists sometimes have a tendency to try to solve things solely methodologically, to think in some ways about the theoretical models that might undergird the relationships that we find or don't find.

Vera, under a grant from the National Institute has been studying employment and crime relations for several years now. We are in the analysis of our data. So I can tell you what our data sources are, but I cannot give you a lot on results yet.

We have two principal wings to the project. One was a survey that we did of a random sample of felong arrestees in Brooklyn during the summer of 1979, about 900

cases.

We gave them a two-year retrospective labor market history from the point of the arrest looking backward to try to get a complete description of all thejobs that they had had in that period and something about what they had done in their non-working periods.

We, also, got their complete adult criminal histories from the New York City Police Department and paired those up. I think is is now probably the best large-scale data source that has both employment and crime information for a large set of individuals who are not necessarily program population.

Our sense in doing this was in reviewing aggregate studies of crime and looking at the various claims that are made about locating unemployment rates and crime rates one simple thing comes out, in that a lot of the people captured say in the national aggregate unemployment rate are not the same people that are captured in the arrest rate by and large. Their characteristics are very different, and to try to figure what the mechanism would be that would relate those two.

Now, maybe then unemployment would stand for a proxy for economic conditions and some sort of trickle down or some other theory, but in any case you are not really counting the same people very often in those wave movements.

So that is a puzzle.

The other side of the analysis that we did, thinking that there are limits to the survey approach in general, we have been doing ethnigraphic and anthropological work in selected neighborhoods in Brooklyn for the last couple of years, a Hispanic neighborhood, two black neighborhoods and recently some work in a white working class neighborhood, to try to get at the ' ings that you cannot get at through surveys or if we thought we found something in the survey to see if our anthropology people ever heard of anything like that in the field.

I suppose most people are familiar here with history of the various economic models of crime, at least the recent generation of them. They go back a long way in the history of the literature. The recent version, of course, takes off with Becker's work in the late sixties which was a straight wealth, wealth gained and wealth lost model.

That model was developed and expanded, often attempted to be tested, at least in the way that economists claim to be testing things through the use of aggregate data sources very often. Gerlock's work was important early in this kind of work.

Along with that models then of labor supply began to be adopted. If you think about crime really as an alternative economic activity in some sense maybe it has

labor supply characteristics. Mike Block's work was very important in this.

One of the places that is common, and Michael has accused people of using this against him, but as I understand, at least, the model as developed in the mid-seventies, the model in some sense broke down in its ability to make predictions.

If you take the internally consistent version of the neoclassical labor supply model in terms of crime, and some of Mike's work shows that the model does not make determinant predictions either about the relationship at an individual level in changes in economic opportunity or in changes in deterrence.

Nonetheless we still go on and grind out our aggregate models, but there is a bit of a problem there in that there is not right now at least that I know of a convincing individual level theoretical model that is at the core of that research.

We are trying with our individual level data to test, both to still try to test some variations on the economic models of crime in terms of labor supply theory, realizing now that what we are doing is more of an empirical working through the models and less of testing at least the determinant direction of hypotheses and also attempting to adapt in some of my work ideas out of labor market

segmentation models in terms of crime.

The segmentation approach for those of you that are not familiar with it argues that outcomes in the labor market could be explained more through structural characteristics of jobs, in some ways a relationship between industries and some of the individual characteristics of workers, but a loose characteristic model that talks about a dual labor market in terms ofprimary and secondary jobs, whereas the characteristics of jobs as much if not more than the characteristics of individuals that may determine their labor market outcomes.

We are trying to adapt this approach and see whether it can give us any way to understand the labor market experiences of our sample and, also, then the labor market experiences as they relate to crime.

I am confessing as to some -- I think the aggregate models and the aggregate data are important to keep testing, but I am somewhat skeptical about how much more we may get out of them. I think they are necessary, in some ways almost first generation of these models to work on, and certainly it is worth pursuing them, and we are finding them in trying to iron out these puzzles where as Harvey's work finds very consistent stable relationships, John's over a shorter period of time finds that there is not much relationship, using different data sets and different series. I think we can

make a great deal of progress in trying to clear up those issues at the level of what series to take and what technique to use, but also, need to begin rethinking the enterprise about what would be a convincing story in a way that would connect those models or not connect them.

That is briefly it. I don't want to take too much time. I would prefer to get discussion going. I do want to tell one story. I don't mean to come off as a skeptic about the relationship between aggregate economic conditions and crime. This is one of our stories from the ethnography that I think both illustrates that there is a relationship, but it is extremely hard to capture in econometric models.

In Brooklyn there is a large army terminal that City of New York may be buying and in one of our study neighborhoods one of the groups of people we have been observing are some junkies who have been car thieves. They spend a lot of their time at kind of a low level in the way that the car theft market is organized and in the last few weeks it turns out that they were not stealing cars so much as they were getting into stripping piping and they were taking these large metal cables, burning the insulation off them to get at the copper for scrap metal and basically shifted over to strip out this old factory before it was sold to the city, and so the question there is in some ways what is the international copper market or what are theprices of

scrap and copper having to do with the behavior of junkies in Brooklyn, and the answer is a great deal, and it is very economic, but it is not something you can capture ever in any econometric model. I offer that more as a paradox not to shoot down the model but just in some ways to try to illustrate the complexity of the problem we are dealin with and the difficulties in capturing those either in aggregate models or besides telling stories how one might generalize to make that useful either for further research or for policy making.

MR. MARTIN: Mr. McGahey, who did your ethnographic work?

MR. MC GAHEY: Mercer Sullivan from Columbia University is still doing it. We had field workers in different neighborhoods,and he has been coordinating it.

MR. MARTIN: Was there anyone else involved?

MR. MC GAHEY: On our Advisory Committee Herb Gams has been supervising.

MR. MARTIN: No, in the field?

MR. MC GAHEY: In the field, besides Mercer and the field workers, no.

MR. NOLD: Okay, I am next. So, I will try to stay within 10 minutes and set a good example. Let me comment on and continue the discussion that Rick started because there is a string of economists. So we will each sort of pick

and choose a different part. Let me say that I took a glance over the aggregate economic work that has been done, looking at Ehrlich's work and Woody's, Waldman's and others and rather than a consensus emerging on any point either in terms of the effect of unemployment on crime at the aggregate level or on how to measure unemployment there seems to be a great disparity and differences in results. No strong picture emerges for unemployment rates affecting crime.

I emphasize these studies over other ones that I have seen because they try to get at a structure in the markets. While it is possible to draw relationships among national time series and trends, it really doesn't tell us very much about the mechanism by which these things operate and cannot reveal it, and it really is mute on the question of causality. We can regress one series against another, find a relatively stable result; however, if those models are unable to predict or very sensitive to specification then it brings into question what one has, in fact, found. If the models, in fact, are not stable or are, as I say, suggested very sensitive to specification then it is not clear we have found anything at all, despite the fact that they appear across countries and with similar industrial structure.

For example, some worth that I have done with national series indicate that a model specified with

unemployment rates; other economic indicators and,also, demographic factors like the concentration of the population in young age groups basically eradicates the unemployment effect on some crime rates and on most crime rates.

At the aggregate level I tend to agree with Rick. I think that the thing is very smudged and very difficult to analyze that way.

Since these relationships are somewhat questionable there is I think a legitimate question about whether unemployment rates really affect crime. Most of us here, I think, believe that unemployment does affect crime as Rick was suggesting or employment opportunities.

As Rick was suggesting, the way that these things work themselves out can be perhaps quite complex and maybe not easily captured inside the models that we are using. However- as an alternative to aggregate studies, I see individual-based models or study based on individual data as having a set of problems, too. The literature and the economics of labor supply contributed largely by people like Jim Heckham has become incredibly Byzantine. The life histories of individuals need to be known in great detail, questions of how they make their decisions and simultaneity at the individual level and sample selection biases where people are integrated into the programs or choose to take jobs or choose to migrate are abundant, and so what one leaves

when one leaves the aggregate domain is a set of relatively simple statistical techniques and questionable data series moving to a demonstrably better data set with almost intractable statistical problems so that extracting information from those series except in an anecdotal way becomes very difficult. I am not suggesting that we call a winner between the two kinds of data sets but rather suggest that work can and should be done with all levels of aggregate data and with this aggregated data so that some reliable and reasonable results can be found.

I think that, also, it is important to realize that economists come to these problems with a special set of tools and attack them almost as Procrustes would and force data and models on these problems that are not always entirely appropriate.

However, the advantage that the economist brings to this problem, I think, not necessarily an absolute advantage in any sense is that they do try to understand the structure, that they have a supply of crimes and a supply of deterrents and try to look for an equilibrium in that market as in other markets.

This has obvious ramifications for using series like victimization ones where one must be careful to net out effects that unemployment may have on the supply of targets as I suggested as well as the supply of potential

offenders. Until one can sort out those two influences then one cannot say that unemployment has affected, for example, a number of criminals. It may affect merely their productivity and in that event the policy implications are substantially different.

A solution then would be if it did not affect a number of criminals but only their productivity to argue for more deterrents and not necessarily unemployment problems that would incapacitate those people who are willing to commit crimes.

I think there is an abundance of issues here, and there are points on which we can agree in an abstract way on the effect of employment opportunities on crime, but I think when we start getting down to talking about magnitudes, for example, elasticity, we will disagree and in some important ways those magnitudes are the key issues in policy discussions.

So with that, I think that is under 10 minutes, but I am not sure.

Paul Osterman? Oh, I did it again. With that the discussion is thrown open because Ann Witte has yet to arrive, if she is going to arrive, and so I open it up for discussion.

MR. MARTIN: would like to take a shot at it.

MR. NOLD: Let me start with Dick Berk and then you

are next, and then we will save the people who had the first round of ammunition to defend themselves later.

MR. BERK: Just a couple of reactions and then something a little more general. The first is I share your concerns at the micro level with how Byzantine statistical analyses have become.

On the other hand, it is pretty new stuff, and I would hesitate to be too critical too early. We have only been at that microlevel, let us take for example, the sample selection problem, forgetting about Tolbin for a moment five or six years. It is relatively new, and we are learning a lot about where the Byzantine statistics are really needed and where they are not. That is my first reaction.

The second reaction is more general. I did not think this was going to be relevant, but I guess it is. I have been fooling around with data sets in California looking at incarceration rates since the state basically came into the Union in 1851. So I have a long time series, and looking at incarceration rates which admittedly is several steps removed from arrest rates, let me just tell you two or three quick things that we find and try to extract some implications.

First is that we do find enormous relationships between economic conditions and crime, as you would expect, I mean gangbusters stuff, but, also, things like number of

people in the military. You take kids out of the labor force, potential labor force, put them in the military and you have less crime.

We, also, find as you were suggesting --

MR. NOLD: Same amount of crime.

MR. BERK: You just export it to another country. Another thing we find that is very important is that demographic patterns are critical I mean if you have got a lot of young people in the population you get a lot of crime.

MR. NOLD: And a lot of unemployment.

MR. BERK: And a lot of unemployment. So that has to be -- so that unemployment matters, military matters, demographic patterns matter. The third thing or the fourth thing that really matters is that there are feedback effects from criminal justice action. You put a lot of people in prison; there are fewer people on the street. We don't have to argue that.

MR. BLOCK: Do you think we put enough to make the difference?

MR BERK: Yes. I am talking now about big changes in historical patterns. I am talking about differences of thousands of people in prison, not a couple of hundred.

MR. BLOCK: Will they make the difference on the aggregate?

MR. BERK: No, not unemployment rates. If you look at the feedback effects on the admissions to prison, about half the people who go to prison come back, so that if you put a bunch in, you reduce, holding constant the input of people committing crimes. You reduce the returns.

We don't know if it is incapacitation or deterrence. These are aggregate data by year and lags and leads are tricky. There is no doubt about that.

MR. NOLD: One way you might separate those, you have people incapacitated in the military, presumably drawn from populations; you might be able to compare the coefficients.

MR. FORST: What difference does it make? I mean what does the program do? Would it change policy?

MR. BERK: It might in terms of, for example, fines to imprisonment. That certainly we have looked at.

MR. NOLD: I think it would change policy. Obviously you get an extra kick out of the system if you have some deterrents in addition to incapacitation.

MR. FORST: I see, but if the elasticity of crime and sanctions is whatever it is, taking into account both deterrents and incapacitation, then oh, we are talking economics. If the relationship is whatever it is, it is not clear why we care about those separate effects.

MR. NOLD: Let us not get into that issue.

MR. BERK: I just want to make one final point

on that because I am sort of pretty straightforward which is that a lot of these issues about what works and what doesn't work is dependent upon how long the time series is and how much we aggregate up, and I think a lot of the microprocesses we are talking about, I guess, you have quarterly data and so. It is not surprising that you don't find much.

We find enormous stuff if you look over a 125-year period, but the question from a policy point of view is do you care about what happened in California in 1890.

MR. ROSEN: Also, what would you use for aggregate economic conditions over the past 200 years?

MR. BERK: It may not be a whole bunch worse than the indicators we are using today, if I figure it out right. The point is of course they are weak data, but remember what we are doing, we are comparing the Depression to the twenties to the forties. I mean that is the level.

MR. ROSEN: Sort of just accepted general economic conditions.

MR. BERK: We have numbers in there, but my feeling is that, yes, that is what we are really talking about. There is the Depression. We get a bunch of numbers; World War II, bunch of numbers; Korean period, a bunch of numbers, but it is really talking really about step functions.

MR. NOLD: Good, thank you.

Professor Martin?

MR. MARTIN: I conclude from what I have heard, the most knowledgeable presentations I have heard in a long time that we are not sure about the relationship, even statistically, never mind causally, between economic conditions and crime, that it simply still remains an open question. That is my conclusion from what I have heard.

Let me make some observations. First of all, a methodological observation addressed to something you said, Mr. Nold; I think you are quite right that the individual history and ethnographic data as analayzed in the generations past by social scientists particularly has led largely to anecdotal type material. I don't think that need any longer be the case, and I am sorry that Bruce Johnson isn't here from our research center up in New York, but he can address this much better than I can, but essentially the new computer mechanisms, including word processing mechanisms make quantitative analysis of otherwise subjective data highly feasible by the hundreds of thousands of pages so that the problem, methodological problem that faced anthropologists and other social scientists around individual and ethnographic data may no longer be with us. I stress "may" and we may be gaining yields on that that we can in fact, and I think this would be highly desirable, count at very large magnitudes.

Johnson can address that much better than I can.

A second observation, a conceptual observation which I would like to put forward for your consideration, we have talked here of demographic patterns and I think those are most important in understanding any social phenomenon happening in any society, crime being a case in point for this conference, and we have talked of age, but you know we have not talked of anything else but age. We keep flipping over to age. We have not talked of immigration, both legal and illegal. We have not talked of social class. We have not talkedof race, black, white and brown. We have not talked of ethnicity, and we have not talked of the flight of the middle class whites from the large cities at least of the northeast industrial triangle, Chicago, Detroit, Boston, New York, Philadelphia, leaving a very strange arrangement demographically within our cities of wealthy whites to a very large degree and very poor unemployed lower class second, third generation how can I put it carefully, colored minorities, and if I look at the prisons in New York State and in Massachusetts and Illinois and in Washington, DC and in California all I see inside are large numbers, statistically, of colored lower class minorities.

So, I would like to introduce to our discussion not just age which I think is important but these other demographic variables I think are relatively important also.

Finished, for the moment.

MR. LAUB: The real puzzle of course, is gender in that 90-some percent of felony arrestees are male.

MR. NOLD: Are there any other people who did not have a chance to speak?

Yes, Paul?

MR. OSTERMAN: I just have a question.

MR. NOLD : You had your chance to speak.

MR. OSTERMAN: That was very fast. In the discussion of the impact of the relationship between unemployment and crime I am completely ignorant of this field, having done no work on crime; no one has talked about what it is about unemployment that leads to crime or why does the supply of crime affect unemployment. When I get my hypothetical chance to speak, I will give you my pet theory on that, but it is not clear what the relationship is. Is it that you cannot find a job, period? Is it that you cannot find a job that you aspire to? What is going on, and presumably people who are true believers, either intuitively or on the basis of research that there is a relationship between unemployment and crime should now be spending most of their time trying to find out why that relationship exists. How does one specify that relationship? What is the causal mechanism? As I say, I will tell you my story, but there are a lot of stories.

MR. NOLD: I think that there are two separate approaches to that question, and while I know that you have next claim, why don't you talk? I know that your approach involves stress, as well as economic opportunity, and I think economists think, just to make a brief comment economists think as the alternative wage or impacting the alternative wage, the expected wage, and as such it becomes part of the choice of committing crime. So it automatically has a place in the theoretical model. Whether it has an important statistical effect, that is from an economist's point of view, but Harvey Brenner?

MR. BRENNER: Thanks, I think that is a good way to begin. Because there are different views on causation, depending on discipline we have, in a sense a rather skewed distribution present in the room of disciplines, namely very heavily concentrated toward economics because it is our economic and econometric colleagues who have done most of the work in this area, but the theories have been extremely shallow and the reason is in my opinion is that there is not at all an appropriate economic theoretic argument for the relationship at all. In fact, we must draw on sociology, psychology and anthropology, the neighbor disciplines if we want to get at the contextual and psychological variables that are relevant which brings up the next issue. I think the strict econometric models that have been used are

thoroughly inadequate and they are inadequate because at a minimum they cannot be tested, and the reason they cannot be tested is they don't control for any other variables than those that seem to be appropriate to econometric theory at the time. They are extremely naive supply and demand models which disregard virtually all other facets of the social development of the society.

MR. FORST: You mean that they don't control adequately or that they don't control at all?

MR. BRENNER: They don't control at all. They hardly ever control.

MR. BERK: That is not the role of theory for control.

MR. BRENNER: It is the role in the first instance, the theory to help us decide what it is that we require control for, but to the extent that we don't even acknowledge that there are other disciplines apart from economics in a relationship that is so fundamentally social and psychological, well that is name calling.

MR. NOLD: We can have this degenerate quickly.

MR. BLOCK: Why don't you tell people what it is that is bad. What you have done is you have name called. You have said that econometric models are simpleminded. Let me hear your version.

MR. NOLD: That sounds more like a question.

You can answer that question and then you can go on afterwards.

MR. BRENNER: Econometric models are incomplete as models of crime.

MR. BLOCK: What is an econometric model of crime? Tell me that so we know what is simpleminded.

MR. BRENNER: What is simple is a supply and demand conception that is based either on some conception of labor market conditions per se or of industrial conditions per se without takig into account the context of the variety of urban, of historic, of drug-related, of demographic phenomena that do not fit comfortable into any particular disciplinary orientation.

MR. BLOCK: Well, --

MR. BRENNER: Let me go on for just a moment?

MR. BERK: He wants you to impact the idea of tastes, for example.

MR. BRENNER: The second issue is the implicit requirement in a lot of the work that has gone on that the relations ought somehow to be stable. There ought to be some fundamental stability in the relationships regardless of what things like unemployment may mean in terms of changes, regardless of what changes in economic conditions may mean. There ought to be some fundamental stability. My opinion is that there is not fundamental stability; there hardly ever

will be because of basic changes in the structure of relationships and control variables that are frequently not present.

There is no reason for us to impose the requirement that there need be stability. In fact what we should be trying to do is build in rationales for what is almost certainly always going to be implicit in stability. You are going to have a lot more stability in your case if you look at broad ranges of time. Over very short ranges of time, we can fairly confident there will be a devil of a lot of instability, regardless of the level we look at, whether it is highly micro or highly macro.

I don't think micro-macro issues are very much the point. In principle, given similar time ranges one ought to find fairly similar relationships almost regardless of level.

The interpretive mechanism might be more or less comfortable, depending on where one feels comfortable in analysis. If one is comfortable with policy analysis at national levels where one has a good theoretic and empirical basis, then that is the way to go. If one has more of a regional conception, neighborhood conception then things fit in better theoretically there.

We certainly need all levels of analysis taken into consideration not simultaneously, but surely there must be

some general consistency among them. We cannot generalize very easily from micro studies. We need too many micro studies to do it, but the micro studies are extremely valuable if we wish to understand individual behavior.

If we wish to understand national behavior, city behavior, we must analyze for national and city level. I am not meaning to put down or in any way attack the singular, highly disciplined approaches of econometrics or of psychology and a particular learning theory frame, any one of them. What I am saying is they are inadequate as singular frames of reference to handle as broad scaled a problem as crime because they do not take into account one another.

My impression is that in future it would be sensible to try to build cross disciplinary theoretic conceptions. Otherwise we are going to miss a great deal. We are not going to find even a minimum of stability in relationships.

Thank you.

MR. NOLD: Okay, let me make one comment, and then I will pass on to you for a rejoinder.

I agree with much of what you say, but one thing that disturbs me is the notion that what we are about at the aggregate level isn't to define and develop relationships that are stable or can be relied upon. The aggregate level work has an orientation toward policy, and whether we like it

or not as social scientists we get forced to stand behind numbers which we know are deficient and which are subject almost in some work that we have done, in fact, creatures of the specifications, and we have a responsibility to always say that these things, if we believe them to be unstable are that and not fall in line behind numbers that say that when unemployment or for that matter when sanctions go up by X percent crime rates will go down by 10 percent and leave it at that.

MR. BERK: Could I have either of you tell me what you mean by unstable? Do you mean that the causal structure is changing or do you mean it is noise?

MR. BRENNER: What I mean forthe moment is you do get fundamental changes in the actual relationships themselves. Unemployment in the 1970's doesn't mean anything like what it meant in the great Depression or the postwar period. There is a fundamental change in the meaning, the nature of variable of groups that it affects. Beyond that you typically have the entry of new variable into the system that affect it. It happens all the time. To the extent that you are able to take those into account you can stabilize the relationship and make a reasonable argument. You can do that and stand behind at least some of those numbers though your range on those coefficients, the range on those elasticities have to be taken with a large grain of

salt, but in any case in talking about the existence of the relationships themselves, it is quite clear if you segment the work through time, and look at different periods, you are going to see quite remarkable changes in those coefficients which are only sensible from an historian's standpoint.

MR. NOLD: Let me explain what I think by unstable and say that basically I agree and the real crux of the matter comes in with things like unemployment where the aggregate levels you have women going in and out of the labor force in the 1970's and an increase in level of the unemployment rate that may or may not be associated with increases in unemployment rate for groups that account for a large amount of crime, young males primarily.

MR. BLOCK: Harvey, I only disagree totally. It is only a partial disagreement. I think -- let me try to frame it in the following way. Most economic models that I am familiar with say the following about unemployment: Everything else equal an increase in employment opportunities will reduce crime. That is the hypothesis.

Now, the everything else equal turns out, I guess in practice when most economists do the empirical work to emphasize the economic alternatives, that is to say everything else equal to put wage rates in. It is not a failing particularly of our perspective. It is a failing maybe of our ability to find the other controls. I think there is a

difference. It is not really the arrogant position that the only thing that matters is some narrow monetary calculation. It is everything else equal employment matters in the following way. That is the economic model that I am familiar with, and I think if there are other economic models that are more encompassing, I would like to be informed. I would like to have a model that said that the only thing that was important was wages and unemployment. That would be really comforting. I don't have that. I have a much weaker theory, and I agree that I have imperfect, most of the time, imperfect control. If we are arguing over the imperfectionof the controls, that is fine.

MR. BRENNER: I never had the sense the profession was arrogant. I rather had the sense that in going beyond the very strict discipline of economics itself in its macro and micro form which deals with economic activity in moving to an area like fertility or crime or any other type of social behavior that falls clearly within the boundaries of economics so understood, we get into problems of the necessary involvement of other disciplines. It is not so much a matter of arrogance as a matter of not being able to interdigitate to use a horrible English word, the theoretical base that one uses strictly within economics to encompass a problem that is not itself necessarily within the economic frame of reference but which one needs other

theoretic frames of reference in addition to other variables to understand, as has been pointed out 100 times here the meaning on a theoretic basis between unemployment and crime. You have go t to go well beyond --

MR. BLOCK: Wait a minute. I need to interrupt. The core of economics is not concerned -- the definition of economics is the variables it is concerned with, not the subject area it is concerned with.

MR. BRENNER: You will have an argument with people on that.

MR. BLOCK: But that is my understanding. It is concerned with prices. It is concerned with returns in all forms of human behavior. There is nothing particularly economic. I mean buying apples or eating apples is not a helluva lot different than committing rape from an economic point of view.

MR. BRENNER: But is an economic point of view in committing rape a reasonable one?

MR. BLOCK: It is testable.

MR. BRENNER: Is it complete, even in your frame of reference?

MR. BRENNER: No, nothing is complete.

MR. BLOCK: If it is not complete, how would you propose to test it? How would you propose to set up a specification system?

MR. BRENNER: I did not want to get to the --

MR. THOMPSON: There is a point in here where I think the audience to the debate can feel a lack that perhaps the participants don't which if I could phrase it in your terms, some markets in which prices are equilibrated, I guess that is the phrase, are very well institutionalized like the stock exchange. It would be absurd for a broker a floor broker to put a bid up for a peanut butter sandwich. It would not go on the big board. Mechanisms that support prices for shares on the exchange do not support prices for peanut butter sandwiches or for grapes or apples.

Other markets such as choice of one's spouse or decision or failure to decide or to be totally ignorant about even the choice set to rob someone or whatever are not well institutionalized. The center of gravity of the discussion of employment and crime can sometimes be on the employment side which we may assume that we are talking about institutionalized markets or at other times it can be on the crime side where the question of what the institutional supports are is very much in the open. Harvey was sa ying earlier that in fact he believes that there is growing up in this country an institutional support for certain crimes in the fencing or redistribution area. If so that would be a significant structural change which would change the mode or the relevance of an economic analysis. Mike, what

I find missing in your definition of the discipline in terms of its variables and in terms of the interest in price is where does one learn about the degree to which those prices are part of an institutionalized market or not?

MR. OSTERMAN: Could I make a comment, if he was done?

MR. THOMPSON: Yes, I was done.

MR. OSTERMAN: It seems that a useful analogy is the labor supply of literature in which you have this very elaborate complex model developed of why wives have participated in the labor market. It seemed to work fairly well, and all of a sudden it fell apart, because a whole set of other things which were part of the model changed particularly attitudes about participation in work and one can still estimate labor supply models and get significant coefficients, but one would be hard pressed to say that these models are very satisfactory and explain trends over time. I think the lesson I would draw from that is the following, that the economist in putting together a model and testing it is concerned with the marginal effect, that is to say if there are 100 people in the world and they consider committing rape, and one of their decisions or two of their decisions are conditioned in part by the wage rate you estimate a model, you get a coefficient on the wage rate, and it will prove to be statistically

significant if your sample is large enough. One would say, "Aha, the wage rate is related to the commission of rape," but in fact the model has failed to explain what the other 98 people are doing. It is a model which is useful perhaps on the margin in terms of small predictive capacity but it is not a model that is useful in explaining the universe of behavior, why most people behave the way they do. What has happened in the labor supply field is that whereas a significant fraction of women used to behave in ways in which the labor supply was related to their husband's earnings a much smaller fraction behave that way now. They are driven by other factors.

The economist can still find a significant marginal effect and be satisfied in the testing of the model in some sense, but the model can explain only a small part of reality, and I think that that is part of the problem.

MR. ROSEN: All you are saying is that you don't have a variable for that attitudinal factor in your model because it is very hard to collect that kind of data.

MR. NOLD: No, wait, conceptualize it.

MR. OSTERMAN: You just cannot specify it.

MR. NOLD: You are saying something worse than that. You are suggesting that there are discontinuities in the kind of people out there, and I think that that has rather bad implications for anyone trying to understand anything about the world in physical sciences or in social sciences.

I, for one, don't believe that that could exist in people's decisions. What you are suggesting to me is that two people may respond to this wage at some higher wage than some of the remaining people would respond.

MR. OSTERMAN: But it is completely outside observational universe. Almost all men between the ages of 25 and 55 participate in the labor force. You don't observe any range of wages which would drive that labor supply down. So we might be willing to say in principle maybe it --

MR. NOLD: Of course, you are wrong on the facts. Not all men btween 20 and 55 participate in the labor force. Some people never hold a job.

MR. OSTERMAN: It is 95 percent.

MR. NOLD: All right.

MR. OSTERMAN: What is the wage change that would get it down to 50 percent? You are never going to see it. So you can tell me there is this continuous wage change, but you will never --

MR. BRENNER: I don't think there is any harm even, say, to take your point of view, even if you are explaining 2 percent. That is 2 percent more than you know otherwise. What becomes a problem is that the 2 percent itself is unstable even there and let us say, for the moment that the theory is very good; it is very sound and operates some proportion of the time. There is no reason to throw out

that piece of truth. It represents the behavior of some element of the population, but in order even to capture it properly it is simply necessary to know if those coefficients aren't to be absolutely crazy and meaningless, it is necessary to know what is going on elsewhere in the system andto build it into the equations themselves.

MR. BERK: Let me see if I can put this together a little bit. It seems to me that the micro economic theory that has been relevant is very powerful within what it seems to be properly designed to do which is to monitor short-term changes in behavior at the margin. That is what it is supposed to do. It does that pretty well I think, and it does it I think pretty well for people who are at the margin. Not everybody is at the margin all time, maybe a lot aren't, and as the time span for the data are supposed to capture increases other things change, too, like tastes and so on. That is all you are really saying, and it seems to me that if you are properly circumspect about who it is you are trying to predict behavior about and how long the time span is you don't get into big trouble. I think your concern which I share is that surely you get into the big sweep of history.

MR. BLOCK: How about California 1890?

MR. BERK: Or 1890 or even the short sweep, what was it of the changes in -- that is a pretty big sweep, and

I don't think our economist friends would propose that a micro model of the market is supposed to work for a 10-year sweep in, well, I don't know.

MR. BRENNER: For policy purposes, for legislative purposes?

MR. BERK: Presumably that is not quite where the margin --

MR BLOCK: There is a level of argument. If you have isolated the important exogenous variables of the relationship there is no reason to suspect that you cannot get 10, 20, that you cannot get the sweep of history out of it. I mean there are economic historians who think that you can do something useful over long periods of time.

MR. NOLD: They wouldn't stand behind the magnitude. They would stand behind direction.

MR. BLOCK: I hear Harvey saying that we are going to flop between 0 plus and minus.

MR. NOLD: I don't think he said that. He said a range.

MR. BRENNER: A range also implies a minimum, that there is some effect that you can have some minimal belief in. The upper bound may be kind of crazy, but you can feel reasonably safe in saying so much more damage is done.

MR. NOLD: I like the term minimal belief.

MER. BERK: One additional point to that, just to

finish what I was going to say very briefly which is that also there is a question of precisely what it is you want to include in economics. For example, it seems to me you two fellows here have something to talk about with respect to whether or not you believe that there is market segmentation or not. The point is I think one of theproblems we have to avoid is characterizing quote, economics only by your economics. There are other sorts of economics around which may be better or may be worse but certainly are somewhat different, and I would appreciate --

MR. BLOCK: I did not think there would be a monopoly.

MR. BERK: That is what they all say.

MR. BLOCK: I would like it.

MR. NOLD: Yes, Brian, another imperialist.

MR. FORST: First of all, I apologize for coming late. It is my loss because I missed how much meat has been picked off the bones, but I suppose I could thank the Lord for leaving bones in any event.

MR. NOLD: That is all right, it is an elephant on the table.

MR. FORST: I find it unfortunate that the discussion has, if I may use the word degenerated to a question of which discipline is correct. I think we can all agree that there is a rich variety of behaviors out there and

that some people are at different margins, that some people respond to different kinds of incentives and that others respond differently. It is appropriate nonetheless, to focus on the question in the aggregate does there appear to be an effect of improved economic conditions on crime. It is also appropriate to focus on specific narrow questions that micro data on particular classes of offender populations can provide insights about so that we can have a sense of policy relevant inferences both at the micro level for specific classes of offenders whom we may find do respond to economic offenses and to address the large aggregate questions on the whole, what happens when we reduce poverty; does it appear to have a perceptible influence on violent crime on property crime; what happens when we reduce the unemployment rate; does that appear to have a perceptible effect on various classes of crime; what happens when we alter the labor force participation rate and the different disciplines have something to say about how to analyze the data, how to specify the models and so on, but I think that if you look at all of the empirical literature it is hard to be persuaded that there is much of an effect that is robust so that one could say that in the aggregate improved economic conditions affect crime, and it is appropriate to do that, andit is appropriate to address the aggregate questions recognizing that there is a rich variety of individual behaviors, many

of which offset one another. So it may well be that providing economic incentives cause some people to do less crime and other people to do more crime, and the net effect appears to be not very great, given all the empirical evidence that we have to date.

MR. BLOCK: How do you know what you have to date unless you have a structure? Unless you can specify the structural relationships how useful is the reduced form? This form has a coefficient near zero; what does that tell you? Does that tell you that there are movements in the system that increase both propensity to commit crime and amount of deterrence over periods of time? Without the structure it does not mean much.

MR. FORST: I would assert that if in fact there were a large effect of reduced unemployment or reduced poverty on crime that it would reveal itself through alternative structures.

MR. BRENNER: It might not, not if other events very,very powerful events overtook it, such as the massive involvement with drugs in the United States since the 1960's and since somewhat earlier 1950's. It has to a large extent cut into many of those economic relationships. It is demonstrable, such as the massive demographic shifts in the United States, such as the concentration on youth in the United States, at least those three, andthere are probably

two or three others. It seems to me that the level of argument at the macro discussion should be on the models themselves, what exactly is specified in terms of content.

There is no question that if we use different models in this situation, since the Second World War, we are going to come up with vastly different results. To replicate in some reasonable way, it seems to me, there must be some agreement on the basic parameters of the problem. If there isn't, the results will be very different from study to study, as they now appear to be.

MR. MC GAHEY: I note some of the frustration, but I think the separation you are trying to make probably cannot be made at a certain level. It is a frustration of well social science can only bang their heads and talk about this arcane stuff. What matters from a policy point of view is what do the numbers tell us; what is the data; mine it and see what we can find out from it. I think that probably one thing that everyone would agree with here although probably not much else is that that is not as easy a separation to make as it sounds, that you may think you have got something. You put the example when we affect labor and supply, when we affect crime, when we do this; that mau not be the same thing as having those things change.

For instance, it is not clear to stay with the example that has been used that the change in labor force

participation of women over the last decade, and there are a lot of ideas about why that may be, and it does not translate easily into policy because it happened over the last 10 years. It doesn't immediately follow that policymakers now know how to alter the labor supply of women.

Now, that is except in the most extreme theoretical case. If you did not pay a wage probably very few people would work. That is probably true but not very meaningful in terms of policy, and if you paid $1 million an hour everybody would work. It is sort of like a Lacker(?) curve. Imean both of those are unassailable propositions at an abstract level but between the two of them you don't really know what is going on. Between the two of them is the policy relevant range, and that gets you into this problem. You don't know exactly where you are in terms of these shifts.

One other comment which I don't know how to work in Iswill throw in, but we have long-term stable time series relationships and putting in a bid for another variation on economics I think people would say that if you see a long-term time series on that you basically assume there has more or less never been a stable individual behavior model over that time. A more structural economic approach could say that it actually is kind of puzzling that in the labor market, say, in California in the 1890's you would get a similar relationship

to crime. Part of that is measured as you would with the California labor market in 1967. I mean they are not very similar in a lot of ways, and so it is even more difficult to try to understand.

MR BRENNER: Except if there were recessional effects or an overall contextual damage to the economy in fact.

MR. MC GAHEY: Yes, assuming just kind of a business cycle model.

MR. BRENNER: Which is responsive to policy.

MR MC GAHEY: It is not that there is not some sort of business cycle that just flows through there; it becomes an entirely different can of worms. We will come back to this, the structural economic issues, but I guess what I would like to put in and make my noise about is not to play up economics solely as, although it is the dominant perspective in the field, as solely a micro model of behavior and individual level changes. I think there are ways that economics can contribute on structural issues and that the two sort of being counteropposed to each other are beating heads.

That does not mean that I want to throw out micro models of individual behavior. I think they have utility at certain sort of levels, but contained in other kinds of ways. Sometimes people's reactions to the economic discussion is when the models are presented in that specified

form it sounds as if they are excluding everything else. I don't think that is necessarily the case with the micro mechanism.

MR. BRENNER: Just a quick response. I think that was a very excellent point. I think there is something of a tendency to use the micro conception in econometric circles for macro work where in fact with the macro work itself it might be much more strict.

Macro models a la business cycles, for instance or major structural change in the economy are far more appropriate to handling major structural change.

MR. BERK: A minor clarification? When you say econometric, do you mean economic or -- I am confused.

MR. BRENNER: Or statistics.

MR. BERK: Or statistics. I think what you really mean is economic and economic theory sometimes and the statistical analyses the other.

You have been throwing them together, and other people besides economists do statistics.

MR. NOLD: Professor Martin?

MR. MARTIN: Your remarks about macro or micro put me in mind somewhat of some earlier work I have done with psychiatrists with respect to the role of structural and cultural variables in clinical analysis. I think I am understanding you correctly. They very quickly admit both

in the literature and in work sessions that social structure and culture are absolutely marvelous and magnificent and should obviously be included and then proceed as if they never heard of them and that is what I am hearing from you, that micro analysis is marvelous and should be included but somehor or other let us get moving and get at the aggregate data.

MR. MC GAHEY: Then I have absolutely misstated my position. I think the dominant trend in the economic literature thus far has been with, and again, it is all relatively new, has been with rather simple micro models of behavior that purport to be tested on macro data, and I think there are formidable problems all along the way both with the models that are linked to the macro data and then the technical issues --

MR. BRENNER: Would you speak to the link of the micro models with the macro data?

MR. MC GAHEY: It is a difficult -- I think again as a first generation thing it is appropriate. I don't want to get into a discussion about --

MR. NOLD: I can at least answer my opinion on that, and I would say it is much more appropriate to not have a model. If you are willing to aggregate up individuals and try to treat the qeustion of aggregation, if you can, by either having models for different segments of the economy

or different parts then you can make some headway. It is certainly not as desirable as testing with individual observations, but as Rick was intimating before, testing with individual observations offers a whole new set of problems, not the least of which is cost and feasibility I am afraid and current state of the art. It is not entirely clear that you can analyze some of these processes which take account of a person's entire life history as they should, since each of us carries baggage with us, economists perhaps more than others to problems and decisions about labor supply, but I think it is far from peripheral to have an individual based model that is then tested on aggregate data than to approach aggregate data without a model.

Approaching aggregate data without a model is basically a useless exercise.

MR. BRENNER: But are the micro decision models appropriate for macro analaysis.

MR. NOLD: For is a test for a proposition.

MR. BERK: What is a macro model? I guess I need some --

MR. BRENNER: Business cycle theoretic models was one that was raised, for instance, which don't speak to individual employment but rather to recession or inflation or whatever.

MR. NOLD: Underneath they are based on

investment decisions and inventory control concepts.

MR. BLOCK: There are economics that are not based in some sense on individual --

MR. NOLD: In some sense, surely.

MR. BLOCK: And there are aggregation problems, and when you have aggregation problems there is a simultaneity problem and no one is going to seriously argue that either we solve it or at all times when we are testing with aggregate data we don't have to take account of it, but it is not sufficient to just say that okay, we have an aggregate model and we have an individual model. That is not what we have. We only have these micro models of behavior.

MR. THOMPSON: Wait a second. It is very misleading to assume that macro micro can always be a kind of one-to-one map. Let us take income versus income inequality. Income inequality is a piece of data at the macro level that simply doesn't exist at the micro level.

MR. BLOCK: But there is no theory of --

MR THOMPSON: There very easily could be a theory of income inequality and crime.

What I am trying to get at is if one takes the typical labor supply literature --

MR. NOLD: What is it based on in your idea, since you said that it is not related to an individual; what is the

model?

MR THOMPSON: No, I am simply trying to make a simple point that there are variables characteristic of aggregates that do not have any kind of reasonable conceptual correlate at the individual level. That is the point I want to make. I don't want to strike out on a theory now of income inequality and crime.

MR. NOLD: No, based on, I presume some individuals having more wealth that can be transferred to you through criminal activity; isn't that the notion?

MR. MC GAHEY: That is one, I am asking if there is a sort of increment quality as a proxy from ore to steel.

MR. NOLD: But that provides a basis for incrementing --

MR. BERK: Nobody is denying that there are, no matter what the structural and aggregate model is that there are individuals who make individual decisions. I mean there is a social psychology and a rational type. It is in there. No one is denying that. The question is whether you can separate conceptually and work with models at macro and micro, and then once you do that is there a relationship that is easily disentangled.

Now, obvously pscyology and individual decision making implied in macro --

MR. THOMPSON: Take another example --

MR. BLOCK: I want to go back to that example because I think that confuses the point. It is a perfect example of confusing the point. What is this thing income inequality and crime? I mean there has got to be a causal connection. There is not some mystical income inequality that enters individual --

MR. OSTERMAN: Let me just make up an example. Let us say that an individual's criminal activity was related to his or her sense about the justice in the society. - I don't know why you make a face. People have revolutions because they think society is unjust. People kill their leaders because they think society is unjust.

MR. BLOCK: I don't know that that is true. That is your hypothesis.

MR. OSTERMAN: Those are hypotheses. So over time we can assume that major social -- I will assert that major social events, wars and revolutions have had some relationship to people's perceptions about whether or not the social arrangements are just.

Now, whatever it may mean, the structure of social justice may be a variable that moves in a society over time, but in a cross section it is constant in that society. You cannot measure that hypothesis in a cross section in the United States because today there is a constant cross section. There is no variation in people's perception of

justice. Over time there is variation of people's perceptions. Now, that is an example which I don't think you can -- that strikes me as a strong example of a time series model that is simply not testable in a cross section.

MR. BLOCK: But that is an assertion that mobility has completely arbitraged out over space what is true over time.

MR. BRENNER: It is a reasonable hypothesis.

MR. BLOCK: No, that is just an assertion, but you cannot test it. If you want to say something about injustice and you say when we measure social injustice by income distribution, we know that the income distribution of various geographic areas in the United States are not exactly the same. Is there some reason that cross sectionally this is different than over time?

MR. OSTERMAN: One could look for proxies, but the fact of the matter is that in the United States today blacks are treated substantially different than they were treated 100 years ago in the United States.

You could say to me what if we compared Massachusetts with Mississippi 100 years ago, well, yes and no. Society is rather different.

MR. BLOCK: The only reason I am being resistant on this point is because while I appreciate the usefulness maybe of income distribution as a measure of social notions

of social equality, I don't necessarily see that that follows in inability to test any kind of theory cross sectionally.

MR. OSTERMAN: Certain models can be tested.

MR. BLOCK: There is no argument with you that there is no variation over cross sectional models. You cannot test that.

MR. NOLD: The price of potatoes is the same in all districts of the city on a given day and there is no way to find that elasticity, we agree.

MR. THOMPSON: That is not the only example. I mean take another example, interdependent utilities. Sheldon Dancer did a little paper six or seven years ago that fascincated me by being the only example of an economist who looked at essentially things like I want to act for the other's welfare rather than my own.

The introduction of that kind of a notion seems to me immediately transforms the conventional economic models of crime into very different kinds of models. One example would be, for example, the opportunity costs of imprisonment may very well much more easily modeled in terms of an offender and his family and his family relationships and his judgments about what his incarceration will do to them rather than to his forgone income except obviously this again is indirectly an income to his family and so forth, the problem being one of trying to decide where you utility

ends up as an -- ends off an an abstract concept and becomes something that you really can talk to people about in terms of individual surveys. What do you do? Why do you do it? What are you trying to accomplish? It seems to me that almost implicitly what happens when you don't ask questions is that you impose the goals on the individual, and they are usually in very individualistic goals and they are economically oriented in the sense of money oriented, not that that is what a discipline does.

MR. NOLD: I don't want to wash that question off. We will come back to it. I think it is partly a question of parsimony, how one models these things, but Bruce Johnson has something.

MR. JOHNSON: I would just like to go back to something that Harvey suggested a little earlier and talk about very briefly some emergent findings from some research that Ed Preble and I are doing with heroin addicts in New York City that I think have important implication, that are what I call important implications of the micro systems for macro models, and there are three things there of critical importance for that modeling. One is the issue of the non-economic motivation of say, heroin and people who are consuming drugs.

In the aggregate model that I have seen to date they have been very unclear about the specification of how

you value durg consumption, that is how do you measure desire to get high or the desire to use drugs? How do you incorporate that into an aggregate model somehow or other, especially how do you place an economic value on it, and if you consider that across American surveys of drug use in the 1960's and the astronomical increase in both the portion of the population using any of these drugs, particularly marijuana and cocaine and less in the early sixties and late seventies heroin and less so now perhaps but even now perhaps going up; given that the frequency of consumption has gone up to levels that are astonishing by any prior historical comparisons and given the importance economically that a drug that at low cost is the model of marijuana for example is a fundamental challenge to the whole theory of economic modeling it seems to me, although it is a very interesting one and my perspective is how is that a drug which is illegal, as illegal under present law as heroin is, for example.--

MR. BLOCK: The law is not enforced.

MR.JOHNSON: You can argue about the degree of enforcement.

MR. BLOCK: But that is more a statement of fact.

MR. JOHNSON: I am just tossing out the issues. The issue is here is a vast production now, both in the United States and abroad coming into this country, and yet it is being delivered at a unit cost of a joint on the street

which is a very typical unit of consumption for about $1 a joint, at least that is what it is in New York. I am not sure what it is elsewhere, and the size of that varies considerably from place to place.

MR. BLOCK: It is an efficient production network.

MR. JOHNSON: Okay, I can only say that it is a relatively efficient production network.

MR. BLOCK: It has been getting cheaper and cheaper all the time, and it is a mystery why consumption is growing. It is sort of like why the consumption of calculators has grown.

MR. JOHNSON: I just want to toss out some issues.

MR. NOLD: I want to address one. You seem to think that drugs are somehow a unique commodity. Lots of people like to play tennis, and I would like to see someone speak to the question of how the tennis ball price is affecting crime. I look at drug prices that way. Now, there is a question about how it affects people's decision making powers and other things which is outside of that consideration, but drugs as a commodity. It has a price.

MR. BRENNER: No, Fred, what you should talk to is the issue of why tennis has become so very popular. Is it purely a function of -- there are very many elements of the economic system, of the social system that move in massive historic ways through time that have nothing to do with the

economics of them, that have very little to do with what you can extract from individual micro level decisions. The movement of drugs in the United States and elsewhere in the world has very little to do with any decision made by any individual or can be extracted even in the aggregate as a result of survey pooling. They may respond to some extent to price, but that is not all they do, and it is not the only reason surely, that we had the massive movement of heroin in the United States.

MR. NOLD: Bruce?

MR. JOHNSON: I have some more points I want to make. I will move away from marijuana, but I think that you can do better with aggregate explaining marijuana consumption than you can some of the following problems that I am encountering at the micro level.

They are certainly there, and they have important implications for the aggregate level. One of the key things that we are finding if one starts to treat heroin users is that very few of them ever lay out money or cash for what I consider necessary expenditures. In particular I am thinking of shelter and food. They have a strong tendency to either live with friends or parents. So you have the unique situation of the 35-year-old men still living with their mothers and they eat with girl friends. You know, the important point is that a very small proportion of their

total income, cash income ever goes for food.

The people who are in effect subsidizing them are basically your welfare class. I mean most of these respondents come out of that precise class. So the economic model that just focuses on price of heroin is overlooking, I think, to a certain extent the subsidization of the welfare system of such persons. I am saying that there is something n that model that affects the decisions about the aggregate supply.

MR. BLOCK: These heroin addicts have different consumption. Independence is a nice thing. If they could use their money for heroin and housing they would like that better, but they make some substitutions between housing and heroin.

MR. MC GAHEY: Again, we are falling into false polarity. I don't think it is only the price of heroin that affects heroin, and we are in danger of falling into that again.

MR. THOMPSON: I am just saying that there are things that are emerging from studies at the micro level that have implications for the macro level, and I am just throwing out a few ofthese things.

MR. BLOCK: So the implication of that story would be that welfare payments and increase in AFDC would increase heroin usage.

MR. THOMPSON: No.

MR. BLOCK: Isn't that the implication of it?

MR. THOMPSON: No.

MR. BLOCK: Heroin actually be subsidized by the welfare people. So if in fact, you increase AFDC or welfare you will get more heroin.

MR. NOLD: Let us break for coffee for 10 or 15 minutes, and then we will return to the main speakers and then back to our usual discussion.

(Brief recess.)

MR. NOLD: We are still missing a couple of people.

Let me make a couple of comments. A couple of people that I had thought would be able to make this meeting appear not to be able to. Is Chuck Wolford coming this afternoon?

MR. FORST.: No, he will not be here at all.

MR. NOLD: So that provides me with an additional reason to suggest that those people who are in the government and in policy-making roles or have those kinds of questions ought to be more willing to ask questions and bring up problems that they have with our research or questions that they have about it, and areas that they think that we leave totally neglected which are important considerations when they have to deal with these problems, both with their constituencies and with their Congress or with the case of

the National Institute of Justice their recalcitrant grantees.

So, the next topic is youth employment opportunities and crime, and it is really not very differentiated in some respects from the last area that we talked about, since some small consensus emerged that unemployment that we wanted to look at most was in young males. The discussion will probably continue apace, and really I would like to encourage those people who have not said much today to join in the discussion.

The first speaker out of order will be Bob Taggart in this section.

MR. TAGGART: I am out of order because I have to go to court this afternoon.

We look at the problem somewhat differently over at the Department of Labor. We are mechanics, and we approach it from a journeyman way. We ask, if we give jobs and if we give opportunities will it make a difference? Why fool around with the big questions if the big question is does unemployment or lack of opportunity breed crime; can we stop it by providing opportunity and providing jobs?

We had a good deal of money in the Youth Employment Demonstration Projects Act in order to run experimental and demonstration programs. It amounted to $750 million for 1977 to 1979. There were 108 multi site demonstrations run, testing every possible intervention strategy that we could

think of and we tried to evaluate them as far as possible with a standard assessment system that looked at crime effects, as well as other effects and evaluated them from ethnographic and process approaches, as well as economic impact, education impact, family impact and the like for the different interventions.

In several of the cases these demonstrations involved saturation experiments where we would take whole cities or a whole neighborhood and paper the city with jobs for everyone or training for everyone for pre-trial intervention types of arrangements for everyone, so that we have in effect not just what will happen if I take one individual and work with that individual but what will happen if I take every individual and see the spillover effects.

Most of our evaluations of large-scale programs, such as the Job Corps also had control groups of non-participants as best we could select them, and we took statistics from them, also, and their employment status and on their arrest rates and conviction rates, and so we had a data base of those who did not participate in our programs. It was very useful in looking at some of the micro questions we talked about this morning.

This type of work that was done under YEDPA built on a good deal of work that was done from 1965 to about 1971, in the Department of Labor and many in the courts and

corrections community and justice community are not familiar with that work because it was done by a different group, but they spent about $100 million over that period on research under MDTA and some other things, some of it good, some of it bad, not quite as large a scale as the more recent activities. So there we tested pretrial intervention, probation, MDTA training. That is occupational training in prison, education in prison, employment programs and work release and then transition services subsequently.

So, there is a body of literature on that, and again some of it is good and some of it is bad. I will go through very quickly some of these results. One one the things we had was a program called supported work, and this was done over the last five years. It was a random assignment control group demonstration testing full-time work experience. We tested it for four discrete groups, ex-addicts, ex-offenders, dropout youth and AFDC mothers. It is probably the best research that I have ever seen in terms of control group, random assignment demonstration but technically the best evaluation, statistical controls and the like. What it basically gets at is will dropout youth and the ex-offenders and ex-addicts, will it change their behavior if you provide them jobs?

The jobs were provided in 15 sites. The type of work provided was pretty much what we do in employment

training programs, rehabilitation, park maintenance, clerical, those types of activities. They were extraordinarily well run projects at the local level. So, it tells us what we could do at best, not probably what we are doing under our employment training interventions.

The results of supported work unequivocally shows that there is no effect on the youth dropout population in terms of their post-program employment and earnings and that there is no effect on the arrest rates or the incarceration or conviction rates of the youth who participate in this program.

We find, Mr. Johnson, that they move up while they are working and while they are earning, they move up in the quality of drugs and cost of drugs that they consume as an economics model and that they drink more Scotch than they do beer and that after the job program they move back more like the other youth were before while our participants were in the program.

It is comforting to some. When you look at the ex-offender model you find again that when ex-offenders are provided work they averaged about nine months to one year in these programs. There was no effect whatsoever on crime rates and there seemed to be some effect 18 months out after participation. At that point it seemed that there was some reduction in the amount of crimes they committed, very

slightly statistically significant, but their conviction rate was higher. So you could not really say that there was a crime effect whatsoever.

MR. MARTIN: Are these under 25 generally?

MR. TAGGART: This group is older. It is mostly from 21 to 30. They are ex-offenders. Twenty-five would be the median age.

MR. NOLD: A technical question, 18 months out this is the sample that remains on the street, I presume?

MR. TAGGART: Eighteen months out of the program they try to track down if they are incarcerated.

MR. BRENNER: He wants to know how you found these people at all.

DR. NOLD: No, no. I was just wondering what the, never mind. I guess the issue was whether or not crime rates for the group that was left on the street after 18 months was --

MR. TAGGART: Okay, it was a random assignment control group experiment so they took one group of ex-offenders and did not do anything with them and another group; they put them in a program. Eighteen months after they entered the door all of them were, all of the ones that participated were out of the program, and when they went back to interview them between the 18th and 36th month period they found that the arrest rates were slightly lower for those that had

previously participated in the program but their conviction rates were higher so that the net crime effect kind of washes out. There was no in-program benefit, that is when you looked at those who were out on the street and you looked at the ones who were in an employment program there seemed to be no difference for the ex-offender group.

MR. BLOCK: I just want to ask some questions about how much these demonstratees knew about the program. Did they know it was temporary?

MR. TAGGART: Oh, yes, and the idea was to transition them into regular employment.

MR. BLOCK: And what were the requirements for being in the program; if you committed a crime when you were in the program did you automatically lose and drop out of the program or was it a beneficent program which took you back?

MR. TAGGART: It varies from site to site, and you can read the case studies.

Generally it was well maintained relative to other work experience programs. It was stricter, and if you did not perform they would go to bat for you once. They would not go to bat for you twice was their rule.

MR. BLOCK: But there was a difference between sites?

MR. TAGGART: Yes.

MR. BLOCK: Was there a difference in experience on sites then in programs?

MR. TAGGART: The cut on that is beyond the power of the data, but it is a well run evaluation, and you can look at it and run it.

For the ex-offenders there was no impact on employment, post-program employment.

MR. BRENNER: They were just as likely to be unemployed?

MR. TAGGART: Yes, both programs; the work experience did not create a benefit for ex-offenders.

MR. BLOCK: Could they transfer this information to another potential employer that they were employed by this program?

MR. TAGGART: Absolutely, but then the question becomes do other employers credit the fact that you have been in employment training.

All right, then when you look at the ex-addict group, the FDC group I might note had the strong post-program employment and earnings gains. They did not even track the crime because there is such a low rate of it among the clientele and all post-program employment earnings came from employment in the public sector in unsubsidized jobs which would suggest that it is not an effect of work alone making them more employable but work leading as an OJT almost into a public sector assignment for a small portion.

The ex-addict population there was no employment

effect, but there was a very significant crime reduction effect and the crime reduction effect in their benefit/cost calculations; this is Manpower Demonstration Research Corporation, I think they did it with APT or Mathematica found that it accounted for about -- it offset half the cost of the program. That is how substantial the reduction in crime was.

Now, the question is when you read the evaluation, the question is whether or not the reduction came about as a result of work or whether it came about as a result of addict treatment and work is a way to hold on to them so that they can get addict treatment. So you don't know whether if you could just pay them the money and they did not work but they had to come to get the money to get the treatment at the same time whether it would have had the same effect.

MR. MC GAHEY: The crime reduction was within the program and post-program, too?

MR. TAGGART: Yes and post-program, but it was much stronger in program than post-program.

MR. NOLD: How did they select the people for the experiment?

MR. TAGGART: I am not familiar enough to know. Well, they went to the treatment agencies, but in each site I don't know which treatment --

MR. NOLD: These are people who decided they wanted

treatment?

MR. TAGGART: Yes.

MR. MARTIN: Shall we all ask questions, just throw them in? I want to ask him to shut if off.

MR. NOLD: Two questions, first Tom and then John and then we will all be quiet except for points of clarification because Bob is going to take a little bit longer since he was scheduled to speak in the afternoon, too.

MR. MARTIN: Yes, I would like to know what percentage of the demonstratees went into the private sector post-program?

MR. TAGGART: Which group? The youth only 40 percent were employed post-program and 30 percent of those were in the private sector, not 30 percent of them, 30 percent of the total.

MR. MARTIN: All those who graduated, let us say, into the private sector, what percentage of those who had lower or higher or the same arrest rates from before?

MR. TAGGART: I did not see a break out in evaluation. What I am trying to say is that you have both a large sample size ofcontrols and a large sample size of experimentals in which you track for 36 months with an intervention so that you can answer any of your questions by going to the evaluator, Manpower Demonstration Research Corooration and get them to run all these things.

MR. MC GAHEY: They have huge volumes.

MR. TAGGART: It is just sitting there, and no one is using it for the crime uurpose. The use it to find out what the value of the work intervention is. So, I guess to summarize the support of work, if you believe in our of school work experience, and I say out of school, work experience as a way to offset crime, it doesn't seem to work for dropout youth. It doesn't seem to work for ex-offenders. It seems to work for ex-addicts and a very substantial reduction in crime but not improvement in employment and for AFDC no reduction in crime but an increase in employment.

MR. MARTIN: What is an addict, and what is an ex-addict?

MR. TAGGART: An ex-addict is a euphemism for someone who has gotten treatment and now they are doing something positive. They use the term ex-addict. They meant addict.

MR. MARTIN: What is an addict in the study, in the program?

MR. TAGGART: They went to the drug treatment agency in the city and got people who were there registered, and they can tell you what the drug use is. They have it broken down by each of the types of drugs they used and each of the types of drugs they used in programs.

MR. MARTIN: So, they operationalize it by taking

the treatment agency's roster.

MR. TAGGART: That is right.

MR. MC GAHEY: In some cases. This is not a real cream sample in any of these.

MR. TAGGART: No, it is not a cream sample, and it is random assignment as to whether you get into the program or don't get into the program.

MR. MC GAHEY: I did not say it was a cream sample.

MR. TAGGART: No, I know. On that we have the benefit that we kept track of all the procedures. I was not interested in the ex-addicts. I was looking at it from a youth perspective.

MR. NOLD: Okay, two more brief questions.

MR. TAGGART: Let me run through the rest of these because I have got to get out of here.

The second thing we did was eveluation of the summer employment program. The summer program is supposed to make the streets quiet during the summer, and that is its primary purpose.. You have got to understand this that in the summer 45 percent of all minority teenagers who have a job are working in the summer program or some other CETA program. This is 14 to 19 year olds

MR. BLOCK: Used to be.

MR. TAGGART: Last summer it was still up to roughly the same levels and the private sector had already

started laying them off. So it still accounted for --

MR. MARTIN: The summer of 1982 should be interesting.

MR. TAGGART They still haven't cut that program. The summer program has been very weakly run so that it has not been in the past a model of quality experience. It is more of a holding action. In the last three years there has been a dramatic improvement in that because of monitoring hundreds of thousands of work site visits that have at least made it in the thing where only maybe 15 percent on any given day are playing basketball rather than 50 percent which is good from a policy point of view, but maybe you want something better.

What we found when we monitored this is that the summer program serves mostly 14 and 15 year old, as 42 percent of the enrollees are 14 and 15 year old, and then 35 percent are 16 to 17. So it is mostly a very young group who would not work otherwise. All of them are economically disadvantaged to get in the program; 90 percent of them are students, andthe other 10 percent are dropouts.

MR. BLOCK: What is economically disadvantaged?

MR. TAGGART: Poor.

(Laughter.)

MR. TAGGART: You cannot say that though, low income or -- all right, what we found was that the summer

program had a very slight effect on return to school rates which it was supposed to do. It had a very slight effect on post-program employment while in school, that is part-time jobs. It increased it by about 5 percent more work in part-time jobs subsequently. What it did, it had no impact on post-program arrest rates, that is it did not change motivation and behavior as best we could tell, but it is very hard to tell because a few of them get arrested, and you cannot get statistical significance even with enormous sample sizes.

What we did find was that there appeared to be a reduction in during summer arrest rates. The best demonstration we had of this was a multi-site program run by OIC Incorporated in nine sites, 1800 enrollees, 900 controls, and in seven sites they actually got the arrest records. hey gave the rosters of all the participants and all the controls.

MR. MARTIN: Random assignment?

MR. TAGGART: No, they got statistical controls on the characteristics and tried to match them. As best we can tell from looking at the matchup, they did fairly well. The conclusion is it cut crime in half.

MR. MARTIN: It kept the streets quiet.

MR. TAGGART: No, I would not go that far. The arrest rates only 3.2 per 100 were arrested during that

one summer period of the participation, and it fell, that is of those who did not go in the program among experimentals it was cut to 1.5. So, it cut arrest rates in half for this group. What you are talking about is 14 and 15 year olds who, a large percentage of them were not committing crime in a 12-week period during the course of the summer.

MR. MARTIN: Did it keep the streets a little quiet?

MR. TAGGART: Quieter, yes, it cut it in half from this particular group that was contributing. Most of the effect was concentrated among 14 to 17 year olds. I say this because in contrast to supportive work it served mostly 18 to 21 year olds, dropout youth, and there we had no effect from work experience on a full-time basis. The summer programs are different from that, and what I would infer from it is that you can do -- and most of the effect was concentrated among the younger cohorts, and what it seems to say is the type of crime the 14 year olds are doing from idleness or at least some of them are doing is different than the types that 18 to 21 year olds are doing.

In this same demonstration we served offenders. One-half of the group had to be adjudicated offenders. I think that is the right terminology. They were referred from the Corps, and we tracked that group separately to see whether the employment would have effect on them, and we had a light

control group of people who were not served, and there you got much closer to random assignment conditions, and there we had a drop from 6.7 arrests during that summer to 4.9. Noticeably it was not as great as among those who had not been adjudicated which is consistent with our other experience that once involved in the courts, gone to the point where you are adjudicated that you are probably more hard core than otherwise, and you cannot deter it quite as easily, but there was still a drop in the summer employment.

In the Job Corps Program, the Job Corps is a comprehensive treatment program, residential. It has been around since the War on Poverty. It serves 80,000 young people a year currently. It serves them for about seven months a piece, and most of us don't pay attention to that program, but CETA at its height in 1980, served only two-thirds as many; this is local CETA programs, two-thirds as many dropout youth received training in local CETA programs as were served by Job Corps. It is the only really treatment that you have of that type being offered, at least by CETA and is one of the largest alternative education programs in our country.

Job Corps is, also, one ofour most carefully studied programs. There is absolutely no question that it reduces crime. It reduces crime because you take dropout

poor youth off the streets and you put them in a residential center which is a positive environment structured to look at all aspects of their life. It is not a prison. They are not locked in there, but what they are is put in a place where you have an individualized self-paced competency based system of education, of vocational instruction. Every one of them has to receive health care. They have to receive counseling. They have to receive guidance, a world of work exposure, work experience, OJT, anything that that individual needs in a structured program. Job Corps Centers vary in their quality, but Job Corps is a program for which there is no question that it works.

MR. MARTIN: Is it residential?

MR. TAGGART: Residential for the most part.

MR. MARTIN: Up country?

MR. TAGGART: About one-third of the centers are conservation centers run on federal lands. About one-third of the centers are urban centers, and then the other third are spread around rural areas. About 60 percent of the population is from rural areas, that is not so disproportionate to where our poor are, but that is where we get our kids. So, we have got a lot of good kids from rural -- good kids meaning poor kids.

MR. MARTIN: I am being a little facetious, and I don't mean to be, but we followed the same policy with

American indians.

MR. TAGGART: A lot of the people that run Job Corps Centers also ran indian residential treatment centers, and the success of our indian centers and Job Corps of which we have four now operating is nowhere near as effective as the other center, that is they have higher dropout rates, lower retention and low gain rates, but in Job Corps it is dealing with our population. Sixty-four percent of the males that go into Job Corps have been previously convicted of some crime. Now, I cannot differentiate how they ask the question, but they have been convicted of something, and in fact, 38 percent of the females that come into Job Corps have been convicted of something. I don't know how it stacks up with the rest of the population, but it is a hard-core group, and I am not trying to exaggerate that all of them are off the urban ghetto streets. Again, we get a lot of rural youth.

While they are in Job Corps the arrest rates in Job Corps while they are residents of the Center is two-thirds lower than the arrest rate of those on the street. That is not to say that there is not crime in the Job Corps Center, and if they commit crimes they get arrested, but the structured environment seems to reduce it. The incarceration rate is what is important, and that is, also, reduced by two-thirds, and so there is an enormous saving in court and

incarceration costs.

In the first post-program year, and this is what is important once they get back out on the street, there is a one-third reduction in arrest rates. Now, I can break it down for you in types of crime. Murder, of course, is not affected at all. It is mostly crimes of vandalism, burglary, larceny.

MR. BERK: Do you find differential effects by age? I mean does the Job Corps seem to work better or worse for 16 year olds versus 18 year olds?

MR. TAGGART: It depends whether you look at status or gain in status, that is when we get a 17 year old in the Center, and we cannot place him in a good job, but he gains relative to others who don't go. It seems to be pretty evenly spread, and the one thing you do get is a higher 30-day dropout rate. That is a lot of the younger kids come in and they are out the door, and we have tried not to take too many of them, but in terms of arrest, you have in Job Corps a very, very substantial and statistically significant effect on those who previously had been offenders and in particular among females who have previously been offenders. Again, this gets to your point. We are not stressing different disaggregations. It is the female problem where arrest rates have been accelerating and the crime rates have been accelerating, and we get a lot of those

in the Job Corps because we get court referrals in many cases. About one-tenth of our kids are court referrals.

MR. MC GAHEY: A good guess is that the females are on status offenses, rather than -- that is just a gut response. Females usually get arrested at younger ages.

MR. TAGGART: We are tending not to get runaways, and we don't tend to get -- that is what you mean by status offenses.

MR. MC GAHEY: Yes.

MR. TAGGART: We are not getting runaways, and we are getting criminals, ones who have chopped off somebody's ear or something like that. We get tough ones because females don't tend to go to Job Corps. Only 30 percent of our population is female.

After the first year there is --

MR. JOHNSON: Excuse me. Could I ask just one question? When you are making the comparison of arrest rates is that compared to those in the program or some kind of controls?

MR. TAGGART: Oh, I am sorry. What we did was we did a large sample of areas where we under recruited Job Corps and then we went and drew a sample from those areas of those who were eligible, a stratified sample from those areas, and then we did statistical controls subsequently. This one was done by Mathematica, and it is a reasonably good evaluation.

The problem that you have with it on a narrow cutting edge is that those who go away to Job Corps may be more motivated than those who don't, and that is always a problem because it is not random assignment.

We find in the second year post-program the differential between experimentals and controls is one-tenth in arrests, but it is because everybody's arrest rates go down not because the Job Corps participants go up.

Now, the Job Corps data is matched by the changes that occur in crime or mirrored by changed in reduced illegitimacy, delayed marriage, higher mobility, changes -n social attitudes as measured by psychometric scores and tests so that there is really something happening there, and this is a reflection of it, but again that is a treatment. It is about $16,000 a year now which sounds like a lot, but then you compare that with prison, and then another thing we did was a program called the Youth Incentive Entitlement and Pilot Projects, and this is the largest social experiment we have ever done in this country. It was done very quietly, but what it did was guarantee in 17 areas every poor youth who was 16 to 19 was in school or would return to school, guaranteed them through that entire period of 16 to 19, guaranteed them a part-time school year and full-time summer job if they kept their grades up in school and if they stayed in school and attended.

MR. BRENNER: And committed no crimes?

MR. TAGGART: No, they could commit crimes. That was notpart of it.

All right, in these 17 entitlement sites we had 33,000 enrollees. It amounted to about a seven-fold expansion in programming in these entitlement sites. One of the entitlement sites was Syracuse, and in Syracuse we had what we called the YCS program which was National Youth Service variant and one of these entitlement programs. So we were hitting every out-of-school kid, as well as every in-school kid. It was as close to saturation as you can come.

On there there was no statistically significant change in the aggregate crime rate of Syracuse or the arrest rates committed by youth even though we saturated that. Again, this was a work experience oriented program,and again most of the enrollees were not summer enrollees, but it was overweaned by the YCS enrollments which were much larger than the entitlement enrollments of school kids. So there you are again picking up, it seems the effect of more like supportive work.

In the other entitlement sites there is a data base which will allow you to find out where that in-school and summer combination work experience reduced crime.

I have not gone through the results. They are sitting in a data base somewhere, but it is enormously

valuable because we are talking about three surveys of eight po-erty areas around the nation, a total of 9000 persons and every aspect of their lives and their family's lives is in that data base, including arrests, and it is just sitting there waiting for somebody to mine it.

We ran a whole lot of other demonstrations which I said have all been analyzed with the same pre-post in-program testing, post-program follow-up and design. I only mention this because we have got a file on 80,000 youth and 40,000 controls with what happened to them in different interventions, structured interventions all in one data file.

The questions that we asked at entry, at exit from the program, at 3-month and 8-month follow-up, we asked them whether or not they had been arrested. Now, again, we have arrest report problems, and we have tracked down to try to find the validity of it, but in fact most studies that we have questioned arrest, don't check the arrest data. So, this is not unusual, and we found high correlations between the individual reports of the arrests, although an undercount across the board when you ask persons whether they were arrested.

On this data base we are finding almost no impact on in-program of any community-based treatments that we can pick up in this data base.

Again, ifyou go a school work transition program,

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not very many of them are arrested during the school year, and if you offer treatment that is during the school day you are just not likely to have very much effect, and we don't seem to be having an effect, but this is, again, a data base which is not analyzed from this point of view if someone should just crack it open and track these people from the arrest point of view.

We have funded some research on ethnographic research. We funded New York University to go to a bunch of ghetto areas and survey 600 kids and track them with a bunch of interviews and find out how much illicit income and crime involvement there was and try to track it in some way.

My reading of it was that it was very poorly done and cost a lot of money, and there was no feedback from it, because they did not have a statistical control over what they were doing and as even 600 ethnographic interviews they should have translated into numbers to tell us what it is that is happening.

We have studies of the drug problem and its overlap. So, we got a whole lot of studies of how many of our CETA clients have drug problems and how many of those are arrested during the course of treatment, and then I will just mention very briefly what it was that was done in the late sixties and seventies. The training in prisons, we found

that as a summary of that there were 50 training projects where there was pre-post-follow-up with a control group of non-trained prison population, and there it found that it reduced the recidivism rate by about somewhere between 3 and 5 percent, that is all, that the employment rate differential at 3 months post leaving prison was 77 percent for experimentals and 74 percent for controls. In six months it was 74 percent for experimentals and 80 percent for controls, that only 15 percent of those who were trained got training-related jobs. Generally what it is telling you is that in-prison training doesn't work very well.

Those that got a GED during the training and after statistical controls; they were cream from among the population, they seemed to do better post-program, suggesting that it is better to educate because they can use that credential but they cannot translate the training credential.

In six locations we had funded work programs in prison, and where we tracked that post-program there was a very, very slight effect on post-program employment, no effect on recidivism. Pre-trial intervention we did a couple of little interventions, the Manhattan court project and I guess that was done by Vera and I think better evaluated was Project Thresholds in Washington, DC, and there there seemed to be a fairly significant increase on getting higher wage jobs; 44 percent 3 months later were in $2 an hour jobs

versus 20 percent of those without help, and the recidivism rates were markedly different when you intervene before they get into the courts, coming into the jails. I guess if I were summarizing this it would be that the previous evidence is a little bit shaky except for the training effect. The supportive work evidence is pretty firm, and the Job Corps evidence I would put a lot of weight on that. The summer program evidence I would put a reasonable degree of weight on it; entitlement the data is there, but no one has looked at it yet.

I guess I would say that looking at it as a policy maker that you can affect certain types of crime, and you ca-not affect other types of crime. That is important, and the best intervention is early, and it is early before they get involved with the courts; that if you can combine work with drug treatment you can get at that subset of your crime population and that that is a holding action, and you can work on it and it is an important one because they commit disproportionate amounts of crimes. that if you look at employment programs or macro economic policies as a way to reduce crime your effects are just not strong enough to ever justify that. We cannot say that work forestalls enough crime ever to justify a work program on the basis of its crime prevention or its recidivism reduction.

On the other hand, the benefits if you serve a

hard core population, the benefits of the crime reductions that can be achieved can offset a significant proportion of treatment costs as in Job Corps where they offset almost 45 percent of the costs in the benefit cost formulation that we have done and in the ex-addict treatment under supported work where they offset about half the cost of that program.

So, I think I would reverse everything and say are the employment programs justified or the training, education, is that justified and only then go back to the question of whether or not that has a crime effect.

MR. NOLD: All right. There will be a series of questions for Bob.

The order wasthis person first, Mr. Briar and then Harvey Brenner, Berk and then down the line.

MR. BEIER: I guess my question is not really directed to you but to maybe Rick or Paul about the relevance of I guess segmented labor market theory or looking at the kinds of jobs that were provided and really the question is whether government employment efforts were fundamentally misdirected in that they did not try to create the right kinds of jobs.

MR. TAGGART: Let me handle this one. One of the things that we did, and this is interesting because we took a dropout population and kind of bent the regulations and

we bought jobs in the private sector. We said, "We will completely payroll it if you will hire one of our dropout kids."

It is the only way you can get dropout kidsin the private sector. We did a random assignment experiment. We drew names out of a hat, and we put half the kids in the public non-profit sector and half the kids in the private sector, and then we tracked them for 18 months. They were 9-month jobs in several sites around the country, justto find out exactly what you are getting.

What we found was as tested by the best psychometric measures that we could glean that tested vocational attitudes, sex stereotype attitudes, self-esteem, job-holding skills, job-seeking skills and one other measure we could find no statistically significant difference between those placed in the private sector and those placed in the public sector in terms of their growth during the course of participation. We found that the private sector laid off more than we would expect. We found that the layoff had damaging effects on those that were laid off, and we found that if you looked at their employment rates at 3 months or 8 months after the program actually ended there was no differential in the employment rates between those who had been placed in the private sector and public sector.

The view that work makes a difference if you already

find that work doesn't make a difference in recidivism or non-recidivism or very little difference whatsoever and no difference in post-program employment you cannot expect that the work setting is going to make that much difference on the average, and when here we actually tested it, we found no difference whatsoever, and what difference there was was in favor of public sector and non-profit sector.

MR. MC GAHEY: That is the best structure demonstration I have seen because the initial response being not all private sector jobs are necessarily primary jobs.

MR. TAGGART: The trouble is you have to take what you can get.

MR. MC GAHEY: No, I understand that.

MR. TAGGART: And it is a very staggering thing for an administration that is trying to say, "Let us get jobs in the private sector." You cannot do better than paying 100 percent of the wages, and that was illegal to start with.

MR. MC GAHEY: I understand those kinds of constraints.

MR. TAGGART: Paul can tell you that we cannot sell an OJT site. No employer will take these kids. No employer will take offenders. We did things with 100 percent wage subsidy which we had under entitlement, the entitlement program. We went to employers. The takeup rate was only 18 percent.

The job development in the private sector where we tested it, it took us about six times per job generated what it took in the public sector even when you offered 100 percent wage subsidy. So the idea that the private sector is going to do anything once you identify them as offenders and say, "Will you take this kid?" they are going to say, "Oh, I don't want any offenders."

MR. BEIER: The question wasn't necessarily private-public sector, but the types of jobs.

MR. TAGGART: Okay, all these studies that we did break down, like the public-private one breaks it down by occupation, and it breaks it down by work sites size. It breaks it down by -- and so does the entitlement evaluation.

MR. BEIER: What are the results when you do it that way?

MR. TAGGART: They find very slight differences between them, that you are best when you are on a one-on-one relationship with an adult and then you are in a supervised relationship, and it works much better. You are much better when youth are in mixed sites rather than sites where it is all youth. You are better when -- things that we expect, but the statistical differences are not large enough to say -- they grind against the operational things, that is our summer program operates -- we could not run it with one person, with one supervisor because we cannot get enough work

sites to absorb the youth. So, what you believe basically holds. It holds enough statistical significance to say it holds, but it doesn't hold -- I don't know how policy significant is, this is even if I got all one-person work sites it doesn't make enough of an improvement, certainly to be worth the effort, even if it was feasible to do it.

MR. MARTIN: What are the plans for 1982? I am serious, after all of this knowledge in terms of policy, what are you going to do?

MR. NOLD: Excuse me, Professor Martin, let us go around the table this way.

Harvey Brenner?

MR. BRENNER: I am wondering about the conception of these people as to what even medium term implications these jobs would have. Did they see the jobs as very short-term affairs, as something that would lead to some modest kind of career, something that was really intended rather deliberately to keep them off the streets? Did they have any sense of it that you werepicking up in this variety of very impressive programs and rather impressive results, I must say?

MR. TAGGART: I am jumping across the surface of it, and I don't know all the details. What we did survey was, we surveyed attitudes of every youth who went in the program, and we asked what are your expectations and so

forth, and what do you want to do, and is this useful; is this going to help you? What you find when you ask them when they are in program is that 80 percent uniformly say that it is wonderful. What they find post-program is how many of them actually believe that that helped them to get a job or to get a job of their choice; it usually comes out in the Job Corps in support of work usually comes out to no more than 20 percent.

So when they look at it ex post facto it does not seem to be as -- they still like the program, but they don't think it was useful in getting a specific job.

MR. ROSEN: Even your most successful programs the people who got jobs don't think it really made that much difference.

MR. TAGGART: Again, if you are talking about a 10 percent rate of return, that is one person out of 10 or another way to translate it is one person out of 10 gets a job who wouldn't otherwise by surveying you only find one out of 10 says that they got a job as a result of my program intervention. That is enough to produce my 10 percent rate of return which is higher than the rate of return on a college education.

So, it depends. On the one hand, you are not saying that we don't affect large numbers by our interventions. If you go through all of CETA and you track all those who

went through classroom training, and you look at them 12 months later, 50 percent of them are still out of the labor force, and you see that training works in the --

MR. BRENNER: What I am trying to ask, I am sorry, rather badly, is supposing the strategy were one that the job would definitely lead, it was a kind of apprenticeship thing; it would definitely lead to long-term employment, such as you see in Germany and Sweden and Japan and elsewhere. Supposing that were the strategy of it as distinguished from a stopgap affair, is there any way to tell from your data or from your impressions whether that might make a difference?

MR. TAGGART: I mean like in Job Corps we offer a whole spectrum now. We put in a whole spectrum of advanced career training programs, so about 14 percent of our Job Corps enrollees are in these union programs. Control Data runs one where it guarantees jobs as customer engineers at $14,000 a year for everybody that completes. Out of 108 kids we put in there, 91 of them completed a two-year program to be customer engineers. They are not dumb. They are reacting, and they say, "I want $14,000."

So, theproblem is really the operational problem of arranging those good jobs, that is all these programs we have tried to match up needs for job slots, but if you have got 100 job slots and you have got 10,000 kids and you try to say which do you want, well, three-quarters of my

job slots are raking the park. Now, how do you --

MR. OSTERMAN: Then there is the program that says that if you don't shape up, we will ship you to Japan.

That one works, too.

MR. TAGGART: I guess our impression is that there is no question that they will react whenever they see an opportunity. Now, what we don't provide is really opportunity structures. We provide short-term interventions. The average duration in an employment program in CETA is 5.1 months.

DR. BRENNER: So the question then becomes is that an adequate test of the general hypothesis concerning employment?

MR. TAGGART: It is an adequate test if you are saying what do we ever offer in your lifetime or my lifetime, aturation, guarantied jobs, 100 percent wage subsidies; all those things will never, ever occur again. So, again, I am just a journeyman, and all I am saying is I am looking from here to here, and we have got a chance to saturate whole economies, to select employers. The CDC customer in your training program is $36,000 per participant.

MR. BRENNER: That is not much more than prison a year.

MR. TAGGART: The average person who does not go into Job Corps only earns $3000 a year in two post-program

years. The average gain that is produced by Job Corps is about $600 a year in earnings. That is average, and what you are talking about is jumping all the way -- you pay it back in taxes alone. We figure you paid it back in four years, in taxes alone, and like cusomter engineers there has not been a single less than junior college graduate trained by Control Data Institute anywhere in the country as a customer engineer, and yet you are talking about 108 people who went in the door who were high school dropouts when they entered Job Corps ended up getting these jobs. It is the only way to go. In fact, I would argue stop all the short-term interventions and start or at least use them as screening devices so you pick out the one out of 100 who has got the ability to make the quantum leap, and that is how we should change which I guess is what you are saying.

MR. MC GAHEY: Were the Control Data kids screened very carefully beforehand?

MR. TAGGART: They were cremed out of Job Corps, but they had to be in Job Corps. They had to perform. If you do that you are okay, as long as they cannot take them in, you know go down to the church and pick the kid who is college potential and so forth. It wasn't that we took them right out of Job Corps.

MR. BERK: I just want to see if I can phrase what you said in another form and see if you agree with it. After

listening to all this review I did not hear a single study that made things worse. Some interventions seemed to have no effect. Some had modest effect, and some had more than modest effects, but none made things worse, so that if all we were talking about were noise, you would expect to see some programs actually increase the crime rate. So, it seems to me fair to say then that the expectation of these programs is a favorable one, and the question now becomes which programs, which kinds of interventions work better than others, and which kinds of interventions work better for some kinds of people than others, but from what I hear you saying, you are not claiming that this is just chance.

MR. TAGGART: Our evidence is uniform that every social intervention that we investigated when you tighten the net enough you find both in program and post-program gains, and that they are bigger for some groups and some interventions than others, and you can actually say that this is probably a better strategy for this group. Whether any of them are justified in cost-benefit terms; Job Corps is; supportive work probably isn't except for AFDC and except for ex-addicts. The summer program probably is but not just on a crime basis.

MR. BERK: Sure, but even without getting that sophisticated it is clear that on the average you get a positive effect, period without even worrying.

MR. TAGGART: I am an advocate.

MR. BERK: I did not hear you say a single program made things worse.

MR. TAGGART: I don't see how it can.

MR. BERK: It could if it was only chance is all I am saying. If it was chance there would be some programs, 5 percent of the time at the null 5 level, those programs would make things worse.

MR. TAGGART: Most all these things that I am summarizing are multi site demonstration programs or evaluations of 105 Job Corps Centers or something like that. That is not to say that there are not some Centers that are so bad or some --

MR. MARTIN: Maybe I can clarify here with my question. There is some suggestion that sending people to prison does make their criminal careers worse.

MR. TAGGART: That is not the program he is talking about.

MR. MARTIN: I know that, but I am trying to emphasize his point, that it did not make them worse, and sometimes it made them better. We do have pretty good evidence that sending people to prison frequently makes them worse.

MR. TAGGART: Absolutely, but the crime effect is not enough under any of these interventions to justify the

cost of the intervention. Even in Job Corps where it is extraordinarily large it is not enough to justify on the average.

MR. BLOCK: If you are looking for negative terms out of four or five programs, that is not the same.

MR. BERK: I heard him talk about a lot more than that.

MR. ZEDLEWSKI: Bob, were any of the results or any of the findings of these programs an insult to your intuition?

Are any of these findings surprising to you?

MR. TAGGART: I think the public private ones are surprising to most everyone. If nothing else, it surprises you that more don't get jobs post program in the private than get in the public sector because at least, you know, 10 of them will stay there and then get hired by the employer, whereas the public sector jobs supposedly end.

MR. MC GAHEY: I am surprised they are not taking the wage subsidy. The public-private dichotomy we tend to think of public jobs as all bad necessarily and private jobs as necessarily better.

I think in general that macro employment strategies have run that way. They are not allowed to create PSE jobs that on the whole are better than the worst private jobs. So, in general there is some constraint there, but there are

a lot of private jobs that are not real great either.

MR. TAGGART: Most of the ones that our populations get are not that great.

The other thing that surprised me was how little, I mean I would lean in that direction, but how little work experience does post-program. We have always tried to justify work experience as a way to overcome your fears, to find out employer attitudes, job mores and all that. You cannot prove that it does that whatsoever. The only two cases it worked was the AFDC and supported work. It works in PSE as we ran it in 1976, and when you disaggregate the results you find that it was totally the result of people going into the public sector in unsubsidized jobs, again as OJT.

When you look at summer program there are no changes in attitudes in the summer program as best we can tell, but they work more; five out of 100 more are working part-time when they go back to school, but that is probably the result of just getting -- if their attitudes don't change as best we can test them -- it is probably the result they get used to having money, and so they want to keep working. They want to keep on a job.

So, what I am saying is that I think it is a negative finding in a sense that work experience does increase employability.

MR. BRENNER: What period, Bob?

MR. TAGGART: All these are different. The supported work was tracked over 36 months and we actually went back and did a 48-month follow-up of the Youth Corps work and found no post-program effect whatsoever. The summer program we have only tracked eight months, and there we found some effect.

MR. BRENNER: I was concerned over the longer term ones.

MR. ZEDLEWSKI: As I understand your programs, one is the work ethic issue.

MR. TAGGART: Not just our programs, like Vera is running one I did not mention because I have no results which is a random assignment control group experiment where we actually take offenders or likely offenders, but they are in cohorts. They are identified, and you have to split them into pairs or triads, and you put one of them in training, one of them in work and training and one of them in just work, and what we are trying to determine there is not just the net impact. We are more trying to determine whether it is better to train them, to put them to work or what works best.

Now, where we have done that for other populations we find that training pays off much more than just work which confirms these other findings that work alone does not

pay off, but then when you look at the benefit-cost works pays back; some work, the AFDC work paid back 90 percent of its cost in the value of output as best they estimated by outside appraisers. So the net cost was extremely small compared to like classroom training where you are paying a minimum wage and the cost of the training. So, you have to amortize that total cost. So for a benefit cost you may have almost no net impact, in fact, for the ex-addict group we had no post-program impact, and we had a positive benefit/cost ratio because of the reduction in crime and the work was 70 percent valued. The value of the work output was 70 percent of the cost of theprogram. So those two things were enough to push it over to positive benefit/cost ratio, even though it did not do anything, whereas a training program may actually be good, but not be good in benefit-cost terms.

MR. ZEDLEWSKI: Aren't you saying that generalist training in terms of future employability is better than specialist experience which is not a terrible surprise?

MR. TAGGART: You don't want to say that. When you look at the NBTA findings those that were trained got a training-related job in the rison population, but the problem is there is a disjuncture. What you can offer in prison, and the linkage mechanism is not there frequently enough to make it work. Now, where you have training linked

with high support plaacement activities in the ES, Employment Service, pardon me, there you had high payoff of training that was done in prison. The question is the institutional reality, can you change it so that training is -- placement is training related? In Job Corps only one out of seven who have gone to Job Corps graduates from a vocational program and is placed in a training-related job.

Now, in Job Corps the benefit is coming from very clearly a few that actually get that, and then the rest of them are becoming more mature and stable, and they work harder. They don't get higher wages; they just work harder, but the net benefits are a combination of that because as he said prison has a negative effect; Job Corps doesn't. Don't call Job Corps incarceration. There they are doing something constructive.

We are having kids learning at two grade levels for every 90 hours of instruction. They have proven that they can learn. They are doing something positive.

MR. ZEDLEWSKI: What I mean is you remove them from their general environment.

MR. TAGGART: Yes, and community treatments don't have the same effect.

MR. ZEDLEWSKI: How long are they in the Job Corps program.

MR. TAGGART: Forty percent droo out before 90 days;

another 30 percent drop out on the average of after .9 years and then there is the 30 percent that we call completers who average 1.2 years of training. All the net gains are realized by the completers and partial completers among males. The females it is shared more evenly, that is going away from home is apparently good for females.

MR. FREIVALDS: What is the optimum length of the program? How long can they stay?

MR. TAGGART: You can stay three years, four years. It is a two-year cap, but then anybody in an advanced program gets a waiver so that these kids that were in customer engineer training were in Job Corps at least 90 days. We required that because we were not creaming.

MR. FREIVALDS: How old are the oldest kids when they get out?

MR. TAGGART: It is date of entrance. You cannot be any older than 21 at entrance.

MR. FORST: You said that it wasn't a controlled experiment on the Job Corps but that there was some sort of attempt to artifically impose controls. Could you elaborate on that?

MR. TAGGART: Yes, what we made up for in rigor; we had large sample sizes, that is we sampled 7000 youth who went into Job Corps, and then we went to poverty areas where our recruiting efforts were not strong for Job Corps so that

we were underrecruiting from tose areas relative to population. We went into populations, screened all the households, picked out those households that had Job Corps eligible youth in them. Then we interviewed those Job Corps eligible youth and tracked them, and then we did statistical controls between those Job Corps eligible youth and the ones that actually went into Job Corps. It was the best they could get at it without random assignment. The old experiments have generally done no shows, that is those who sign up for Job Corps but never show up or early dropouts, assuming that that has no effect and compare those to the other Job Corps enrollees to measure effects, but that has I think more flaws in the methodology that was used than this.

MR. FORST: Do you know why some cities were selected for heavier recruiting efforts than others?

(Laughter.)

MR. TAGGART: As I indicated we recruited strongly from rural areas. The Employment Service is our recruiting mechanism, and so where Employment Service is good it does a lot of recruiting, and where it is not it doesn't, and where it has a lot of power more people were recruited than otherwise. It is not a conscious policy. We are supposed to recruit evenly. If the system worked CETA primed sponsors in every locality would equally refer kids off the Job Corps. It just does not work that way by chance, and so recognizing

that it did not work that way we went to the areas where they were not recruiting for Job Corps. There is a bias, in that kids from rural areas think Job Corps is a better deal than kids from urban areas.

The kids in rural areas know about Job Corps because their brothers and sisters and everybody else went, and they have friends there, and it builds up. It is like any migration pattern, and it in fact builds up on top of years of going off. They are not fearful of it. What we have tried to do with Job Corps is change the pattern of distribution centers so that we recruit within a 300-mile radius of the center rather than trying shipping, and we will change those mobility patterns. We are trying to recruit more evenly from all elements, but it wasn't a conscious policy which gave us a bias in the control group. We did not play off a conscious policy.

MR. BLOCK: How did it get started? I mean how did you get more rural to begin with?

MR. TAGGART: First, there are more poor kids in rural areas; secondly, there is no service treatment, that is only 2 percent of the control group at any point in time while the kids were in Job Corps were enrolled in any CETA program. There are no CETA programs. There is nothingout there. There are no schools. There is nothing that serves these kids, and they are just sitting.

MR. MC GAHEY: Our felony arrestee survey within Brooklyn, and out of 900, less than 10 percent had been in any sort of public or private training in the preceding two years before the arrest.

MR. TAGGART: And you cannot believe these kids that come in to like Breckenridge Center in Kentucky. They are shipped from -- the breadbasket of the Jobs Corps is the Southeast, and those kids come in, and I am characterizing it, but they come in, and they have had no store-bought shoes. They have seven, eight, 10 brothers and sisters. They have never been to a doctor. They have never been to a dentist. They dropped out of school. The average grade level tested in SAT scores in reading at the Job Corps Center in Breckenridge is 3.6 years..

MR. OSTERMAN: When you control among just urban kids are the results good?

If you did all the follow-up studies just on the urban kids and just with the urban control --

MR. TAGGART: They have done regressions, but the trouble with regression is it takes in education, and it takes in all the variables, and it ends up that all the kids that have only eight years of education are from the rural areas on average and so their education variable picks up a lot of it.

There is no question that the rural kids gain more,

stay longer, think it is a better deal. Hispanics benefit more than any other group.

MR. OSTERMAN: So it is possible that possibly the results are that this is a program that works really well for rural kids and may work less well for urban kids.

MR. TAGGART: No, I would not say that the differences are strong enough to say that it doesn't work for urban kids at all.

MR. OSTERMAN: So, you feel confident of the urban?

MR. TAGGART: I feel confident that on the average it is a program that works in terms of education, in terms of crime reduction and in terms of employment. It works well enough.

MR. OSTERMAN: For urban kids, too?

MR. TAGGART: Yes, for everybody.

MR. MARTIN: Could you expand a little bit on the ethnic differences? You mentioned it works better for Hispanics.

MR. TAGGART: If you look at the net gains, that is Hispanic kids do best; white kids do next best; and black kids do worse; males gain more than -- pardon me, females gain more than males in the centers. It seems to be that from all our CETA training programs that when you do training those who are most employable when they enter the door benefit most in terms of net gain, and if you are white you benefit most. If you go into a program that is a

work-related program, those who would not get close to work otherwise are the ones who benefit most.

MR. MARTIN: Are you referencing Job Corps now? I lost the reference on program.

MR. TAGGART: First I was talking training; yes, I was referencing Job Corps. When I was talking work, I was referencing our work program, that is the only group that seems to benefit from work experience is black females, and what happens apparently they get close to public employers and then get hired. No other group benefits --

MR. MARTIN: Training benefits Hispanics?

MR. TAGGART: Hispanics benefit enormously from training, and in fact, of two types. One is there is a culturation thing. Most of the people we are picking up when we say Hispanics are from the Southwest and they are from the Southwest rural areas, and most Hispanic populations now are no longer there. We are still getting rural Hispanics, not urban Hispanics that among that group the language problems, we have complete bilingual programs; you can get over that language problem pretty quick, get them a little sense of mobility, and those two things alone are enough to get those people jobs.

MR. MARTIN: Are they Mexican?

MR. TAGGART: Yes. I say Mexican; why you have is like your Central American migration flow doesn't come

up to the Panhandle. I think it loops around through Boston, and it loops around through Los Angeles. It goes two routes.

MR. MARTIN: That group there is Mexican?

MR. TAGGART: Yes.

MR. NOLD: Three more questions and then we will go to lunch.

MR. GROPPER: At the risk of generalizing but knowing for this afternoon's topic you won't he here, with regard to ex-offender populations and the attitudes of employers towards ex-offenders, etc., do you envision any implication for public policy with regard to a standard kind of intervention; if so what, and what kind of success do you anticipate with and without it?

MR. TAGGART: I wrote a little book in 1973 or something like that looking at all the evidence that I could, and I guess everybody has looked at all the evidence. I did not see anything that worked for ex-offenders. I just did not see anything that worked. There your batting averages are just not high enough. I mean you can do placement just like you can with any other disadvantaged population. You can increase their placement rates by 5 or 10 percent, but that doesn't reduce recidivism enough, that is that 5 or 10 percent will get extra jobs. The job is a key factor in committing a crime in 5 to 10 percent of those, and you multiply the two together and you get a

small recidivism. It may be worthwhile doing the intervention, but that is a high-risk group to do the intervention when I can take regular kids and get them to employ 25 percent. I would rather spend my money on them. If you look at the ex-offender group, the only thing that offered promise was that thing in Baltimore where they tried just giving them money, and they walk out the door, and then when they went to do it again that did not work, I don't think, I believe the second time they did it.

MR. MARTIN: Two out of three is not bad.

MR. TAGGART: You forgot the Voc Rehab studies where they did that in a number of sites and it didn't work in the Voc Rehab.

MR. MARTIN: Was that randomized?

MR. TAGGART: No.

If you are looking for impacts, I am not encouraged by anything we have done with anybody who has been off incarcerated.

MR. GROPPER: Or anything we could even dream up short of permanent warehousing.

MR. TAGGART: Yes, if you have got scarce dollars, the question is where should you use it.

MR. BERK: In California we have a program that I will talk about later, but we reduced recidivism by about 10 percent. This is an unemployment benefits program based

on job eligibility earned in prison, and we get a recidivism rate about 10 percent. It is not compelling, but it is encouraging.

MR. TAGGART: All these things you have got these mild benefits that are not robust; some use the term robust. Most of these things that are in prison intervention. That system so sorts and creams, that is you have to have the best behavior in order to get in the program, and once you cut below even the favorable findings, you find very selected things.

MS. SWAIN: In terms of the discussion we had earlier about the need to look at other social variables and so forth, build them into the econometric models, was there any attempt to elicity a Job Corps program to look at, to compare the characteristics other than arrest rates of kids who dropped out at the various stages you indicated like the 3 month stage, 9 months and those who stayed for the entire program?

MR. TAGGART: Sure. There is a whole set of data,predictive data as to who stays and who doesn't. For instance, those with children tend to leave more often than those without children. The benefits were less for females with children than females without children. You can look at very significant impacts post-program on illegitimacy rates, marriage rates, numbers of children born in the

post-program period that the effects seemed to correlate with the employment effects, that is what happens on the employment front seems, also, to happen on the other fronts but whether they are causative or not I don't know. If I were looking at Job Corps, I don't think that is an employment, a lot of those results are not strongly employment motivated, employment driven. What you are really finding when you talk to kids, when you actually see them and you go in the centers is there is a sense of yes, we can do something positive; yes, I can make something of my life; yes, people are not kicking me around like they used to; and yes, I have gotten away from home. So, they don't go back to the same home; and that effect is stronger than the -- they are not just there for jobs. They may come for jobs or training or they might go back and work more steadily, but I think it is really a socialization effect which is, again, in part demonstrated by the fact that Job Corps doesn't do much placement because they go home, and we don't have any placement mechanism to treat them and not doing placement the way they get their jobs is not by higher wages; they get it totally by more labor force participation and more work.

So, they get the jobs on their own, and they keep them more steadily which would suggest greater maturity. When you ask them questions they evoke greater maturity

in their response, less negativism, more love of family. I don't know how you value those things, but they seem to be a stronger effect. Now, that is different than other programs where you have a placement component which is responsible for the program paying off. Community treatments where we use the same measures and same tests, any community treatment doesn't seem to have a socialization effect anywhere near as great. In school community treatments seem to have a greater effect than out of school community treatments, and it seems like in that setting you are able to bang people around a little. Alternative schools have more than schools.

MS. SWAIN: And you have that kind of data on a pre-program basis as well?

MR. TAGGART: We have a program on their backgrounds. We don't have attitudinal tests before they get to the door of the program.

MR. NOLD: Bruce?

MR. JOHNSON: I would like to ask a future oriented question based on the data that you have given here. As I recall back about a decade ago Project Headstart began, which you will recall, and there were a series of studies which at that time, at any rate basically concluded that Headstart had little or no effect and that recently there has been a series of studies which have come out challenging

that notion.

MR. TAGGART: One study was highly politicized, and if you look at the methodology I know these technicians here would just chew it to pieces, but your point is well taken.

MR. JOHNSON: I am just stating regardless of whether that study is good or not and regardless of the policy implications that Headstart --

MR. TAGGART: It speaks more of the badness of the Westinghouse evaluation.

MR. JOHNSON: Whatever it is here you have outlined a series of evaluations of various job programs and so forth, all of which have shown no negative effects, and many which have shown very substantial programmatic effects.

In some cases you have no short-term effects is, also, a very common outcome of many of the studies that you have in addition to the larger ends. My question is what do you suppose the effects over the longer run are and I know your studies have not so far addressed any of those issues, but I am talking five and 10 years down the road on some of the control groups. Especially important would be the Job Corps kinds of situations. I think that private versus public employment thing may be of interest. You know, in the short term the effects may or may not be great, but what is it over the long term, and that is especially in light of the case that we now have a change in mood of the

times, you know, the CETA positions are going to vanish for the most part. I don't know what is happening with Job Corps.

MR. TAGGART: Job Corps lives. Republicans love locking those kids away.

MR. JOHNSON: I am wondering about the long-term issues because many of the things that you are reporting are dealing with some of the most difficult groups of kids in American society to deal with and even small gains will probably be better than they will do otherwise. I wonder if you care to address that issue.

MR. TAGGART: One question is whether if you look later in the future you are going to find a different picture than you see now. The other question is whether people are going to use that evidence now or later to make policy, and I did not mean to be facetious about Republicans. In fact, I think where they would want to go --

MR. BLOCK: Some of my best friends are Republicans.

MR. TAGGART: No, I would not go that far.

In many of these studies there are some interesting things, that you have done 12-month, 18-month, 36-month follow-ups, and you can actually see the pattern of benefits, and if you a Markovian(?) analyst you could go and do the chains and look where everybody is moving, but the

programs such as Job Corps which have their effect by changing attitudes and awarenesses and so forth have a different pattern than something like work experience which we said when we went to measure what happened in work experience there were no changes in attitudes, awareness and socialization.

If there is no change in program that you can see, even with your crude measures, and there is no post-program change, you know, in the short term, I don't think there is going to be any in the long term. So, I have no doubt that work experience, I would expect it to pay off in program. I would expect it to pay off slightly post-program and so I would have expected in the public-private experiment that 5 percent of them would have been picked up more in the private sector than in the public sector and for that 5 percent I might be able to track some impact long run, but it would decay because most people only hold jobs for six months, you know, most youth that age. So, I would expect it would wash out very, very quickly. In Job Corps what you find is through the 36-month follow-up you find that the net impacts increase with time. You start having payoffs from reduced childbearing, from delayed childbearing, from reduced illegitimacy, from higher mobility, from getting in the armed forces. So that is actually a program which increases with time. Classroom training benefits are higher

in the second post-program year than in the first post-program year. OJT benefits while very significant in the first post-program year are only half as large in the second. So, when you get them a job some of them lose the job. Others catch up. You have not really changed anything. You have just made them better off instantaneously.

I guess employment training interventions where they do intensive remediation, I think the evidence is going to show that gains hold up and sustain and do not decay. There is a lot of debate in our literature about the decay rates and net gains measured post-program and for training the best estimate they have had in the past is that you have a 15 percent decay rate a year for males and that you have no decay rate a year in the net gains for females from training.

MR.MC GAHEY: These are not unemployment --

MR. TAGGART: Now, I am going back to data from 1969 to 1972 and then tracked the people subsequently. That is the best estimate we got from Ashenfelter and some other people.

MR. MC GAHEY: Is it possible it is economic opportunity and crime; that is very helpful on the labor market programs; is there any kind of gneralization you can make then about the labor market impacts on the programs on crime? I know you mentioned things about it.

We seem to be tracking those out on the labor makret effects exclusively of the program, and since we often have focused in on labor market experience and crime; is there any way to pull that?

MR. TAGGART: Again, I don't think that the labor market is the driving variable in crime or at least it is not a policy significant driving variable. We cannot do anything in the labor market to affect crime enough to make that a lever of change, and I would completely reverse it and say what makes sense or I think it makes sense to put somebody to work doing a day's work for a day's pay and that all these summer programs pay them $2 an hour and not $3 an hour but at least employ them, and it is good because it returns them to school, because they work a little bit more and because it reduces crime a little bit but not enough to justify any one alone. I think you need to pull all the people together that believe the same thing, and we all come out the same place, and I wish we could just align and not work in separate corners.

There are very few people who are familiar with this literature that we have. You don't know the whole because you have not seen it yet, and you say that this is all garbage, but when you see it it is at least a lot of data, and it could lend -- I mean why do data sets, for instance, using -- you are using the victimization data. Why do that when what

I have got is tracking all these people referred from the court, and then we are tracking them at 3 months, 8 months, 36 months, and the data set is just sitting there? Why gather data? Why cleanse it when it has all been gathered for other purposes?

MR. MC GAHEY: Yours is about the only sets that have that. The National Longitudinal Survey has no --

MR. TAGGART: If anybody here has got money give it to people like Paul to run these data sets, and when you have got them why keep doing longitudinal evaluations out the ears when you are sitting with huge amounts of data, and why not do follow-up? You have got a data file of people that you served in 1978 and it is sitting there, and you have got characteristics about who was arrested and who had different backgrounds, who has motivation and who doesn't. Why don't you go back to them like Lazar did on the Headstart? Why don't you go back to them five years later and spend your money on that and track down what happened to them in between? Then you have got a pre-post, and you have got participation and so forth. There are no funders here, right?

MR. JOHNSON: That is not true. I would like to ask you and maybe ask some government people, and I have that same feeling in the drug field as well, why is it that governments want to keep funding more data collection, and

they stop funding once they get a report.

MR. TAGGART: Like drug use and the addict project and supported work or in the Job Corps where we ask the exact same questions for the same evaluators. We ask what drugs they use, what frequency and the rest of it. Why don't we track on that? In the drug use thing that they are funding up in Michigan they have got more information than anybody wants.

MR. JOHNSON: There is a simple explanation for it.

MR. TAGGART: That is not true. Lazar found for the Headstart program 16 years later, they found 95 percent trackdown rate. That was not their problem in their study. You are able to track people.

MR. NOLD: Let us return to this question after lunch. I think there are some explanations for why data sets get replicated having to do with monopolies that have put researchers in, and it is not so easy to spring data sets from the people who collect them, if you have ever tried.

MR. TAGGART: We have required that all ours be put on a public use tape. So, every one of these things, with a lab of the 12 months that it takes is on a public use tape, all that entitlement data. That is a ton of data. I mean that is 9000 people in eight central cities. It is the largest private account you have got, like the National

Longitudinal Survey oversampled twice the poverty, but you still end up with only 3000.

MR. JOHNSON: You agency, also, funded these.

MR. TAGGART: No, not my agency.

MR. NOLD: Let us break for lunch, and we will return to the discussion that was to follow on the second section afterwards.

(Thereupon, at 12:40 p.m., a recess was taken until 1:40 p.m., the same day.)

AFTERNOON SESSION 1:40 P.M.

MR NOLD: Let us resume.

Actually the thing that surprised me is that there seems to be more of a consensus than I thought about what programs work and the structure and maybe about what we really found, but I guess we will have to wait until we wrap that up to find out exactly how much we disagree, and what I will probably do is at the end just go around the table asking people to make some summary comments about what they think has been revealed by all this, if anything, and without further discussion now turn to Richard Berk to continue what was going on this morning, the youth employment opportunities and crime, and also, I think we will just interleave the program interventions and experiments with that and make presentations somewhat longer and cover both topics.

Let us know when you shift.

MR. BERK: Actually I am going to talk about them both completely wrapped together. Actually I can do it pretty briefly, too, because most people around here have a pretty good background in some of the programs I want to talk about.

I want to focus on something that was not talked about this mor ing, particularly transfer payments and crime, whether or not if you give people money they steal less, and I know that raises some interesting moral dilemmas for people, but let us put that aside for a moment.

There really are three major studies that I am intimately familiar with. There is the life experiment in Baltimore which basically involves random assignment, the treatment and control groups where the treatment basically was $60 a week for 13 weeks, roughly that which is like unemployment compensation, a d the question was did it reduce recidivism, and the answer is yes for property crime, probably for property crimes, probably not for other sorts of crimes, but it did not make things worse, so that one of the arguments that one can make is if on moral grounds you think that there is reason to help people as they get out of prison, at least you know you are not making things worse.

That particular study however, had, like all studies a certain amount of flaws. The 8 percent reduction in recidivism for the property crimes was hardly overwhelming. The T value was just about 05. You could quibble about the results.

Some re-analyses though have basi ally supported the conclusions. So it is not as if someone else came along and re-analyzed and got a different story. Charlie Muller of Mathematica re-analyzed the data and came out with pretty much the same story, and it is a randomized experiment. That is the Lanahan.

Ken analyzed the material in a straightforward way that was subject to criticism for failing to consider

certain things. Charlie Muller came back and did it state of the art, at least two years ago, state of the art.

MR. GROPPER: Are you saying that there was a 5 percent reduction of property crimes?

MR. BERK: Eight percent.

MR. GROPPER: Eight percent for the subject population or overall?

MR. BERK: No. It is a randomized experiment. If you compare the people who got the treatment with people who did not get the treatment, rearrest rates for property crimes was about 8 percent less for folks who got the treatment, i.e., the money.$60 a week for 13 weeks.

MR. GROPPER: Just gave them the money?

MR. BERK: Yes. There was, also, some job counselling in there, but that was yet another factor, and the factorial design did not show anything, but qualitative data on what the nature of that treatment was indicated that it wasn't a very potent treatment. The job counselling effort was half-assed. It was not really a fair test of that, but basically if you give people money they are less likely to get in trouble, but only for property crimes, and there is good economic theory to suggest why that might be the case.

Based on that particular set of findings, however, which were not entirely conclusive there was a larger study

launced called the Tarp study. This was two randomized experiments, one in the State of Texas and one in the State of Georgia, about 1000 people in each, again randomly assigned to treatment and control groups. In this case the treatment involved, again, money, but treatment was a bit more complicated. There were several different levels of income support provided in terms of t e number of weeks,13 versus 26 and, also, in the tax rate for earnings so that it was like unemployment compensation. However, in some instances there is 100 percent tax on earnings and in some cases only 25 percent tax on earnings, 25 cents on the dollar you give back.

The randomized experiment in both states showed no effect, that is if you compare people who got money to people who did not get money, and if you look within groups to see if whether a different amount of money made a difference the answer is no, neither property crimes nor personal crimes.

MR. GROPPER: Where was the site of the first experiment?

MR. BERK: Baltimore. The second experiment was statewide. The first experiment, th life experiment was done in the City of Baltimore basically. The other two were statewide experiments in Texas and Georgia. Those states were chosen, incidentally because they were the ones -- an

RFP went out, and those are the states that came back prepared to invest the time and effort to provide the data that the researchers would need, but the program itself and all the research was funded by the Employment Training Administration.

MR. GROPPER: Was this focused on offender groups?

MR. BERK: The Baltimore population was a sort of middling group, that is there were no first offenders in there At the same time I don't think there were any addicts either. Baltimore I am less familiar with because I wasn't directly involved in that, but Texas and Georgia were random sample. When I say random, these were all ex-offenders. Basically at the time of release for a certain number of weeks people were assigned to one of these different treatment groups and a control group, and they were followed for one year. You walked into the unemployment office just as if you were an unemployed person, and if you were unemployed at the time, if you were in an experimental group you qualified for this program. If you got a job you did not get the money. So, it was unemployment benefits basically.

MR. ROSEN: And they weren't eligible for unemployment benefits because they had worked?

MR. BERK: No, that is right.

MR. BLOCK: What kind of crimes were they in for?

MR. BERK: Oh, everything. It was your random

bad guy population.

MR. BLOCK: What was the difference in the sample between this and the Baltimore one?

MR. BERK: I don't think that is the difference. We will talk about the difference in a second. It was just more heterogeneous. The Texas and Georgia group was more heterogeneous, but I think more to the point the labor market situations in those two states are very different from each other and in turn different from Baltimore.

MR. ROSEN: That was the point that I was really leading to is that you have got three locations that are just vastly different and I am not sure you can draw any conclusions.

MR. BERK: Remember within states it is a randomized experiment. So within states there is no problem in at least inferring about main effects. Now, whether or not the program works in some states rather than others because of the location, that is right.

This gets me to the third study which is the most recent one, and we have not published the results yet. California has a program. That is not an experiment. It is a real live flesh and blood program which it is kind of interesting politically came about because some people in California, some legislative aides read Ken Lenahan's writeup of the life experiment and thought gee, that is an

interesting result, let us have some legislation and do it in California. So, we have a law SB 224, Senate Bill 224 which provides unemployment compensation to released offenders based on work done in prison, and someone mentioned you need four or five quarters of eligibility, and if you have been locked up for five years you are in big trouble. You are not eligible. So the idea is to provide eligibility based on prison jobs. It seems like a perfectly reasonable thing to do except that is not what is done routinely, and this is what that law provides for, that if you have a prison job or you do vocational training that counts toward your eligibility. You get out of prison; you cannot find a job; you can walk into your unemployment office and claim eligibility based on your prison work, and also, in the legislation was the requirement to do an evaluation, I felt a pretty enlightened effort.

MR. BLOCK: Did it matter whether you were fired?

(Laughter.)

MR. THOMPSON: Call it involuntary separation.

MR. BERK: If you are fired from prison you go to the University of California, the next step down.

Anyway, the problem, of course, is that it is not a randomized experiment. What we havedone is, I think pretty clever.

The evaluation we have done goes as follows. We

compare people who apply and get the money to people who apply and don't get the money, and we will talk about the creaming issue in a moment.

So, among the people we are only interested for this moment now in the people who apply. Since we know the eligibility criteria which is 500 hours of work in prison, we know precisely the rule by which people are selected to experimentals and controls. We have an absolutely perfect continuity and design which means that we perfectly control for selection effects. In other words, the proofs are around.

So, we have an unbiased treatment effect that we can get at with respect to these particular individuals, that is among those who apply for the program, they get out of prison, they walk into their unemployment office; some get the money when they apply; some don't. It is based on whether they worked the requisite hours in prison, and then we can get guaranteed statistically unbiased treatment effects if they are there.

MR. ROSEN: Isn't there a selection bias?

MR. BERK: That is what this control is for. People who apply, a lot of them didn't work 500 hours.

MR. ROSEN: But then you are assuming that the people who applied but were not eligible have the same characteristics as those people who -- of all those people

who worked less than 500 hours.

MR. BERK: No, this only works for the people who applied. Within the people who applied some worked 500 hours and some not.

MR. NOLD: So you randomized one part of it.

MR. BERK: That is right. The creaming problem and the biases that result from that selection we do not handle. I will get back to that, but that is a good point.

MR. ROSEN: The other point that I would make along the same lines of selection is what percentage of people who worked the requisite number of hours actually apply in the first place? In other words, you have got X number of people who work 500 hours and get out and actually find jobs and never need to go to the unemployment office in the first place. What happens to those people? What is their experience?

You have to do something with that group, too.

MR. BERK: Right. These are only people who applied.

MR. NOLD: Whether they had the 500 hours or not. His point again is if they had 500 hours they may not apply.

MR. ROSEN: There is another group that might be unemployed and worked the 500 hours and because they are too thickheaded don't apply.

MR. BERK: We addr-ssed that, but that is at best a situation where one can quarrel with the specifications.

In other words, you get into the HECMA(?) type models and someone says, "Your selection equation sucks," and I would say, "Yes, maybe," but in the first instance for this one problem there is no quibble because we know the selection rule, and under those circumstances we do find that the folks who get the money get in less trouble, both property crime and personal crime, 10 percent less rearrest rate. That is consistent with life. It is inconsistent with TARP, and the question is why.

I don't like it particularly from a value point of view, but it looks to be -- by the way, if you then work out the little bit of arithmetic you save about two to three thousand dollars per person by having this program than. the cost of incarceration. If you calculate the expected costs of not having this program compared to the expected costs of having the program the difference is about two to three thousand dollars.

MR. BLOCK: How long do you have to be in jail?

MR. BERK: However long it takes you to earn the 500 hours.

MR. BLOCK: The question is whether you go to jail to get unemployment.

MR. ROSEN: Two thousand hours a year, 40 hours a week --

MR. BLOCK: No, I was just wondering have you

talked about going to jail to --

MR.BERK: Representative Smits raised that same point, whether we were encouraging people to commit crimes to go to prison to get involved in this program.

MR. BLOCK: You have cost calculations. As silly as that sounds, you have got to answer that if you say what you are saving.

MR. BERK: Absolutely.

MR. BLOCK: If you are just working on what the effect is you don't have to address that question.

MR. BERK: You are absolutely right, and there are some real discounting problems, too, working this out for the future and so on.

It seems to me that if you believe these results, and there is certainly a lot to argue about you have to account for why we get effects here and not in TARP and why Ken Lenaham found them in the life experiment, and there are two interesting factors about this particular program, and this is where a bad program may have had good effects.

One is that it takes about six to eight weeks to get the money. So after you apply you sit on your duff, and so if you believe in discounting it says that this money is worth less than you think because you have got to wait a while for it.

The second thing is that the money isn't a lot of

money. It turns out to be 45 or 50 dollars a week.

Now, that is not a bunch, and the question is what does that compete with? The only data that I have seen says that the average take that a burglar gets is about 200 to 300 dollars a month, and it seems to compete, if you do the arithmetic, it seems to compete with the average burglar take per month. It does not, however, compete with unemployment quite as well.

So, it seems to by --

SPEAKER: Employment.

MR. BERK: Employment, I am sorry, yes. You can make more than 200 bucks a week working. So, it seems that, and this is just fortuitous, you need to explain these effects. You can explain it just fortuitously by the fact that you are giving people a small amount of money that they have to wait for, and if you work out, and it is very rough estimates, what you can make from taking a job or what you can make by being a full-time burglar, for instance, or an average burglar, it seems to fall right in the middle. That is why we think it works, but the more general point is, and I think this is something that was true from Taggert's summary in none of these experimental studies where you give people money does it make them commit more crimes, not in a single case.

MR. ROSEN: What happens to these people after the

26 weeks?

MR. BERK: We followed them for one year, and we were worried about that. Actually we broke it up and said, "Gee, as the money is about to run out, do these people start getting back into crime?" Are we postponing or are we preventing? And we did not find any evidence that we were postponing, but we only have a one-year follow-up.

MR. NOLD: You know, it is a little surprising that result. If you gave most people who are in the labor force some money they would not withdraw their services. They would just consider it a windfall. They would not adjust their work patterns. They might not even adjust their consumption that much.

MR. ROSEN: But you are talking about something that is really a marginal increase to their current income. In this case you are talking about people who are starting from zero income. They have been out of the labor force, coming out of prison. So the income effect is totally different on the two populations.

MR. NOLD: Let us take it then to a place where you say a person is earning, say, $12,000 a year. You offer them $1000 a month for five months. Would that change their -- would they leave their job?

MR. ROSEN: But they don't have the choice because you see it is an all or nothing thing. They haveto leave their

job and give up the $12,000 in order to keep the $1000.

MR. NOLD: No, suppose I just give them the $1000. This is a question of whether or not they commit less crime.

MR. OSTERMAN: I think you have to ask the question again. I am just speaking again from ignorance, as we all are.

(Laughter.)

MR. OSTERMAN: I would think that the decision to engage in crime is a discontinuous decision. It is not choosing, in some sense a criminal life style. It does not get modeled and separated 40 hours versus 35 hours. In other words it is kind of in or out.

MR. NOLD: But if you are a secretary, say, you have to be there 40 hours.

You cannot -- it is an off/on decision, and the decision is exactly the same, and the only question that is, I think, or the point that Michael raised is a good one. It is a risky operation, and it tells you something about the occupation perhaps.

MR. MC GAHEY: It is actually quite breakable, in fact. It is not an occupation you can burgle now and not burgle later. It is like saying I will work an hour now, and the next time I don't work because I don't like the way it looks. In fact, we conceptualize these things as careers, but they may not be. This shot is better than

this one. It is more selective in some ways than the labor supply decision.

MR. NOLD: My point is that maybe they have a lower failure rate, not because they are not committing crime which is the assumption you are making, but they are taking their shots better.

MR. BERK: That is right. They can look for the better crime. That was one of the possibilities in the Tarp study, too, which we talk about.

MR. NOLD: Much as I hate that whole line of research, do they ever do any self-reporting?

MR.BERK: No, this is all official.

MR. NOLD: It would be interesting to see if they actually were committing crimes.

MR. BERK: That is something that has occurred to us, and I would love to have data. The only additional data I can add is something that was just mentioned which is we do have some in-depth follow-up stuff on about 50 people, and the labor activity and the crime activity is transient. The ones we have seen, a large majority of them work a couple days a week for their uncle who is a landscaper and wash dishes for three or four days, and they get out of the labor market, and they might burgle for a day or two, and then they will take a little vacation, they will go visit their relatives in Tucson and may burgle there. It is a very fluid

sort of thing, and in contrast when they can get into a steady job, take a job, for example, in a cannery or something --

MR. NOLD: That takes up too much time. I think this monetary effect is an interesting one, and it wouldn't be hard to imagine a situation where they are all still involved in crime to the same extent, and you are just dealing with much lower failure rate because all we have to judge here is the failure rate.

MR. ROSEN: Yes, that could easily make up the 10 percent difference that you are talking about.

MR.BERK: That is entirely right, except remember I said that this affects both property and person crimes, and that makes it a little bit trickier to handle that.

MR. BLOCK: I guess you can look, too, at the ones that are captured and see whether their crimes are larger than -- well, you don't have a control.

MR. JOHNSON: Let me add one additional note on an alternative hypothesis to being more successful is that what may have happened is that people who came out of prison are generally in there for relatively serious offenses, that is there aren't many people who are in prison on shoplifting charges, for example, and yet many people who, say, may be in on a burglary rap may in fact have a rather extensive pattern although not well measured by arrest statistics in

shoplifting, and one of the effects that you may be seeing is because they get this extra little income several times a week instead of going out and committing a major burglary or something they are committing smaller events, shoplifting episodes for which there is a very low probability of arrest.

MR. BERK: It means we can have a better class of criminals.

MR. JOHNSON: No, your better class of criminals is being deterred somewhat from committing more serious offenses.

MR. BLOCK: They are substituting taxation for theft as a way of transferring income.

MR. GROPPER: They are not more successful in the sense that they are doing the same old things better. They are doing lower level things.

MR. BERK: They may case the gas station for an extra couple of hours.

MR. MC GAHEY: The guys that do gas stations do this sort of thing. They say that I have got a little unemployment insurance this week and I am going to take an extra hour and case this.

MR. NOLD: Don't you think they could say, "Hey, listen, I don't need this money that bad, and if this looks risky at all, I will just bag it."

MR. BLOCK: Think of the experiment of giving

college students. Think of people with variable work habits. Think of college students that have to work; if you give them an extra couple of thousand dollars a year, they will probably work less. I guess that is the same mechanism that you are thinking about in the criminal case. I mean you are raising their income levels and because of the way that makes them feel they will steal less.

MR. BERK: There are two things. One is they need the money less. The other is you are raising the opportunity costs of being caught because they lose that subsidy.

MR. NOLD: That is nice. I like that part of it better.

MR. BLOCK: That does change the nature of it.

MR. BERK: You see that is important because that handles the person crime, as well as the property crime.

MR. NOLD: If it were just operating that way, then towards the end of the time when they are about to come off the program, the crime rate should increase.

MR. BERK: We have not seen that, but our follow-up period is only one year, and some of these people got 26 weeks.

MR. HOLD: What is their entitlement?

MR. BERK: Twenty-six weeks.

MR. ROSEN: In terms of recidivism most people who are going to commit crimes after coming out of ja-l are

going to do it within one year anyhow. So, if you followed them up for one year, and your data looked pretty good, I would think --

MR. NOLD: You are talking about bunching.

MR. BERK: This should be bunched towards the back. You should see the recidivism rate drop in a little spike. The rate of decline flattens out when the money runs out or something like that, but we did not see that.

MR. BLOCK: Because the entitlement business as long as you have this entitlement it is like an asset. So the closer you get to completing the asset the less there is to lose by committing the crime.

MR. BERK: There are two other minor things that could be added although these are not compelling for a variety of reasons. One is we do find a hint if we break the sample up that folks who got more money had lower recidivism rates, although that is soft.

The other thing is we found, also, that it does not work nearly as well for the youngsters. By youngsters, these are people out of Folsom and San Quentin and stuff. So by youngsters I mean 22, 23, 24. It does not work as well as 35, 36, 37.

MR. NOLD: You have a sample problem there. Somebody who has managed to get to San Quentin by the time they are 22 has really been working hard for a long time.

MR. BERK: That is absolutely right, and that is what I am saying. These are softer findings. That is where the regression does not do the job.

MR. ROSEN: To what would you attribute the difference in terms of age?

MR. BERK: It beats the hell out of me. I really don't know.

MR. ROSEN: I thought if you brought it up you must have some kind of reason.

MR. BERK: There is one sort of universal truth about crime. It is like acne. Most people grow out of it, and we don't know why, but they do.

MR. BLOCK: They do. It is young people. Crime takes some energy.

MR. THOMPSON: They don't get whipped fast enough.

MR. BLOCK: In terms of reconciling the results, do all of the programs have this entitlement aspect to it that Georgia and Texas had in the entitlement?

MR. BERK: They are different in two fundamental ways. In the Georgia and Texas arrangement the money was greater. It was about 50 percent more money, and you walked in the door, and there was a check.

MR. BLOCK: If you went to jail what happened?

MR. BERK: If you went to jail you lost it, not convicted, just arrested. Oh, I take that back. The way the

Texas and Georgia experiments worked it was just like the way the unemployment office would work. So, you have got to go and get your check, I guess.

MR. GROPPER: How likely is it that you would get arrested, convicted and put away within a year, even if you are a parolee?

MR. BERK: Where?

MR. GROPPER: In California, say?

MR. BERK: Let me backtrack a second. All these folks in California are on parole. So it is pretty quick. In Texas and Georgia if varied, but most of the people were on parole but for shorter periods.

MR. GROPPER: What would be an adequate follow-up time to get this gold gradient effect plus the filtering through the system as far as arrests, trial and --

MR. BERK: Two years. What I originally wanted to do with the design was get two-year follow-up, and I wanted to get interviews on these folks and we did not have the support to do that.

MR. ZEDLEWSKI: Two questions; one, my readings of Tarp suggest that there were effects.

MR. BERK: That is right, there are, but not from the randomized experiment part of it, but our model there; I guess I am assuming more people know about this than I thought. What we found there was a no net treatment effect.

What we found was what we call a counterbalancing model that two things were going on at once, and it happened in both states. You give people money. To say it a bit crudely, you give people money; they don't work, and if they don't work; they steal. So that is one effect, and it is a negative effect.

On the other hand, holding that pattern constant, if you give people money they have more invested in staying out of trouble, and those two just about cancel each other out, that if you model it with structural equations you get these two counterbalancing forces so that the whole intellectual thrust of the Tarp thing is how can we give, if we wanted to, give people money so that the work disincentive would be cut and yet the opportunity costs of being caught would still behigh, and by accident it looks like this California program may have done that. By giving them a modest amount of money and making them wait, it happened to compete quite well with crime, we think but not with employment.

MR. ZEDLEWSKI: What you are suggesting then is that the individuals are operating on an income satisfying model and not an income maximizing model. They have all this leisure time. They can add to their income.

MR. BLOCK: People cut back. I mean there is no --

MR. NOLD: It is just a wealth effect.

MR. GROPPER: It is a little paradoxical, but if you have got a lot of dead time, I mean we all think of leisure as like going to the lake or going to the boat or stopping work, and if you have got less than a subsistence level income it may not be leisure but enforced idleness I guess is the term that we toss around sometimes.

MR. NOLD: I think that is rather true. It is an interesting experiment. How would you structure the payments optimally?

MR. BERK: This is something for guys like you to work on.

MR. BLOCK: Essentially if you made it grants, not unemployment; if you made it just a grant of $5000 payable in installments as long as you are not arrested and convicted that would be perfectly substituting in some sense the tax system for theft or one type of transfer for another, and probably reducing -- if you did not consider the second order effects, probably reducing the misallocation of resources of the process.

The second order effects of this stuff is all --

MR. NOLD: You vary the desirability of going to prison.

MR. BLOCK: Yes, the whole business about setting up a system that transfers income, admitting that this kind of transfer is going to go on and what you want to do is

regularize it.

MR. BERK: I guess I would start out one step back and ask the question a little bit differently, but maybe it comes out and say that it now costs us, at least in California about $15,000 a year to put somebody away, and that is assuming we don't have to build any more cells. That is just operating costs, and it is now, what, $60,000 a cell or something like that, but let us just take operating costs. Could we do something better with that $15,000? That is really what I am asking, and one of the possibilities is that we take that money, part of it and go halves with you. Here is 7000 buck. Dole it out in some reasonable way.

MR. NOLD: The only reason it costs so much to incarcerate people is because for a variety of reasons our penal system has chosen not to have these people have reasonable work or productive work. I mean you have got a work force there. There is no question about absenteeism and a lot of other problems that employers face. One can do things simultaneously, cut the cost of incarcerating people, and you can, also, provide them with what, in fact, they have earned or something reflecting that as some sort of balloon payment at the end of one year and one-half out of prison or something like that, to give them something else to lose. It has always surprised me, and I don't understand

the genesis of it, why we have prison systems like that.

SPEAKER: Sure you do.

MR. NOLD: Well, I have a suspicion that organized labor would not be happy about it, competing against prison labor, but organized labor is 20 million workers in an economy of 120 million.

MR. BERK: In the early history of California there were all sorts of contract labor, and in the South I guess that is true, also.

There are a lot of problems with it, including the fact that the workers are grossly exploited, and in fact they get almost nothing back in their pockets.

MR. BLOCK: When you aasked that comparison about prison and this transfer system, the assumption there is that there is no deterrent effect of prison because this system really doesn't have a deterrent. I mean it has just the specific deterrent effect on this particular individual. It is not going to have a general deterrent effect on other individuals. In fact, if anything it has an incentive effect. That is not quite the right question to ask.

MR. BERK: I would be very surprised empirically if it turned out that -- I believe you could probably give people, let us say you give them a free year of income, $15,000. That would still be enough to serve five years in prison or three. The average sentence in California now is a

little over two. I just cannot believe that that --

MR. BLOCK: We give out very few prison terms. We, it used to be, give out few prison terms in California, partly because it is so expensive. So it is not clear to me that this is a way to deal with that problem.

MR. ROSEN: I think if you try to generalize it, it is going to fall apart.

MR. BERK: Generalize which?

MR. ROSEN: The idea of paying people. I think that you would find people who could not earn those wages, couldn't earn the equivalent wages in the private economy would go out and commit crimes to get into jail, to get out, especially if you only have to be in jail for two years. You just said the average length of stay is only two years.

MR. BERK: Remember now this is 26 weeks at the outside of $50 a week. It is not a lot of money.

MR. BLOCK: What it does, if you look at the expected cost of prison, now look at the first offender, the expected costs ofprison are now greatly reduced.

MR ROSEN: A counter argument is if it is only $1000 how come it has any effect at all? If it is such a little amount of money in the first place it should not make any difference.

MR. BERK: No, but the point is for the folks at the margin presumably it doesn't take much.

MR. NOLD: It doesn't take much to deter them in those that give out a two-year one-month sentence.

MR. ROSEN: If it is not symmetrical, then you think it is good.

MR. BLOCK: Just like saturation bombing with money in the central cities. It seems optimal and then some. If you are out you get it; if you are not out you don't get it.

MR. BERK: It seems to me that properly phrased what this, if it works, speaks to is again the small group, probably smaller portion of people who are teetering at the margin -- there are lots of nuts out there whom this is not going to deter, and there may be some nuts who might commit crimes to get into prison to get this, but I just --.

MR. BLOCK: I was factious in saying that people would actually crimes to get in; if you raised it high enough they would. What you are doing is reducing the cost of imprisonment. You are working against the prison system.

MR. BERK: That is right.

MR. BLOCK: What you are doing is saying as a qualification for this system, for this business you have to be in jail, prison. So when someone thinks about committing a crime for the first time and going to prison, there is a reduction in the cost of imprisonment.

MR. NOLD: That is not quite right. Everybody around

this table is entitled to the same support without going to prison, if you don't have a job. It is called unemplo ment compensation. All that we are doing --

MR. BLOCK: You have to have had a job.

MR. NOLD: You have to have had a job. So, if you are unemployed, looking at the choice of looking for more work or committing a burglary, you have a rough notion of well, commit a burglary there is some chance I go to prison, and I don't want to to go prison; it is miserable there, but when I get out they have got a program and I get $1000.

MR. BLOCK: So, it is not a free lunch.

MR. JOHNSON: I think the important part of it is going back to the costs of imprisonment. I mean that is one thing that rhetorically is overlooked in the anticrime rhetoric that politicians provide us with. They are going to take care to be sure that people get their just dues and so forth, and $18,000 in New York for just straight operating costs per prisoner, not to mention an equivalent amount to build a new prison cell these days.

mr. GROPPER: The prison bond New York State is putting out this year is projected roughly at this bond market it will cost 1.5 billion over time.

MR. NOLD: What makes a prison so expensive?

MR. GROPPER: Security; 90 percent of the stuff is security. It is a very specialized kind of construction

business. They don't use the same wallboard we use.

MR. NOLD: What is necessary about prisons to be -- you know, it is an 8 by 10 cell. So you multiply that out, and you are looking at costs of, you said, $60,000 for a cell.

MR. GROPPER: It is not just a residential housing. They have got their own powerplants. They have got food service delivery system. It is a self-contained thing.

MR. BLOCK: What is the comparison with hotels, I wonder?

MR. ROSEN: We have a parking garage over at Union Station that cost $50,000 a parking space. It is about the same size as a cell.

MR. BERK: Another reason why the costs are going up is because you are getting increasingly because of these longer sentences for repeat offenders; you are getting a worse class of prisoner.

MR. NOLD: We are ranging off, and I should not have brought that up about why it costs so much. Let us turn to Jim Thompson and talk about the stuff that is going on and maybe Michale Block can make some comments and then we will have some coffee, and then we will try to summarize.

I have a better idea. Let us go to Paul Osterman and then to Jim Thompson.

I want to see why Taggart suggested that we should all open up our checkbooks and sign over our grants.

MR. OSTERMAN: As long as they use his data base. As I keep repeating, I really don't know; I have not done the work on crime. So, it is not clear what my contribution is. What I have done is a lot of work on youth employment. So, I will talk about 2 or 3 minutes about what I have done on youth employment and then I will tell you since last night I decided to think about what the relationship between my work was and crime since I figured I would have to talk. My pet theory emerged late last night after a great deal of thought.

My work on youth employment has been twofold. One is I am tempted to kind of understand what happens to a normal kid, normal in the sense of someone who makes it okay in life by the age of 25 or so from the time he or she leaves school to the time he or she kind of looks like an adult in terms of their work patterns and behavior and I am talking about non-college kids, and in constructing that story I did a lot of interviews with both youth and firms and the story that basically emerges is one that has two sides. One is the kinds of attitudes and behavior of the youth toward work which I would argue changed rather dramatically from the time they leave high school to the dropping out or graduating. I think they are basically target earners, basically much more interested in sex, adventure and so forth than work and hold a series of odd

jobs to kind of work their period of time, earn their target income and leave the labor force, drop out, engage in whatever,come back in, drop out, come back in.

I think that that is a pattern that characterizes most kids up to the age of twentyish. On what you might call the demand side of that labor market are a set of secondary firms, low wage, high turnover firms whose work arrangements are structured to take advantage of that kind of labor force and for whom that kind of labor force is desirable.

With age the kids themselves move out. They get married. They become more mature. They want to work stably, and with aged primary firms, firms that offer careers, provide internal training and so forth who are willing to hire kids. Primary firms shun the younger group of kids because if you make an investment in training the kids will turn around and leave and you will lose that investment.

So that is kind of a brief story, I think, of how the normal labor market works. The other piece of my work is trying to understand what happens to minority kids, black kids in particular, why they have so much trouble, and that side of my work which has tended to be more econometric and has tried to sort out various explanations ranging from inadequate education, minimum wage, suburbanization of jobs

changing regional patterns and discrimination, and I basically attempt to divide it all up, and I have a series of -- I can assign percentages or orders of magnitude to what I think are the various factors.

So, given that that is the work I have done on youth, what does that have to do with crime is a question I asked myself late last night, and it occurred to me that to the extent that it does have anything to do with crime it is basically a story, I think, about crime for many youth, not all youth. I want to be very clear. I would never claim this is a story about all youth, crime for many youth being a life style, life cycle phenomenon. I think this goes to the point of why crime rates decrease with age. For some youth who are in this kind of early stage, this kind of high turnover and what I call moratorium stage working in these secondary jobs crime, I think is simply an alternative way of earning some cash. It is equivalent to working at a bad job pumping gas or equivalent to working at a McDonald's or equivalent to whatever and crime, also, I think, does not interfere with participation in that labor market, that is to say the firm themselves have geared to high turnover workers, workers who just disappear off the face of the earth for a while and come back in, and the firms themselves are not interested in the work history of the people.

So crime is really on par for these kids with that kind of work, and it is a life style, life cycle phenomenon.

With age, as you want to settle down and work in a different kind of environment where you have to be there regularly and where your work history counts crime for most kids, I think, becomes inconsistent with that life style. That is to say if you want to have a primary job and you want to be a stable worker you cannot, also, have a criminal life, and therefore I think most kids are willing to make the transition, just as they are willing to no longer pump gas and leave the labor market and go back and forth, they are, also, willing to make the transition out of kind of casual criminal activity.

If that is true then I think what it means in terms of going back to the question we had this morning, what is the relationship of unemployment to crime, the relationship, I think, is not that all jobs, the availability of all jobs reduces crime because the availability of McDonald's jobs and gas pumping jobs doesn't necessarily reduce crime, but rather the availability of primary jobs that enable you to make that transition will reduce crime, and the trick then is to establish a labor market in which people are drawn into changing their life style and their life cycle, that is to make crime inconsistent with other forms of behavior, and if crime becomes inconsistent, then

I think you can argue that crime rates among young people will fall. I think that is why for most young people crime rates do fall.

It, also, means in terms of employment programs that you want programs which mimic primary, not secondary characteristics, to penalize casual behavior, showing up one day and not showing up the next day and which places behavioral constraints on people so that in fact crime has a consequence there, too, and I guess my basic story is that crime is a life cycle phenomenon, I think Brenner's earlier observation that it is the ratio of youth to adult unemployment rate is right because it is that ratio that determines whether people are able to make that transition out of sort of casual secondary work to primary work.

MR. BERK: That sounds pretty sensible. The only thing is that part of the leisure activity,the sex and and drugs part could be compatible with either or not criminal activity, and that is more characteristic for some reason or another of young populations as well.

MR. ROSEN: There is another conclusion that comes out of what you said, at least to me, that there is nothing you can do about youth crime because both the regular labor market which is sort of geared to part-time odd hours in and out and committing crimes are really very similar activities because you can either commit a crime or not

commit a crime. So, the only difference is that one is illegal, and one is legal, you know, so that let me say one other thing, too, about the unemployment rate. I have done regressions of youth unemployment rate against the unemployment rate of adult workers, and you seem to think that the ratio between the two is an explanatory variable, but I can predict the youth unemployment rate if I know what the rate is for all workers 20 and over. It does not vary that much from place to place at a state level, so --

MR. OSTERMAN: That is not true. It varies very sharply over the cycle. There is a cyclical variation, but on your first point I think you are right. I mean I think about the crime thing the same wayI would think about youth unemployment. There is a minimum below which you are not going to get youth unemployment rates no matter what you do. I think it is built into the system. I think that there is a minimum probably below which criminal youth crime probably -- and there is, also, on top of that I think a cyclical effect.

MR.ROSEN: My gregressions are based on cross-sectional statewide data, for example, where I had a host of explanatory variables. You know, the dependent variable was the youth unemployment rate, and my independent variables would include such things as the unemployment rate for adult workers, percentage of white collar jobs, percentage

of employment in construction industry or manufacturing. The single most important variable in that equation was the unemployment rate for adult workers, and on that variable alone we give you an R^2 upwards of 80.

In a steady state the relative difference between the youth and overall rate just isn't that great. I would admit that there are cyclical differences but then you have a lot of measurement problems, too, as to whether you take ratios or absolute differences. It can give you varying results, too.

MR. NOLD: That isn't the whole story because you have an interceding labor force participation and perhaps Paul is suggesting that these people are not even recorded as unemployed or employed but rather a part of the labor force that isn't counted. It may be true that those people who are in the labor force have unemployment rates the same way, but the participation rate has to stay relatively constant and not be pro cyclical.

MR. ROSEN: You just brought out a different point to my way of thinking which really bears mentioning. Is the labor force participation rate a phenomenon because youth labor force participation rates are only about 50 percent which means that only 50 percent of 16 to 19 year olds are going to be either employed or out there on the streets looking for a job which means that half of them are totally out of

the labor force.

MR. OSTERMAN: At a point in time..

MR. ROSEN: That is true.

MR. ROSEN: Also, that 50 percent has ballooned upwards because of three months in the summer, too. If you take out June, July and August the participation rate might only be 35 percent for the other 9 months.

MR. FREIVALDS: What about if you break it down by minorities. Isn't it true that for black young males the unemployment rate is --

MR. ROSEN: Yes,but basically the youth unemployment rate is about twice the overall rate, and the rate for black youth is about twice the rate for white youth, and that is just about the way it stays right now.

MR. BLOCK: So, your argument is with Brenner's comment about the ratios. The ratios are stable, would always be a constant.

MR. ROSEN: Yes, to my way of thinking that ratio is fairly stable. You can have some isolated experiences in a particular city, Detroit maybe or New York.

MR. OSTERMAN: This is way off my point, but I mean Brenner's argument was that in the mid-sixties the relationship shifted, and in fact, in the mid-sixties, from the mid-sixties on the baby boom bulge came into the labor market, and the ratio of youth to adult unemployment experienced

a shift.

MR. JOHNSON: You are talking about the ratios of the rates,not just the numbers of people, I assume.

I want to tie together some things that you were talking about with some of the things that you were talking about and some of the experiences that we have had looking at kids out on the streets.

I particularly like your description of what you call the moratorium period of employment as one of essentially from the adult persepctive an unstable life style in which most of the social activities revolve around leisure or the pursuit of interests that are not, quote, employment oriented basically. The basic need is essentially for cash to pursue various forms of leisure activities, assuming that parents are still willing to put up with some kind of basic overhead cost, i.e., shelter and food. That model fits very well, I think the realities of the street. It fits very well, I think, with the model that Richard Berk was discussing earlier with the behavior of what I call the imprisoned population. We certainly see a lot of those people out on the streets, and what we call employment here and what people experience and this is true, I think, in almost all the evaluations of the supported work programs is very short term temporary jobs, you know, your uncle gave you some money for helping him unload a truck or helping him move or

you managed to get a job on the car wash for a couple of weeks, and then you had a falling out with the boss. This is what is meant by employment to people who are ex-felons. It is what is meant by employment to most of the kids on the street so that when you talk about a job and when you talk about employment the whole scenario, the whole imagery of jobs and employment doesn't even begin to look from the youth perspective like what we in the primary labor market consider a job to be, and as a result jobs are simply a way of achieving cash. Cash is the primary mechanism by which these kids function, although there is, also, a very important understudied, and totally as far as I can ascertain neglected analysis of what I call barter system amongst kids, and the barter system has many components to it. Some of the more important elements of the component are various elements of activity in the drug distribution system that a person can frequently end up with a form of employment that is directly competitive with high turnover low-cost jobs by dealing marijuana, by going out in the streets and selling sticks of marijuana or by serving as the local dealer in your local high school or there is a whole other series of roles in the system especially in New York City which we call steering, touting and copping. Steering is essentially referring people who want to buy drugs to somebody who can sell them. Touting is essentially being an

employee of the dealer and going out and finding customers for him and copping is serving as an intermediary for drugs and money between buyers and sellers who never meet, and in each of these cases the person is receiving some form of payment, be it money or be it drugs. You know, there is a transfer of value, an exchange of labor for a valued commodity, be it money or be it drugs. Especially amongst females there is a tendency to barter sex for money and/or drugs and more for drugs because money is seen as out and out prostitution and hence not generally acceptable.

There is, also, the mechanism I was referring to earlier about women or young girls with babies who have welfare checks who essentially provide food and shelter for these mobile male friends in return for affection, in return for some protection, in return for a lot of other you know, a few dollars now and then, a gift for the children on occasion. You know, there is a lot of bartering going on in that marginal subsystem that you are referring to and in that low employment thing commitments to jobs, commitments to stability are simply ignored. There is no real pressure for a person to behave consistently. There is no real guarantee of any assistance to stabilize these kinds of things, and it tends to be self-perpetuating. Now, those who get more seriously involved in criminal behavior pursue that very much along a long period of time, but for most

kids, especially those who are unwilling to get into serious -- and there are a lot of good reasons in the American moral centers above and beyond the actual imprisonment experience to avoid getting involved in robbert, mugging, assaults and perious personal crimes, crimes against persons, so that the vast volume of crime is theft, small larcenies that so far are not well measured at all, I am convinced by arrest records,that is shoplifting and petty larcenies probably occur at say 10 or even 100 times the rates that are actually recorded.

MR. BERK: They steal from each other.

MR. JOHNSON: They steal from each other constantly, certainly. Kids are very high risk of being victims, and the people who do the stealing are at the highest risk of being victims at another time. As a matter of fact, it is very much a question of who is a victim and who is the offender in some cases, you know, just a question of who hits first is really what it comes down to.

Now, there was an interesting study that grew out of the Lenahan study that I don't think anybody has seen. It was a PHD dissertation that was done using Lenahan's data, and the fellow who did it was up at City College, and his name escapes me.

MR. BERK: Lou Genevieve.

MR. JOHNSON: Lou Genevieve, right, and Lou

Genevieve has a very interesting thesis. He took the Lenahan data and he asked --

MR. BERK: That was the life experiment.

MR. JOHNSON: Yes, that was the life experiment study, and he asked the question, what accounts for recidivism amongst these released offenders, and there was the randomized controlled experiment that he had, and he went through a very systematic process using regression analysis of background factors, the number of prior arrests that these people had before their imprisonment experience, length of time that they were in prison, some of their behaviors and their employment opportunities and so forth after release from prison, and he found that there were only two factors that had a serious impact on reducing recidivism rates and the subsequent employment time, prior histories, family structure, even the number of prior felonies and seriousness all had no real effect one way or the other on the recidivism rate post-prison release. What had the biggest effect was whether you had two different kinds of jobs. One was could you get some kind of legitimate employment and have some kind of cash flow and continuing monies from the legitimate sector but, also, he found that there is a whole series of what on the streets is called hustling which does generally not include what are called common law crimes, burglary, robbery and theft and auto theft

but being involved and essentially employed in street drug dealing, numbers running, serving as a partial fence or selling stolen merchandise and a variety of other such low level hustles, prostitution, other victimless crimes, all of which generate cash, served to actually reduce the recidivism rate for rearrest for the more serious common law violations and that the effects of both legitimate employment and what you might call hustling employment were about the same on reducing the recidivism rate, and I think that some of your findings are somewhat in that same kind of area and that it appears that what seems to be happening given some of the data that are here is that some kind of stable low cash income on a regular basis coming to kids on this transient market and, also, even older offenders has a I think, somewhat of a reducing capacity on more common kinds of crimes. That is just a commentary.

MR. ZEDLEWSKI: It seems to me you have raised a notion that certain types of theft and certain types of low level employment were pretty much substitutes.

MR. JOHNSON: Substitutes or complements, and they go back and forth. That is the interesting thing is how independent these two things seem to be. People can be working at McDonalds and stealing hamburgers from McDonalds. I mean they can be doing both.

MR. THOMPSON: That is a very important point.

Almost overwhelmingly with the younger population they are not substitutes. Crime is supplementary to employment, and it can include crime in the workplace.

MR. ZEDLEWSKI: You must take the two together.

MR. ROSEN: It is a trade off for the young.

MR. THOMPSON: No, that is not the point.

MR. BLOCK: How do you determine that that is not, becauee you observe people doing both at one time?

MR. THOMPSON: To the degree that we have managed to get access to kids and in one of our earlier pilot studies older ex-offenders and got them to talk at length about their crime activities, and this is obviously a tiny group, not a sample at all, but anyway in those conversations that we end up believing which went on for often an hour or an hour and a half, we have rather exhaustive inventories of crime opportunities at the workplace, crime opportunities off the workplace, some cases where employment in fact was successful in averting crime, other cases where employment really was the necessary condition for the kind of crime a person was doing, other cases where a drug hustler for example would seek out employment in order to get a stake to start out again in the drug business, having bankrupted himself by selling too cheap and to his friends, something like that. At the individual level when you are talking almost biographically about street kids the relationships

between employment and crime end up being very complicated, very much textured in ways that cannot be accounted for in terms of a simple all or none transition from one to the other.

MR. ZEDLEWSKI: Absolutely not. The point is you see a mix.

MR. THOMPSON: I think what Paul Osterman was talking about, to the degree that an employment setting offers significant opportunities over a long run and in which for life style reasons it is inconsistent with hanging out with peer groups being on the street in time budget terms, not having the ability to be out on the street, then I think you have got a different kind of pattern, but for the 15, 16 year olds especially it is a much more fluid situation.

MR. NOLD: This is why they are precluded from the formal job market, among other things by regulations that keep them away from heavy equipment and other things.

MR.THOMPSON: In New York City, for example, factory employment you have got to be either a good liar or 18 to get factory employment and that really is one of the barriers that seems to be effective in terms of the kids.

MR. NOLD: It is not the minimum wage.

MR. MC GAHEY: In that case it would have to be one of the ways they pay illegal aliens which is subminimum. I think some of the accounts come back that that is who some

of the kids in Brooklyn see as their competitive labor force. It is not the minimum wage because there is already a subminimum wage that is paid to illegal aliens.

MR. THOMPSON: Your employer punches the time clock for you. The hours you work and the hours he punches are not the same.

MR. BLOCK: I don't know too much about the 15-to-18-year-old labor market. It sounds quite informal, but is it true throughout this youth employment market that kids are alternating between crime and legal employment without any apparent substitution? I mean what you are saying essentially is it does not really matter whether you steal or not that does not affect legal opportunities very much and it does not take much time. So there is really not much time constraint and what you are really looking at here is sort of a portfolio decision about how much risk to take.

MR. NOLD: It sounds like a lot of the theft may be in markets that they are kept from operating in, like drugs but, also, stealing liquor, pronography and other things that they want, but for various restrictions cannot get hold of. I will bet a lot of illegal activity circles around that other part of the market.

MR. BERK: I think the phrase that Paul used was talking about target level of income. That is the proper concept. You need a certain amount of dollars in your pocket

to lead the life style they wish, and whetheryou get it from working at McDonalds or selling stolen goods doesn't really matter.

MR. BLOCK: That is the portfolio approach to income earning. I guess what I am objecting to is the evidence. If you find people working at informal jobs and stealing simultaneously it doesn't mean that as an overall choice crime and illegitimate activity are not substitutes. What you have chosen is a package, your package that involves crime and some legal work that is consistent with it, but there is an alternative, I guess. I am just posing this. There is the alternative of going straight.

MR. OSTERMAN: Your level of analysis is one of life style, macro circumstances. Then I think there is the circumstance of being young, operating in the secondary labor market, engaging in some work and some crime in which they are complementary in the sense that they are intermixed. They are linked but which they are substitutes and you have a target earner; you have a target income and you may, in fact, if you are doing well in crime work a little less, if you are doing well at McDonalds do a little less crime, but you are still doing both, but in the larger sense they are complementary. You are doing both.

Then there is another life circumstance which if you are lucky you are in a straight life and you are doing

one to the exclusion of the other, and the stright life precludes in some areas the straight life is precluded by doing crime.

MR. BLOCK: Right, the trick is to enable people to make that transition without a scarring effect from the first circumstance to the second.

MR. GROPPER: Part of the trouble, as much as I like the primary, secondary distinction, I mean, Paul, one of the things you said sort of implies that they are fairly much age related, that is we have a picture of kids in secondary markets who, also, do some crime, and as they transit into primary markets they stop doing crime so much.

One interesting thing to look at is there are clearly older people who are in secondary labor markets who are stabilized and my guess just off the aggregate numbers is they don't do as much crime as kids do, even though there are income returns, and they are in the same labor market, and that is then a puzzle for a segmentation approach. If we posit it fairly straightforward economically, that is low returns, secondary labor market and crime is seen as a quote, complement, it would be accomplement in the sense if you had a target income, then they are necessarily dependent. If one is inadequate you have got to do something else. But for older secondary workers who don't do as much crime, what happens there? Presumably their income needs

did not decrease in some way.

MR. BERK: There are consequences having to do with the life style that you mentioned earlier. There are differences in tastes as people grow older, and we cannot measure them well, but they are there.

MR. ZEDLEWSKI: Let me try to complete my question. You suggested that there is this mix of secondary labor market employment and crime and there is this eventual target of a primary labor position, and you, also, noted that those positions are hard to get. Employers don't want to give those positions. They can cream skim. They can take the 22 year old. There are plenty of 22 year olds looking for those jobs.

What it suggests to me is that proper policy interpretation is you need more secondary market jobs, not primary market. You just plain cannot get those. There is a much greater supply of people for those jobs than you could ever possibly hope to fill, and let us turn the question around and say what would happen to youth crime if there were no secondary labor market and only a primary labor market? What would their income sources be? I think the answer is fairly obvious.

MR. GROPPER: Isn't that what Taggert was describing of that kind of job, a series of them?

MR. BERK: Summer employment was on that philosophy.

Get them off the streets.

MR. ZEDKEWSKI: And secondary employment serves that function. You would, in fact, find a negative --

MR. OSTERMAN: I think that is right, but I think there are two other policy implications. One is for programs and that is you want programs that look a certain way, namely, that encourage people to show up every day and discourage them from not showing up every day. Secondly, I think you need to think about for certain target groups, particularly minorities how to get them into primary labor market jobs, and this is really well outside the scope of this meeting or the topic here, I suppose, but there remains the crucial problem of black teenagers or Hispanic teenagers when they are 20 who have a real hard time, and that I think is really in my mind the most important issue.

MR. ZEDLEWSKI: Would it be fair to say that giving the vast supply of youth that seem to be out there right now that you are wasting your time looking at primary labor market opportunities for 17 or 18 year olds?

MR. OSTERMAN: I don't think you are going to get 16, 17, 18 year olds into it.

MR. MC GAHEY: In any case the economy is generating less of those jobs. The growth in employment over the last decade is in secondary, by and large minimum wage fairly dead end jobs. McDonalds employes what, three times more

people than US Steel now.

Those are the growth industries in the economy right now. So there are more of those jobs. As you said, there are probably a lot of people who would prefer to have primary jobs, but in the sense of their ability to handle those jobs, it is probably the other way around. There is a huge supply of people for secondary jobs.

Fortune did an analysis once of the entire want ad section for an Upstate New York area one Sunday and they broke it apart and found two parts. There were some jobs that seemed to need very high levels of skill or some stability in the employment. You had to have some experience with it, and those employers had to advertise week after week. By and large those jobs went begging. Then there were some jobs which basically had no entry requirements and all the employers reported being flooded for those. They had five to 10 times as many people as they could handle. So there are these little pockets in the primary market that are not being filled. I mean that is one small policy thing to think about, locating those and then trying to target people towards them in that way, just as again an employment strategy now the question still has to be what might or might not that have to do with crime rates.

MR. GROPPER: A small comment on your observation just now, I think in terms of our interests and the scope of

this discussion that the problem of minorities and entry into the permanent primary labor market isn't really beyond our scope of interest. Now, the question of how to carry it out is another thing, but the fact of predicting and modeling what the probable effect of failure to enter that primary market on their crime rates is clearly within our interest and in terms of the probability of their perception of those in term s of their life decisions earlier on it is clearly within our interest. Now, what we do about that is something else.

MR. MC GAHEY: I think that one of the problems with the program is that in some ways they want primary labor market behaviors, that is you just described a secondary market where people don't have to show up every day. They can be casual and not do it, but in a program they are encouraged to have primary market behaviors although the rewards may not be seen as primary rewards. In some economic sense it is irrational to behave like a good stable primary worker if there is no payoff.

MS. SWAIN: But I think as far as youth are concerned there is another issue here as far as increasing secondary labor jobs, and that is most of the literature that I have seen looking at the relationship between unemployment and self-reported delinquency indicates that kids, I am talking about the 14 to 17 year old range, place a lot more emphasis

on the importance of job satisfaction, their interaction with peers on their job; all of those kinds of things seem to be at least as important, if not in some cases more important than the economic gains.

MR. NOLD: What you are saying is the labor and leisure distinction is even fuzzier.

MS. SWAIN: Right, and the implication is that by getting these kids into secondary jobs you may be doing more harm than good. They have a bad experience and then what happens to them. Now, I have not found a study yet that has followed up kids in this situation long enough to really be conclusive about it, but some indications that you may be creating more of a problem as they get to be 18 or 19 if they have had a bad experience in the labor market, and then perhaps the question comes up at that point if they need to be more self-supporting, maybe crime is a more attractive alternative.

MR. NOLD: Let us let Jim Thompson make a few comments if he wants to, and then we will break for coffee and then continue the discussion, but continue the discussion in a way that is pointed towards summarizing.

MR. THOMPSON: Since I am competing against coffee, and it is the end of the session, let me first of all say that a great deal of what I had at one time thought to go over has been handled really very nicely. Especially I would

recall everyone to Bob Taggert's, what I think is astonishingly good summary of the program literature. It is, also, an astonishingly sobering summary of that literature.

Vera's work has historically crossed many of the things that Taggert was talking about, including the first program in supported work for ex-addicts and ex-offenders in the mid-sixties and, also, of employment programs for younger kids who were hopefully to be diverted out of the system.

The results that we found in those programs are very similar to the results that have now come from the national replications.

The question then becomes not to summarize more precisely what have programs done because that is known, I think well enough but really what are the factors behind the limited successes that have been observed and how could one manipulate any of those factors to get marginally better results in the future, and I think that is the question which is really very difficult to answer even with a day's ruminations on all of the dimensions of the economic opportunity and crime problem.

What have we heard? We have heard, for example, that primary employers for love or money will not hire youth. We, also, have heard some participant costs which are rather high, given the economy and political climate in which we are moving.

The other issue then is to, I think, probably go back from the grand design to some very, very simple notions which can possibly be accommodated to much smaller budgets and much more modest goals. For example, if it is the case that a substantial part of the impact of a Job Corps program that costs $36,000 a head is due to the simple fact of geographical mobility, ot taking a participant out of either inner city or rural hinterland, putting him into a program setting and then at the end of the program -- by the way, I should make a clarification here. Taggert was in the cost/benefit analysis that he was basically relying on, was talking about substantial in-program crime reductions. There are, in fact, also, substantial post-program crime reductions. They are not as great as the in-program period, but nevertheless there is a continuing effect.

That effect, in my reading of the Mathematica research is in part due to a very simple issue which is that when participants leave Job Corps they don't go back home. They go into other labor markets, other cities, other areas, and they, also, of course, go with an increment in their human capital stock and so forth. It is not clear to what degree the sheer mobility aspect contributes the the reduction in crime and to what degree the human capital productivity enhancement contributes, but there is some contribution from a very simple factor which is sort of

hidden from the analyst who begins simply with a human capital model of how a program should work.

Another example is time budgets. We have talked about various contexts today inclusively, namely, there are only 24 hours tothe day, and if you subtract time from any involvement especially if that is time which is spent hanging out on the streets, time spent in peer groups and so forth and substitute anything else, there is going to be a very understandable impact in terms of the issues that we are concerned with here, crime.

Another example is what could be called, again, a sort of social dislocation, taking kids out of their immediate peer group settings and putting them anywhere else would probably answer some of the needs that we have in these programs.

There are no panaceas here. What I am getting at is that very often within very expensive programs there are little fragments of ideas or little pieces of the program that seem to account for some of the results, and yet they were not necessarily part of the theoretical rationale for the program in the first place.

One obvious candidate for doing some of these things is the schools, and that is another institutional area which I think we probably should have spent a bit more time with today.

When we acknowledge, for example, as Richard Rosen was that labor force participation rates can be at 50 percent for kids, what we are really talking about is a much more complicated variable in which we are talking about school enrollment or participation in the labor market or various other kinds of involvements which may or may not have payoffs in terms of the kids' future. It is very hard, in other words, to take adult-oriented labor market statistics and apply those to the behavior of a young population and then expect to have the same kinds of relationships or in fact to go to those data with the same kinds of theoretical models.

If there could be an enhancement of the effectiveness of the school interventions then possibly many of the out-of-school program efforts would themselves be no longer needed or at least no longer needed at that kind of level. No one suggests that we know how to do that, except that once again some of the data that we have on things like the crime averting impact of a summer job program or the crime averting impact of a low level stipend gives some ideas.

One example from our own work in Brooklyn, a kid essentially when he confronts employment options, crime options and school options has to consider how all of those options relate to his own ability to win help from his

family.

A kid who stays in school very often will be, in effect, paid a subsistence allowance from his family. He will continue to win family support. It may not be much because we are talking about a poor population, but it is a place to stay. It is meals. It is some money for clothes. It is some money for targeted earning oriented things, some money for peer culture consumption.

When he drops out of school for whatever reason it very often happens that the family retaliates against him as well. They have, from their point of view, he has somehow cut off his right to continued family assistance. Let us say we are talking about kids in the age range of 15 to 17. The kid then finds himself on the street with suddenly a new need for subsistence added on to the time and interactive changes that have come about by the fact that he is now out of school.

His peer group friends, for example, who were simply there before for leisure activities are now his whole world or the street is his whole world.

This is something which radically changes the environment in which he works, in which he is operating and changes the kinds of decisions he is making in terms of crime.

Taking employment is another example. We talked

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about this enough so that it only has to be alluded to here.

Employment for a young kid can be very episodic. It can contribute only for targeted earning purposes if he has continuing family support, but if he now has a common law family arrangement and perhaps a child of his own, then he suddenly has a completely transformed attitude towards what that employment is to accomplish, and it is very hard to work out obviously in an abstract way and at a a great distance what those specific needs are.

I guess what I am getting at is though we have an enormous population at need, what we probably have are a fairly small number of combinations of institutional conditions and statuses which need to, all of them, be taken into account in parceling out limited resources, the school status, the employment status, the family status, parental or conjugal family status of an individual.

One of the problems that we have in terms of our own approaches is that we normally have keep them in school programs. We, also have anti-crime programs. We, also, have pro-employment programs, all administered through separate efforts, and anti-drug programs, and when they impact on a given kid in a given situation they only take one dimension of his behavior and only try to operate on the whole kid via that dimension.

There is not going to be in our near-term future -- Bob Taggert said we would not see it in our lives, programs like the ones that were attempted in the last few years. I guess then the question forus has to become what can we do with limited resources but with perhaps a less limited theoretical perspective. That is what I would hope we would need to accomplish.

MR. NOLD: Let us break for coffee.

(Brief recess.)

MR. NOLD: I will let Michael Block start and then those people who want to summarize what they think we concluded and what they think we need to know about the relationship between economic opportunity and crime and maybe some notion of why we need to know it, what are the policy implications of this new knowledge that should be generated that we need to come by. Let me just add as an introductory comment that it appears, maybe this isn't entirely right; maybe I just provide a strawman for everyone to laugh at, that a couple of things emerge from this.

One is that employment programs that don't genuinely generate human capital are likely to depress crime, is at all, during the period when the income is being granted to the people, but have no long lasting effect, and so those programs are not very important. Then on the aggregate side there doesn't appear to be a very reliable

or strong relationship between economic activity and crime and finally whatever the diversion programs have demonstrated at a very large expense, they have demonstrated that employment opportunities have a small effect on crime, if any and that if they should be pursued it is because they do something about the person's human capital, his employability and other desirable social goals that have very little to do with committing crimes.

Consequently those points argue for not a great deal of effort to be spent on looking at the relationship between unemployment and crime. Now, that is a sketch, and I would prefer that all of you attack that proposition and then I will get a chance for a rejoinder.

MR. BLOCK: You took my thunder.

Let me say that I am greatly comforted that I found out today that rationality is alive and well. I think most useful from my perspective are the summaries of various experiments and programs in terms of their effects, the Department of Labor program especially, their effects on recorded criminal behavior.

I wanted to pick up on Fred's point of where do we go from here in terms of what we have learned. I think there are two points to be made from my perspective, and that is there are two ways to approach the area of employment opportunities and crime. One is just having some knowledge

of the relationship between wage rates and crime rates for its own sake and the other is that interventionist argument, what can we do with this knowledge. I think that one thing that we have seen today, at least something that has been impressed on me is the very small effects and high cost of using labor market intervention as a way of controlling crime.

I think that today's session was a very strong argument for using enforcement and punishment as a way to control crime or at least looking explicitly at the relative cost, and that is something we did not bring up at all today.

The second point that I want to make is something that we started this morning to discuss, and that is there is always a lot of discussion about what the economic model is like, and I think that after a brief interchange this morning we did a pretty good job of staying away from the noise about the economic model and really dealing with the substance of the economic model, and I think there was a lot of discussion this afternoon about how rational young criminals were in terms of earnings and income subsidies, and a lot discussion about using the economic model without admitting that you were using it, and I find that comforting also.

Let me pass on the summary.

MR. THOMPSON: I more or less summarized things before. So, let me confine myself to rebutting Michael's points.

It is true we haven't discussed the alternative of deterrence and imprisonment, but I think some of the references today, at least, suggested to me a consensus among the people here that that is, also, an extraordinarily expensive alternative and probably, also, an ineffective one. That is something that perhaps is more likely to be tested over the near term than further employment options are, but at least that is one thing that should be kept in mind.

In terms of Bob Taggert's summary of the evidence from employment interventions, the thing that must be kept in mind is that though, in fact, in the aggregate that was a costly interprice to the tune of about three-quarters of a billion dollars, in terms of the world view of the individual participant it was a terribly short-term low wage unstable opportunity.

We are not talking about, except in the deviant case of 100 kids who were offered jobs at Control Data, we are not talking about anything like primary sector employment opportunities, and so in many ways some important questions, how to get kids into the primary market and so forth remain unanswered, even though we did spend all that money.

So, the real issue probably should have been given

that there had been a decision to spend that amount of money perhaps a wider range of tests of the employment model ought to have been attempted, not wider are in the sense of dispersing the money geographically but wider in the sense of trying among the alternatives, trying some kind of more effective primary sector option. So there is that issue that remains unknowable in terms of the recent past.

MR. BERK: I, also, came away more optimistic. I guess maybe now thepolitics are showing, I don't know. I read Taggert's summary as saying nothing was harmful. It was expensive. Some did not work well. Some worked better than others and it seems to me now the question is finding out for what sorts of people what sorts of programs work better than others, and it seems to me before we get to the question of what is cost effective and not we really have to find out where things are differentially cost effective.

Some of them are obviously not cost effective, but I am not convinced that other kinds of treatments for other sorts of people, in other words, other mixes of people and programs would not be cost effective. I think we just don't know, and then I want to emphasize the flip side which you just emphasized, which is that I would make the same summary about the deterrence literature. It works somewhat some of the

time for some of the people under some circumstances, and the question is when and how much does it cost, and I don't see that literature as arriving at a much clearer summary of what works and what doesn't.

MR. MC GAHEY: I guess we are going around. I went to maybe just a little more time on these summaries but not too much. One thing that always comes back to me, again, we know in a fairly general way that some things seem to be related, at least, in time in the lives of people. We know that crime rates decline with age or at least arrest rates and fairly sharply at a certain age, and it is, also, about the same time that household formation, marriage and family formation and attachment to the labor force pick up, and one of the things that continuing to work with the stuff and listening to this we still don't know very much about how those things interplay.

Some people say it is just simply aging out. Other people would posit a direct economic impact or we can see that someone got a job, therefore stopped doing crime.

Other people would say it is a status thing. People decide to stop doing crime first, get a different kind of image of themselves. I am not sure when we will ever get at that, but that seems to me the core; on the one hand to say that these things seem weakly or not related neither in terms of aggregate economic conditions or in terms of the

program evidence. At the same time we know at least in time there is something going on there, and whether or not we can capture through these forms of research something that is relevant both for our understanding of what those rather complex processes are and I think important from policy viewpoint whether or not there is anything you can do in terms of policy to effect those changes. It is one thing to say that they happen. It is another thing to say that we could change those policies. That I don't know.

The principal form of the economic model, I do think has had a great deal of dominance in recent investigations of this.

I think there are some weaknesses with that model, but not to rule out entirely. It has been too often posed that either people are rational criminals or they are not, and I think most of our discussion today has indicated that we are getting past that in some sort of way which I think is good, some attempt to think, from my perspective, how more structured economic conditions which may not simply be the sum of individual choices although it operates through individual choice; everything does, but there may be structural economic factors that we can build into this, particularly the discussion about primary and secondary markets, I think is the key.

That leads me to think a little bit about what I

would say about the programs. In a curious way I, also, am somewhat pessimistic about the program interventions that have been tried, but I guess my explanation or potential explanation might be a little different, that the sort of programs that have been tried have been, as Fred indicated primarily human capital type programs. They assumed that we would raise somebody's human capital through work experience or direct form of training or improved attitudes. That improved human capital was assumed to lead to better job performance and then the better job performance was presumed to be traded off against crime. So it is really a two-step sort of thing. The program improves human capital. Human capital raises labor market returns and then the increased labor market returns are traded off against crime.

One angle, the desegmentation approach would say that perhaps the first part of the link did not happen, that is programs did not change people's labor market status and that, in fact, seems to be one of the results of this, that there are some temporary infusions of income. As far as changing permanent labor market status, I think by and large the evidence on the sixties type programs is that they did not do that.

Now, that either says that there is something intractable about the population or it may suggest -- one of

the things it potentially suggests to me, and I don't want to be conclusive on this is that the human capital model may have limitations for describing the way the labor market operates, especially for the target populations that are in these programs.

I think more would need to be done on thinking about that.

Along with those kinds of structural economic factors there has been a lot of talk about other important socioeconomic factors that I think need to be taken into account.

I would echo the comments about the deterrence models that while being important to look at, they are extremely, extremely costly. I mean all this stuff is costly. There probably are no cheap alternatives.

I just confess, I guess, to some problems in again thinking how to use this stuff for policy. We have a tendency, I think, during social research to argue fairly polar kinds of ways. I made an analogy of the Lacker curve earlier and that is on the employment side if you did not pay a wage probably people would not work; if you paid everybody extraordinarily high wages you would get a lot of work effort and similarly the deterrents. If there were no prisons you would probably get a lot of crime, although I am not convinced that everyone would do crime.

If you had 100 percent really severe deterrence; if you shot people for double parking you might eliminate it, although you might still get some, but those are theoretical poles, and Galbraith once commented on the Lacker curve that between these two theoretical points the curve is largely of freehand origin. You don't exactly know where you are in there, but for policy it is a problem because the policy problem is where are you in those curves? How do you know about the trade offs that you might make? What would the marginal impacts be?

That I think illustrates about the difficulty of -- on the other hand, you cannot, I think, do this sort of research without some kind of theoretical model that you are looking at. So, I am pleased in a way by I think the plurality of the theoretical model that has been presented here, still within economic focus. I will leave it there.

MR. LAUB: I would like to start off by disagreeing with you, Fred. Even though our work shows no relationship between juvenile crime and juvenile unemployment, I guess I am not yet convinced there is not a relationship at the aggregate level, and the reason for that I think particularly after Paul Osterman spoke I think that perhaps at least maybe we were and maybe other people, too, are really asking the wrong kind of question.

Maybe it is not as simple as juvenile unemployment

and juvenile crime; are they related?

In fact, there may be, say, three groups of kids, kids that are, in fact, employed in what he referred to as primary jobs and then there are other kids that are employed in marginal jobs, and then there are unemployed, and in fact, there may be a relationship between marginal employment, juvenile unemployment and crime, and that may be the better way to ask the question in terms of whether or not there is a relationship between economic conditions and crime.

At the same time I would, also, like to disagree with Michael Block. I am not convinced that the economic model fits juvenile behavior. One of the things that we have not really touched on that much, but we know that juvenile crime is often collective, often in groups, and I am just not sure if an individual decision-making model can be applied to collective behavior among kids, and I think as a last kind of final point I agree with Richard Burke in that the most encouraging thing that out of Taggert's talk was that programs are not doing any worse, and that is encouraging, and I am not sure that you could say the same thing about deterrence models or models of more sanction at this point in time.

MR. BLOCK: Could I make one comment on the question of not doing harm? That is not strictly true. They rather expensively take high tax rates to support. It is

not clear that they don't do any harm. They don't do any harm in the narrow sense, but they are expensive, and they take high tax rates to support.

MR. THOMPSON: But the graduates pay taxes. I mean Taggert's point was that though the crime effects are small from these programs, he was not saying that the full range of effects were small from at least the programs that he was reporting on positively. Certainly there are programs that are expensive and ineffective, and everyone can agree about those, but the ones that are expensive and relatively effective in a range of areas but not effective enough in any one area like in crime to pay for themselves, those are the --

MR. BLOCK: I think they have to be effective in their external effects; otherwise you have to say, "Why do you need them?" They have to have some sort of third party effects that justify the investment.

MR. NOLD: This is supposed to be a summary. We are moving in the wrong direction.

MR. BLOCK: Listen to his statement about their being harmless.

MR. NOLD: Unfortunately, there is order in this. Peter?

MR. FREIVALDS: Some rather interesting things occurred to me throughout the day. Toward the latter part

it seemed like we were putting it somewhat in a sociological frame, really get back somewhat to the opportunity systems theory, particularly when you start talking about a little bit of money making some difference and then the secondary labor market helping some kids to some extent in illegal opportunities being pursued as well.

This has some implication. The second part was that perhaps more so here than in the literature generally there seemed to be some small gains by some amount of money being made available, let us say an economic factor helping produce delinquency, perhaps somewhat helping reduce recidivism by a small percentage.

If you start to look at other things you will find that other interventions if you look at other factors, such as deterrents or rehabilitation or preventive efforts, none of them seem to show a great deal of effectiveness, any one of them. So the question becomes is there a possibility for one, and I think this is a research question. Since many of the programs were gone over quickly and some of the outcomes seemed indicated, it really was not indicated to a large extent what it was in the program content itself that either did or did not make the difference and potentially could make a difference, and not only that but what we find from our other research is that it is never one thing alone but it might be some intervention economically, other

interventions sociologically programwise, servicewise and in thatcombination there may be a possibility of an approach that we are talking about reducing delinquency may work, and some of this may be somewhat at the level of community organization. Is it possible to improve the secondary labor market so that some more systematic involvement is possible? Is it possible to get the educational system involved with the community, with employers who have secondary labor opportunities. I think it is in probably the community organization approach that we may find some possible solutions.

MR. NOLD: Thank you.

Pamela?

MS. SWAIN: I would like to say that I think this discussion today has confirmed at least one opinion that _ came in with, and that is that as far as policy development goes the policy of developing employment programs to prevent juvenile crime is on relatively weak grounds empirically but on the other hand I think there is some strong theoretical support and what this suggests to me is that we need to probably pursue two lines of inquiry in the future. One is in terms of monitoring aggregate trends and probably some of that work from what I have heard here needs to include some improvement of the measures that are used, and the second level would be to pursue individual level or

micro level studies, preferably perhaps of a prospective nature, in other words, starting with youth, say, back at the age of 12 or 13 perhaps even earlier and following them through to see how the transition from junior high, high school and beyond wherever that is, how that happens, bring in factors not only from economic theory but from social control theory, subcultural theories, other psychological theories and try to improve our identification and our measurement of those characteristics and that that might hold some promise for determining whetheror not employment can have an effect on juvenile crime both official and delinquent behavior and if so what those kinds ofprograms need to look like.

MR.NOLD: Richard Rosen?

MR. ROSEN: Thank you. I came in here not being an expert on the criminal aspect of the discussion but much more of an expert on unemployment, and I will try to confine my comments to that scope of it as well, although I found the discussion very interesting to date.

Basically unemployment is really just a proxy measure for a whole host of things that are going on here when you try to explain criminal behavior by variations in unemployment rate, measuring economic opportunity really, and I guess it is a fairly incomplete measure which may explain why some of the results using unemployment data are not

very encouraging to date.

I think you have to look for some other measures of economic opportunity, and I would throw out labor force participation rates as a major factor, too, because unemployment rates tend to vary within a fairly narrow range unless you are looking at major swings in economic conditions, and you just might not be seeing anything significant there.

One encouraging thing in terms of the youth population is just demographics. I am sure that everybody is aware that the youth population has peaked and is now declining.

So, it may be that the whole problem will, if not disappear, will become less noticeable over time.

Another curious thing that happens with the unemployment statistics is a function, as I say of how unemployment is defined. Unemployment rate is the number of unemployed as a percentage of the labor force. The size of the labor force is determined by summing up employed and unemployed persons.

Now, participations rates for different demographic groups are much different. It is lower for blacks. It is lower for teenagers. Even though the unemployment rate, say, for persons 20 to 24 is much lower than for the 16 to 19 group, the actual total number of unemployed in the pool is

about the same. The size of the labor force is much bigger in the 20 to 24 because there are more people engaged in employment.

So to say that unemployment rates go down as you get older and crime rates go down as you get older can be just a very fallacious argument at that point in time. There are just as many unemployed people out there. It is just that those are the kinds of things that you have to think about when trying to develop these kinds of measures. That is about all I have to say.

MR. JOHNSON: I am going to start out by saying that I don't like the -- and I think if we arrive at the conclusion that you suggested earlier that employment does not have much to do with reducing our impact on crime, I think based upon much of the data that we have so far collected we are in danger of a serious fallacy of reimplication of a single indicator as a measure of crime. I would like to suggest a very important reason why I think the studies that have been done by the Labor Department which are very good in many respects are fundamentally mistaken in the substantial policy conclusion which may be drawn from them, and I am going to argue the following, that the major indicator of criminality is an official record of arrests for recidivism, that is what is recorded on the official dockets in police departments.

I suspect strongly based upon my perception of the behavior of older heroin users, my perception of much of the activities and kinds of crimes that kids actually commit on the streets that you are seriously misled when you consider only those activities and actions which result in an arrest. There are several reasons. There is a considerable and growing literature that for every arrest there are at least 50 to 100 acts for every arrest of different kinds, that is when you get people to self-report what crimes they have committed over a period of time and the proportion of those that resulted in an arrest you have a very severe under-counting of the number of, quote, crimes that occur.

Moreover, the arrest phenomenon is severely biased in the police reporting system against precisely those kinds of crimes that juveniles and young adults are most likely to commit, in this regard shoplifting, petty theft, larcenies from friends, larcenies from family and then that gets into the whole question of whether you are borrowing and so forth, not to mention various forms of buying and selling drugs and a variety of other thingsthat simply do not end up, and I would argue that for things like shoplifting, petty theft that the ratio of offenses to arrests is in the neighborhood of one arrest every 200 to 500 offenses and that for drug distribution offenses it is in the vicinity of one arrest in 1000 or more based upon various things.

We have a whole vast volume of crimes occurring for which there is no arrest data, that arrests are a very mistaken and fallacious measure of the volume of crime being committed by juveniles.

Then there is a whole other level and that deals with the economic impact of these crime variables that we are talking about.

Many of these crimes, the thousands that go unreported and unarrested are not large in dollar amounts, $10, $20, $50 maybe per offense. Now, that is not much per offense, and there is a good reason why people should not be incarcerated for such petty offenses, even assuming a better arrest ratio. It is not worth that much; the cost of processing vastly outweighs the cost of the actual episode itself, but when you multiply that over all of the offenses that occurred, the economic impact is very large.

If we somehow or other had a perfect reporting system that could figure out how to measure all these kinds of phenomena, we would probably discover if we had the perfect translation factors of number of offenses to actual number of -- number of arrests per given type of offense, the actual number number of offenses of that type and then the average dollar amounts involved in such offenses per typical offense and you multiplied all of that together that a decline of a significant difference reported between, say,

an arrest rate per time of six to three, and it does not look like much when expressed in those terms, but if you could multiply that out into dollars you would have a staggering savings in terms of the economic costs of crime from the modest initiative that in terms of the cost/benefit ratios would begin to appear modest indeed, and so I think that we had better be very careful about the kinds of conclusions we reach from the fallacies of relying on official arrest data as a major measure of crime.

MR. GROPPER: I feel the usual problems of being almost anchorman, as far as some of theideas have already been expressed so playing catchup. A coupld of points that have not been covered, Harvey Brenner's point as far as fundamental differences in orientation of discipline that brought us to this common area and the desirability of clearly keeping a difference and a distinction between multi disciplinary studies and interdisciplinary studies. Quite often we have multi insofar as guys with different orientations look at the same population for the same period of time or share the same data base, but the crucial difference is getting these things to cross feed so they address the issues and each of the explanatory variables, so that you don't simply have chapter one on psychosocial variables, chapter two on economic varibles, and God forbid there should be a chapter one and one-half. I am trying to

see if we can clearly try to develop some ways to address the issues and each other so we see if there are any implications across them. That is one point.

The other is as far as the value of looking at some other populations, for example, the idea of the fallacy of simplistic thinking that goes into some of our policy, some of our legislation, lumping, say, drugs cause crime is something of a parallel between unemployment causes crime. When we distinguish between the nature of the drugs, soft drugs, hard drugs, etc., and the dynamics of the use and the cost, etc., we find that not all drugs have similar properties. There are clearly some that it is more valid for than others, and similarly with crimes, which kinds of crimes, crimes of self-expression, economic crimes, etc.

Similarly when we look at employment issues, if we look at unemployment and then implicitly lump employment we are falling into that fallacy where many of our studies are trying to disaggregate. So, we look at kinds of employment, characteristics, the variables, the nature of the job, the expectations. Not all jobs are the same, and I think Taggert clearly brought out that in terms of the policy implications that if you assume unemployment causes crime then clearly the implication is that employment will solve it.

It is not that simple.

Lastly, in terms of the value of some of our studies or perspective research, I think he, also, pointed out that the days of fat cat large studies, if we cannot design these things intelligently, then we will let various forces come into play, such as politics, such as opportunism, etc.

We will have a multiplicity of chances. So this study will learn from that study, etc. We will try these things in the aggregate. I think the knowledge base that science, research, etc., gives us is going to become far more important even if it is not going to be funded as heavily because we are going to have to try to integrate it, try to talk to each other, try to do it right the first time because there are not going to be that many more opportunities the way there were in previous years.

So the kinds of things that Dick Burke indicated that there is succession of these studies which built on each other and learn from each other, we are going to have to try to build that in. We are going to need that feedback process more than we ever did before, at least more in the last few years.

MR. NOLD: Dick,you should have done it right the first time.

MR. ZEDLEWSKI: I got very pessimistic at the end of the day. I came to a very Republican position or forecast.

My pessimism is on a theoretical basis. I think a lot of the discussion about what we know or what we don't know boils down to -- or what an economic model tells you or what it doesn't tell you or what it includes and what it doesn't include comes down to data problems and measurement problems. So, you say, "We cannot measure unemployment very well, because we cannot measure, there is unemployment; there is underemployment; there is just plain quits." Then you say that th economic model does not even need that. It needs that and it needs a few other things like opportunity structure. There is family opportunity structure. You get kicked out of the house. You need that opportunity structure, and you need the human capital opportunity structure and you need secondary labor market opportunity structure. We cannot measure any of these things very well, and there are other things in economic variables.

We have never even tried to measure the propensity for honesty which is a nice underlying reason for crime, and we are not going to havethe money to do these things in the future. Dick Berk was suggesting that we have learned a lot and what we need to do now is learn what works with what population. i would argue that in the next several years that opportunity is not going to present itself, and what _ see -- I would like to see these problems solved clearly, but in the absence of solutions I see that policy will have to be

based on very crude first approximations.

It is called ignorance. So, you take a first order effect. If it looks like a lot of people working means less crime, by God you produce programs that put a lot of people to work, period. If that doesn't seem to work, then you take a different approach which you you put a lot of people in prison, and I really see us generating, if that is the word, in the next couple of years to some very simple policies. They may be expressed by President Reagan. His very simplistic model is stand on your own two feet, and I think that can empower the kind of policies we are going to see.

So, I think we are going to come down to estimating magnitudes of effects with crude data and I guess that is my short-term forecast for the next four years and it may be marvelous. I don't know, but that is what I see as going and maybe in another five or 10 years we will be back to the grand experiment. These things tend to swing back and forth.

MR. NOLD: Save your old proposals.

(Laughter.)

MR. NOLD: Let me wrap this up, if I can. I must say that there is much more consensus in this area amongst a group of people whom I think come from disparate, sometimes desperate persuasions. I was struck by the degree to which Brenner and I share many opinions. That surprised me

because I have disagreed with him on substantial issues before.

Rather than return to the three things I brought up originally, let me return to a couple of notes that were sounded by other people and say that they are an interesting collection.

Jim Thompson mentioned that we look at this system in a very partial way when we look at unemployment and employment opportunities, and I think Bruce Johnson feels largely the same way and perhaps many ofthe rest of you.

In some sense it is rather remarkable that we should spend three-quarters of a billion dollars trying to shore up the problems generated by an education system which appears to no longer provide people with the basic tools to go out and earn a living, and that we should have come to this state at a time when we are spending a great deal of money on education; even historically in the 1970's we spent a great deal of money. There are opportunities for diversity in education that maybe were never larger. It, also, strikes me that many of our social programs have bad incentives, just on a general basis like AFDC, that lead to fragmentation of family structure or have strong incentives for people not to marry and form lasting kinds of liaisons in order to qualify for AFDC without the earnings of the male being taxed. It strikes me that many of our regulations that are

designed to protect some individuals like programs, government programs for not allowing children or young people to work in factories or work in substantial jobs keeps people who in previous generations may have dropped out of school and joined a company and served as an apprentice learning a trade and really developing skills that were substantial as opposed to diversion programs that were paid by the government basically for doing nothing. The incentive effects there are phenomenonally bad.

Further, I think Rick McGahey pointed out that the minimum wage law was subverted, at least in New York and I believe in many other places in the country as well because there is this large labor market composed of illegal aliens who are precluded from having real jobs despite the fact that they may have skills because they don't have proper government certification as being here and being able to work.

It would seem to me that in many respects the government could do an awful lot to improve the prospects for youth employment simply by changing some of the regulations that it has installed in order to protect them from unscrupulous capitalists. I don't think we will ever go back to a time when child labor laws will be gone completely nor do I want to suggest that, but it seems to me that the government, at least, has a role in some of these problems

that it does not recognize or may come to recognize over the next few years.

Further, Bruce raised a very good point about the number of crimes and the kind of petty crimes that children tend to commit. A lot of these crimes have to do with just growing up and proving your manhood, I suppose. That is a very non-economic model, but again a lot of the commodities that these children want and these kids want they are legally prohibited from buying. I don't know how many times in California one can go by a liquor store and see teenagers out in front trying to bribe adults to buy liquor for them.

I guess the point is that the laws keep children from getting some liquor but it forces them to basically pay a higher price for it when they can get an adult to buy it for them or to steal it, and once they steal it they may or may not be arrested. It certainly drives up the price of liquor. It certainly has an effect that if they are arrested they are labeled as kids who are on a bad track and have a certain part of their self-image destroyed and their relationship with their peer groups seriously eroded, so that aside from the considerations purely of economic conditions especially for youth there appear to be a lot of other ways in which the government and its way of operating affects these people in such a way that it makes it harder for them to have gainful employment and to really join the primary labor force.

Now, to return just very briefly to the three points that I raised, I painted them bleakly. I think I agree with the general sentiments here that employment opportunities do affect crime. They do affect criminality. How we go about measuring that and how we go about affecting those opportunities I think none of us really have a good feeling. I agree with Pamela Swain that a lot of research needs to be done in this area.

However, the research is expensive, and the programs are expensive, and the magnitudes that we have been able to ascertain at the aggregate level appear to be relatively small, so that while I heartily support efforts to give people marketable skills, I don't think that the engine upon which the drive for providing those skills can rest can be a consideration of crime.

I think it has to rest on other reasons to give the people marketable skills that have to do with not creating a permanent underclass in society that is shipped off into secondary labor market conditions where they will be forever banished from the things that this society has to offer, great though they are.

Anyway, if anybody else wants to take a --

MR. MC GAHEY: If you think that youth labor market conditions and crime are not related, go back and read your Dickens.

MR. BLOCK: I thought that the analysis of the government as a creator of crime was delightful.

MR. NOLD: Thank you all for participating, and I learned a great deal and I really think that these kinds of get togethers although they are hard to set up and hard on everyone, especially people who have to travel great distances on the current air system, thank you for coming.

(Thereupon, at 4:16 p.m., the meeting was concluded.)

END