

Family and Neighborhood Welfare Dependency and Sons' Labor Supply

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ABSTRACT: This article tests four models of how parental and childhood welfare use affects sons' labor supply: the correlated disadvantages model, Wilson's structural-environmental model, Mead's welfare culture model, and Murray's incentives model. Past research is extended by including measures of all seven factors that these models predict will shape sons' labor supply: parental welfare use, neighborhood welfare use, parental income, family noneconomic resources, neighborhood resources, labor market conditions, and state welfare benefits. There are four main findings. First, welfare use in the childhood neighborhood has no effects on sons' work hours. Second, only one group of sons is affected by parental welfare use: black sons whose parents average \$7,500 or more in welfare income per year. Third, black sons' adult work hours are strongly predicted by parental poverty and by labor market conditions; together these account for half the estimated relationships between heavy parental welfare use and black sons' labor supply. Fourth, parents' and neighbors' work hours strongly predict nonblack sons' labor supply.

KEY WORDS: labor supply, poverty, underclass, welfare culture.

Introduction

There is a growing consensus among policy makers and academics that welfare needs to be reformed and that time limits on welfare

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use are both desirable and necessary. In his presidential campaign, William Clinton promised to "end welfare as we know it" and to limit Aid to Families with Dependent Children (AFDC) use to two years. Two-year time limits on AFDC receipt are expected to be a key component of the welfare reform proposal from the Clinton Working Group on Welfare Reform, Family Support and Independence.

This consensus on the necessity for welfare reform grows out of two very different explanations of the welfare problem. One set of poverty theorists sees welfare as symptomatic of larger societal problems: discrimination, structural economic problems, racial segregation, the growing concentration of poverty, and social isolation in inner city ghettos (Jencks & Peterson, 1991; Massey, 1990; Massey & Eggers, 1990; Wilson, 1987, 1991a, 1991b, 1993). These theorists argue that these larger problems generate out-of-wedlock births, joblessness, and intergenerational poverty in inner cities. A second set of welfare critics sees the welfare system itself as the problem and argues that the system violates U.S. norms about self-sufficiency, encourages out-of-wedlock births, destroys work incentives, and promotes joblessness both within and across generations (Anderson, 1978; Bernstein, 1982; Mead, 1986, 1992; Murray, 1984).

One way to understand how the proposed welfare reforms will affect children's adult attainments is to examine how the current welfare system actually has affected children's lives. This article estimates how and whether growing up in welfare-dependent homes and neighborhoods influences sons' adult labor supply. That topic was chosen because much of the antiwelfare rhetoric holds that daughters raised on welfare become pregnant as teenagers and go on AFDC and that sons raised on welfare grow up to be shiftless adults. There have been numerous studies of the links between mothers' and daughters' welfare use but few investigations of the links between mothers' welfare and sons' work efforts.

The article is divided into four sections. It begins by outlining social scientists' explanations of and the empirical evidence on the links between parents' and neighbors' welfare use and sons' adult labor supply. This is followed by a description of the data sample, variables, and model. Then the analyses and results are presented. The last section summarizes the implications of the results for poverty theory and policy.

Explanations of Intergenerational Effects of Welfare on Men's Labor Supply

There are several reasons why one might expect to see correlations between parental (or neighborhood) welfare use and sons' labor supply. The first and simplest reason (correlated disadvantages) is that welfare families and welfare neighborhoods have fewer resources and more disadvantages than do nonwelfare families and neighborhoods with low rates of welfare use. Perhaps it is these disadvantages, not parental (neighborhood) welfare use, that lead to the correlation between parental (neighborhood) welfare use and children's adult status. Some differences (e.g., poverty, family structure, parents' human capital, parents' and neighbors' work hours) can be controlled, but others (parental health, parents' values, neighborhood crimes, and school quality) are harder to measure and control. It is plausible that the same parental and neighborhood disadvantages that affect parents' and neighborhood residents' ability to avoid welfare also affect sons' abilities to find work as adults. To the extent that this is true, time limits on welfare may have little effect on children's economic outcomes and instead more resources should be provided to disadvantaged families and communities.

A second set of structural and environmental explanations emphasizes that labor market conditions, demographic changes, racial discrimination, and racial segregation are key causes of long-term welfare use and male joblessness. Wilson's (1987) social isolation model is the best known and most influential of the structural-environmental explanations. Wilson (1987, 1991a, 1991b, 1993) claims that the loss of well-paid manufacturing jobs from the inner cities and the out-migration of middle-class blacks from urban poverty areas have caused a crisis in the inner city. First, the shift of manufacturing employment from the cities to the suburbs means a loss of jobs compatible with ghetto residents' skills. At the same time, the out-migration of middle-class blacks from the inner city left poor inner city residents behind, weakened many important socialization institutions (i.e., churches, political machines, community organizations), reduced job-finding networks in inner cities, and reduced the number of work role models for children. Wilson (1987) identifies three key environmental conditions—high rates of male unemployment in local labor markets, highly concentrated poverty, and low proportions of middle-class neighbors—but he emphasizes the lack of available jobs as the most

important of these. According to Wilson, this lack of jobs accounts both for the high rates of parental and neighborhood welfare use in the inner cities and for the joblessness among young men raised in the inner cities. Wilson's model implies that time limits on AFDC need to be accompanied by programs that will improve job opportunities for ghetto residents.

Mead (1986, 1992) proposes a third explanation, the welfare culture argument. According to the welfare culture argument, when parents and neighbors use welfare heavily, the stigma associated with being on welfare drops or disappears; parents and neighbors develop self-defeating work attitudes and poor work ethics; and these attitudes are passed on to the children. In addition, adults on welfare provide children poor role models for work. Implicit in the welfare culture argument is the assumption that welfare receipt changes recipients and their children in ways that inhibit their adult employment. Time limits on welfare would be a good solution because welfare itself is the culprit.

Anderson (1978) and Murray (1984) also see welfare as the problem, but they contend that it is one of economic incentives, not of culture. They argue that the availability and generosity of welfare encourages women to go on welfare and men to transfer economic responsibilities for their children from themselves to the welfare system and to become shiftless. Because boys are likely to remain in the same states in which they were raised, and state welfare benefit levels are correlated across time, sons are likely to face the same welfare incentives as adults that their parents faced when the sons were growing up. That is, welfare offers both parents and sons the option to shift family responsibilities to the welfare system.

Advocates of the above four models use the terms "welfare use" and "welfare dependence" almost interchangeably but appear to be talking about long-term welfare use. Furthermore, time limits on welfare are meant to end long-term dependence—short-term users will be unaffected. All this suggests that analyses of intergenerational welfare effects should test for nonlinear effects, that is, whether effects are small when parents use welfare briefly but large when parents rely heavily on welfare.

The above four models are best thought of as overlapping rather than as competing. For instance, both Mead (1986, 1992) and Wilson (1987, 1993) predict that children will model neighbors' work behaviors. And Wilson's arguments about social isolation could be considered a special case of the correlated disadvantages model.

There is a fifth possibility. Welfare provides income to single mothers and enables them to spend more hours on child care. If this time spent with children increases children's human capital, then parental welfare might positively affect children's work outcomes.

Only a few analysts have investigated effects of parental welfare on sons' labor supply, and results are not consistent across studies (see Table 1 for a list of past studies). Two studies, those of Haveman and Wolfe (1994) and Hill and Ponza (1983), reported no consistent, negative significant effects of parental welfare on sons' labor supply, whereas Corcoran, Gordon, Laren, and Solon (1992) reported a negative and significant association between parental welfare and sons' labor supply. Hill and O'Neill (1993) found negative, significant effects of parental welfare for white sons' labor supply but no effects for black sons; Lerman (1986) found parental welfare had a negative, significant effect on black sons' labor supply but that this effect disappeared when a predicted parental welfare measure was used.

Reconciling these inconsistent results is virtually impossible. As Table 1 shows, these studies differed a great deal: on the outcomes examined, on the numbers and kinds of family background measures examined, on measures of childhood neighborhood, labor market conditions, and state welfare benefits, on the ages and number of years over which background measures were computed, and on whether analyses were run separately by race. Given so many differences, it is difficult to isolate exactly which variations caused the inconsistencies.

One problem with all these past studies is that no study simultaneously examined effects of family, neighborhood, labor market, and state welfare benefits on sons' labor supply. The estimated coefficients of parental welfare use could be picking up effects of generous state welfare guarantees (the incentive model), effects of omitted family characteristics such as family size or disability that are correlated with high welfare use (the correlated disadvantages model), effects of restricted job opportunities or of living in socially isolated neighborhoods (Wilson's [1987] structural-environmental model) or *true* negative effects of the welfare culture. This article improves on past research by simultaneously including extensive parental background measures, underclass neighborhood measures, labor market variables, and state benefit measures.

A second limitation of past research is that only Haveman and Wolfe (1994) and Hill and Ponza (1983) tested for nonlinear welfare effects. Most theories and the proposed welfare reforms apply to heavy welfare use. Further, only Corcoran et al. (1992) and Hill and

TABLE 1

Studies of Intergenerational Effect of Welfare on Adult Economic Attainments

(1)	(2)	(3)	(4)	(5)	(6)
Study	Data set*	Population	Dependent variables	Number of years child observed at home	Family and neighborhood measures of welfare
1. Hill and Ponza 1983	PSID, 1968-1981	Sons 12-17 in 1968 and living at home 383 white men 268 black men	Hours of work after leaving home	1-13	Ratio of welfare income to total income of parental family before son left
2. Lerman, 1986	NLSY 1979-1981	Black sons 16-23 in 1980 living at home 970 black men	Whether out of school and not at work	1	Family received welfare in 1980 Predicted family welfare
3. Corcoran et al. 1992	PSID 1968-1983	Sons 10-17 in 1968 and living at home from 638 families	Log annual work hours	1-15	Average annual welfare income Proportion families in 1968 zip code on welfare Interaction of family and zip code welfare Family on welfare Whether lived in a zip code area with a high rate of welfare use Family on welfare Family on welfare when child was 6-9, 9-11, 12-15
4. Hill and O'Neill 1993	NLSY 1979-1987	Young men living with a parent and in an SMSA in 1979 aged 14-21 in 1979 Children observed between ages 6 and 24 years 765 children	Proportion of years worked less than 26 weeks (reported at ages 19 and older) Working less than 1,000 hours, not in school, and (for women) not the mother of a 5-year-old (at age 24 years)	1	
5. Haveman and Wolfe, 1994	PSID 1968-1988			10	

(7) Neighborhood measures	(8) Background measures ^b	(9) Labor market measures	(10) State welfare measures	(11) Estimating technique	(12) Results
no	2, 3, 5, 8, 9, 10, 11, 13, 15	no	no	OLS	Weak and mixed
no	10, 14, 16 used to instrument family welfare	Unemployment rate used to instrument family welfare	AFDC-Food Stamps used to instrument family welfare	OLS probit	(+) sig ^c non-school- work effects Effects disappear when predicted wel- fare is used
Log median income Percent men unem- ployed Percent families headed by a woman (all at 1968 zip code) Percent teachers with advanced degrees	1, 2, 3, 4, 7, 8, 9, 10, 15, 16, 22	no	no	OLS	(-) sig, moderate ef- fects on work hours
	3, 6, 10, 16, 17	Unemployment rate Log of predicted aver- age state wages for high school graduates	Log state AFDS-FS benefit	ratio-logit	-Family welfare: +, sig for all race groups except black men -Welfare in zip code: - +, sig only for white men -State AFDC: +, sig for black men +, sig in full sample +, marginally sig for women but not men
Dummies for 40% or more families headed by a female 40% of youths are high school dropouts 40% of workers in high prestige occupa- tions	1, 2, 3, 4, 7, 8, 13, 16, 18, 19, 20, 21, 22	County unemploy- ment rate	no	probit	

^aNLSY = National Longitudinal Survey of Youth; PSID = Panel Study of Income Dynamics. ^bThe background variables: 1 = race, 2 = father's education, 3 = mother's education, 4 = family income, 5 = family income/needs, 6 = log family income, 7 = poverty, 8 = religion, 9 = region, 10 = city size, 11 = parental attitudes, 12 = parents' test scores, 13 = number of siblings, 14 = family size, 15 = family needs, 16 = family structure measure, 17 = whether lived in public housing, 18 = average hours/year with parents, 19 = number of moves, 20 = head disabled, 21 = years head unemployed, 22 = parental work hours. ^csig = significant.

O'Neill (1993) examined effects of growing up in neighborhoods with high rates of welfare use. Both the cultural and structural-environmental models posit that neighbors are important socializing influences.

Third, because of small sample sizes, Corcoran et al. (1992) and Haveman and Wolfe (1994) did not estimate models separately for black sons and white sons. It is plausible that effects of parental and neighborhood welfare use on sons' labor supply may differ by race. A number of analysts have reported that effects of parental welfare use on children's schooling differed by race (Brooks-Gunn, Duncan, Klebanov, & Sealand, 1993; Duncan & Yeung, 1994; Haveman, Wolfe, & Spaulding, 1991; Hill & O'Neill, 1993). And Hill and O'Neill (1993) found strong race differences in effects of parental welfare use on sons' labor supply.

Fourth, the studies listed in Table 1 varied in the lengths of the periods over which background measures (including the welfare measures) were computed from one year only (Hill & O'Neill, 1993; Lerman, 1986) to as many as ten years (Haveman & Wolfe, 1994). Research by Solon (1992) suggests that background income measures should be calculated for at least three years.¹ Solon (1992) regressed sons' earnings on fathers' earnings, varying the time period over which paternal earnings were calculated. The correlation between fathers' and sons' earnings appeared to stabilize when fathers' earnings were computed over a three-year period.

Sample, Data, and Variables

Research Strategy

This article analyzes how family welfare use, neighborhood welfare use, and state welfare benefits affect sons' adult work hours, using a sample of young men from the Panel Study of Income Dynamics (PSID). The PSID has followed the economic fortunes of about 5,000 American families since 1968. Poor families were oversampled, and the sample is weighted to adjust for this oversampling and sample nonresponse since 1968. One advantage of the PSID is that it followed children from sample families as they left home and started up their own families. Thus the PSID provided contemporaneous reports of background variables by parents during childhood years and children's own contemporaneous reports of their adult labor supply.

The sample included 787 nonblack men and 571 black men aged 25 to 35 years in 1988. In 1968 these respondents were aged 5 to 15 years and were children in PSID families. To be included in the intergenerational analysis, a

respondent had to be observed at least three years as a child between ages 5 and 17 years and to have formed his or her own adult household (as a head or wife) by or before 1988.

The outcome measure was average annual work hours since age 25 years (Table 2 lists variables used in these analyses). Work hours were related to

TABLE 2
Variables, Means, and Standard Deviations*

Variables	Black men		Nonblack men	
	Mean	Standard deviation	Mean	Standard deviation
<i>Dependent Variable</i>				
Average annual work hours	1780	709	2092	574
<i>Background Welfare Measures</i>				
Family welfare				
Average annual welfare incomes (WELF) (1000's of 1988 \$s)	3149	4472	429	1937
% families with welfare incomes (WELF) in following ranges:				
WELF = 0	39.7			
WELF = \$1-5000	32.6			
WELF = \$5,000-\$7500	12.3			
WELF = \$7500 or more	15.4			
WELF = 0			77.7	
WELF = \$1-1500			16.7	
WELF = \$1,500-\$5000			2.2	
WELF = \$5000 or more			3.4	
Neighborhood welfare				
% families who receive public assistance (% PA):				
% PA = 0-10	50.5			
% PA = 10-15	19.1			
% PA = 15-25	24.0			
% PA = 25 or more	6.0			
% PA = 0-5			65.3	
% PA = 5-15			30.6	
% PA = 15 or more			4.1	
<i>Other Welfare Measures</i>				
Family income/needs (Y/N)				
(Y/N) = 0-1.25	53.1		7.5	
(Y/N) = 1.25-2.00	19.1		14.8	
(Y/N) = 2-3	24.4		26.1	
(Y/N) = 3 or more	6.0		51.6	
Family variables				
Ever lived with female head	40.0		14.9	
Percent years lived with female head	31.5	42.0	8.5	23.3
Head's education	8.5	3.8	12.0	3.6
Percent years head was disabled	20.8	34.6	10.3	25.9

TABLE 2 *Continued*

Variables	Black men		Nonblack men	
	Mean	Standard deviation	Mean	Standard deviation
Number of children	4.4	2.2	10.3	1.6
Head's mean annual work hours	1526	984	2149	705
Childhood neighborhood measures				
% poor	27.2	13.1	11.0	9.0
% families with incomes > 15K/30K	10.6	6.6	23.8	15.3
% men unemployed	6.3	4.7	3.8	2.4
<i>Labor Market Measures</i>				
Male unemployment rate in childhood labor market	3.8	1.6	4.3	1.8
Male unemployment rate in adulthood labor market	6.4	2.2	6.7	2.6
<i>State Benefit Measures</i>				
During childhood years				
AFDC-FS guarantee (\$100's/month)	761	174	854	152
Average (per capita) Medicaid value (\$100's/month)	180	117	220	141
% years AFDC-U available	38.5	46.4	66.6	42.4
During adult years				
AFDC-FS guarantee (\$100's/month)	599	121	645	121
Average (per capita) Medicaid value (\$100's/month)	239	66	260	65
% years AFDC-U available	50.8	47.1	64.4	44.2
N	571		787	

Note: Standard deviations are only provided for continuous variables.

measures of parental welfare and neighborhood welfare during childhood. The measure of family welfare was the sum of income from AFDC, other welfare, and SSI, plus the value of Food Stamps. Parental welfare was measured by the amount of benefits rather than by the number of years welfare was received because the welfare culture argument assumes that extensive *dependence* on welfare changes individuals' values and motivation. In fact, anyone whose average yearly income from welfare was high during childhood likely spent considerable time on welfare. The measure of neighborhood welfare was the proportion of families in the neighborhood receiving public assistance.² These childhood welfare measures were averaged over all the years a child was observed in the PSID between ages 4 and 16 years. For some sons, parental welfare income was measured for only three years, over the sons' ages 14 to 16 years; for others, parental welfare income was measured for as much as thirteen years, over ages 4 to 16 years. This means that for many sons, parental welfare was measured mostly during the sons' preteen and teen years. Thus these analyses apply mostly to effects of parental welfare receipt during those years.³

The parental and neighborhood welfare dummy specifications examined in analyses differed because blacks were much more likely than nonblacks to

TABLE 3

Effects of Family and Neighborhood Welfare on Black Men's Work Hours

Variables	Model 1	Model 2A	Model 3A	Model 4A
Family welfare				
Average annual welfare incomes (WELF) (1000's of 1988 \$s)	-32* (7)			
WELF = \$1-5,000		-89 (69)	-90 (68)	-19 (75)
WELF = \$5,000-\$7,500		-140 (103)	-138 (102)	-26 (112)
WELF = \$7,500 or more		-491** (98)	-483** (92)	-353** (107)
Neighborhood welfare				
% families who receive public assistance (% PA)	-7.35* (3.40)			
% PA = 0-10		-		
% PA = 10-15		-139 (81)		
% PA = 15-25		-94 (79)		
% PA = 25 or more		-163 (99)		
% PA 10% or more			-125† (63)	-131* (63)
Family income/needs (Y/N)				
(Y/N) = 0-1.25				-263** (110)
(Y/N) = 1.25-2.00				-172* (108)
(Y/N) = 2-3				-
(Y/N) = 3 or more				1 (171)
<i>N</i>	571	571	571	571
<i>R</i> ²	.148	.157	.156	.166

Note: Dashes (-) represent the omitted category in a series of dummy variables. Standard errors are in parentheses.

†p < .10. *p < .05. **p < .01.

live in families and communities with high rates of welfare use (see Table 2). For black sons, the parental welfare use dummies were \$1-5,000 per year, \$5,000-7,500 per year, and \$7,500 or more per year, and the neighborhood welfare use dummies were 0-10% of families on welfare, 10-15% of families on welfare, 15-25% of families on welfare, and 25% or more families on welfare (Table 3). For nonblack sons, the parental welfare use dummies were \$1-1,500 per year, \$1,500-5,000 per year, and \$5,000 or more per year, and the neighborhood welfare use dummies were 0-5% of families on welfare, 5-15% of families on welfare, and 15% or more families on welfare (Table 4).

TABLE 4

Effects of Family and Neighborhood Welfare on Nonblack Men's Work Hours

Variables	Model 1	Model 2B	Model 3B	Model 4B
Family welfare				
Average annual welfare incomes (WELF) (1000's of 1988 \$s)	- 11.2 (9.7)			
WELF = \$1-1,500		- 41 (55)		
WELF = \$1,500-\$5,000		- 199 (133)		
WELF = \$5,000 or more		- 187† (107)		
WELF = \$0-1,500			-	-
WELF = \$1,500 or more			- 174† (87)	- 87 (100)
Neighborhood welfare				
% families who receive public assistance (% PA)	1.6 (4.7)		3.5 (4.8)	5.3 (5.0)
% PA = 0-5		-		
% PA = 5-15		- 74 (47)		
% PA = 15 or more		147 (93)		
Family income/needs (Y/N)				
(Y/N) = 0-1.25				- 155† (94)
(Y/N) = 1.25-2.00				- 35 (64)
(Y/N) = 2-3				-
(Y/N) = 3 or more				8 (51)
N	787	787	787	787
R ²	.054	.065	.057	.061

Note: Dashes (-'s) represent the omitted category in a series of dummy variables. Standard errors are in parentheses.

†p < .10. *p < .05. **p < .01

The analyses examined a wide range of family and neighborhood variables. The family variables included family income/needs, whether the son ever lived in a female-headed family, percent years observed in a female-headed family,⁴ head's education, whether head was disabled, number of children, and head's work hours. The neighborhood variables included poverty rate, percent of families earning more than \$15,000 in 1970 (over \$30,000 in 1980), and percent of males unemployed. The family and neighborhood measures, like the welfare variables, were averaged over all the years a child was ob-

served at home up to age 16. Thus there were at least three and as many as thirteen years of data for each respondent on the background and welfare variables. Because Wilson (1987) stresses the importance of labor market conditions, measures of the male unemployment rate for respondents' relevant childhood and adult labor market areas were also included in analyses.⁵

To test the incentive model, three measures of state welfare benefits were merged with the PSID records: the value of the state standard AFDC and Food Stamp payment for a family of four with zero income, per capita Medicaid expenditures on AFDC families, and whether there was an AFDC-U program in effect. The measures of state welfare benefits were adjusted for inflation and were averaged over all the years a child was observed at home. State welfare measures were also created for each year the respondent was observed after age 24 years.

Model

Background effects on work hours were calculated by estimating the coefficient vector β in the regression equation

$$y_{it} = \beta'x_i + \theta'D_{it} + \phi'W_{it} + \psi'A_{it} + \gamma'L_{it} + e_{it} \quad (1)$$

where y_{it} = hours worked by individual i in year t

x_i = measures of family and neighborhood background including state welfare benefits and labor market conditions during childhood

D_{it} = measures of labor market demand facing individual i in year t

W_{it} = measures of state welfare benefits in individual i 's state at time t

A_{it} and L_{it} are dummies capturing age and year effects

Because the PSID is longitudinal, each respondent's work hours (y_{it}) can be observed for multiple years, t . Analysis was restricted to observations from the interviews (up through 1988) at which the respondent was at least 25 years old. For example, for an individual aged 15 in 1968 (the upper age limit), y_{it} could be observed for as many as eleven years (from ages 25 to 35 and over the interview years 1978 to 1988). At the other extreme, an individual aged 5 years in 1968 (the lower age limit) would turn 25 in 1988 and thus only the 1988 observation of y_{it} could be used in this analysis. Age and year dummies (A_{it} and L_{it}) were included to control for life cycle and business cycle effects.

If equation (1) were averaged over all T_i usable years for each individual, then:

$$y_i = \beta'x_i + \theta'D_i + \phi'W_i + \psi'A_i + \gamma'L_i + e_i \quad (2)$$

where for any outcome variable, average adulthood annual work hours, $y_i = \sum_t y_{it} / T_i$. The average error term e_i is likely to be somewhat heteroskedastic because it was averaged over different numbers of years for different individuals.⁶

Analysis

The analysis proceeded as follows. First, sons' annual adulthood work hours were regressed on the measures of parental and childhood neighborhood welfare to estimate the simple associations between parental and neighborhood welfare use and men's labor supply. Next, nonlinear welfare specifications were examined to test if heavy welfare dependency had disproportionately large effects on men's labor supply. Then measures of family background, childhood neighborhood, childhood and adult labor markets, and childhood state and adult state welfare benefits were successively added to the regression to see how much of the observed associations between parental and neighborhood welfare were attributable to these factors. The final analysis section discusses and compares effects of each set of factors on men's work hours.

Associations between Parental and Neighborhood Welfare and Sons' Labor Supply

Tables 3 and 4 report the results when sons' annual adulthood work hours were regressed on measures of parental and neighborhood welfare. Results using continuous welfare measures are recorded in column 1; results using dummy variables are recorded in column 2; and the final specifications of the welfare measures are reported in column 3.

Recall that the parental and neighborhood dummy specifications differed for blacks and nonblacks because of differences in distributions and that blacks were much more likely to live in families and communities with high rates of welfare use.

Family welfare had a significant, negative, nonlinear association with black sons' adult labor supply. Controlling for neighborhood welfare levels (Model 3A), black sons raised in homes where parental income from welfare averaged \$7,500 or more per year worked 483 hours (or about 12 weeks) less per year than did black sons raised in homes where parents never received welfare. Childhood neighborhood welfare use also was negatively associated with black sons' labor supply. Controlling for family welfare levels (Model 3A), black men raised in communities where 10% or more of their neighbors received public assistance worked 125 hours less per year (or about 3 weeks less per year) than did black men raised in communities with lower rates of welfare receipt.

Results were much less striking for nonblack sons. Controlling for neighborhood welfare levels (Model 3B), nonblack men raised in families where parental welfare averaged \$1,500 or more per year worked 174 hours less per year (about 4 1/2 weeks less per year) than did nonblack men raised in families with little or no welfare receipt, and this effect was only marginally significant. Controlling for family welfare levels (Model 3B), the welfare receipt of their childhood neighbors had no association with nonblack men's work hours.

Poverty and Family Background

The observed associations between parental welfare and sons' labor supply may not be true effects but might be picking effects of omitted background disadvantages that are correlated with parental welfare receipt. One obvious candidate here is parental poverty. Parents on welfare were usually poor, and perhaps being raised in poverty reduced sons' ability to find steady work as adults. To test for this, measures of the ratio of parental income to parental needs (where needs is the census poverty line) were added to the regressions. Four dummies representing four levels of income/needs (Y/N) were included: Y/N = 0-1.25 (poor); Y/N = 1.25-2 (low income); Y/N = 2-3 (average income); Y/N = 3 or more. Tables 3 and 4, column 4, report results.

Being raised in poverty reduced men's labor supply, and a large part of the association between parents' welfare use and sons' work hours was owing to these poverty effects on sons' labor supply. Being raised in poverty, rather than having a family income-to-needs ratio of 2 to 3, reduced blacks' adult work hours by 263 hours per year (i.e., about 6 1/2 weeks per year) and nonblacks' adult work hours by 155 hours per year (i.e., about 4 weeks per year). When the parental income/needs dummies were added to the black sons' regression (moving from Model 3A to Model 4A), the work hours reduction associated with heavy parental welfare use dropped by one-quarter—from 483 hours (about 12 weeks) per year to 353 hours (about 9 weeks) per year—and the work hour reduction associated with parental welfare receipt below \$7,500 per year virtually disappeared. When the income/needs dummies were added to the nonblack sons' regression (moving from Model 3B to Model 4B), the reduction in work hours associated with welfare was halved—from 174 hours per year to 87 hours per year (note insignificant coefficient).

Next additional measures of family background—head's work

hours, head's education, whether the son lived in a female-headed household, percent years observed in a female-headed household, number of children, and whether head was disabled—were added to the regressions. Because coefficients on all these background measures were insignificantly different from zero with the exception of head's work hours, only the coefficients on head's work hours were reported (Tables 5 and 6, column 1). Being raised in a household where the head worked regularly (2,000 hours per year versus 1,000 hours per year) increased nonblack sons' adult work hours by 142 hours (or about 3 1/2 weeks) per year (significant) and black sons' work hours by 73 hours (or about 2 weeks) per year (not significant). This provides some confirmation for either Mead's (1986, 1992) thesis that sons use parents as role models for work or Wilson's (1987) argument that employed parents help children obtain jobs. Controlling for family background measures other than parental income wiped out the association between parental welfare and sons' work hours for nonblack sons but reduced the association between heavy parental welfare use and sons' work hours only slightly for black sons.

The above findings provide support for the correlated disadvantages explanation of welfare effects on men's labor supply. For non-blacks, the estimated association between parents' welfare use and sons' adult work hours disappeared when parental income/needs and other family background measures were controlled. About half of the reduction was owing to controlling parental poverty and about half to controlling parental work hours. For blacks, there was no association between parental welfare receipt of less than \$7,500 per year and sons' adult work hours once parental poverty was controlled, and the effect of heavy parental welfare use on black sons' labor supply dropped by one-fourth once parental poverty was controlled.

Neighborhood and Labor Market

This analysis explored the structural explanations of the associations between childhood welfare and men's work hours by adding neighborhood and labor market variables to the work hours regressions (see Tables 5 and 6, columns 2 and 3). Three community measures were added. These variables were chosen to represent the three key neighborhood conditions emphasized in Wilson's (1987) structural-environmental model: poverty concentration (percent poor), proportions of middle-class neighbors (percent families with incomes

TABLE 5
Effects of Background, Labor Market, and State Welfare on
Black Men's Work Hours

Variables	Model 5A	Model 6A	Model 7A	Model 8A
Family measures				
WELF = \$1-5,000	-3 (79)	-12 (79)	-3 (78)	-1 (79)
WELF = \$5,000-\$7,500	20 (126)	30 (126)	68 (125)	75 (126)
WELF = \$7,500 or more	-317* (135)	-280* (136)	-218 (135)	-207 (142)
(Y/N) = 0-1.25	-259* (121)	-299* (125)	-333** (126)	-334** (129)
(Y/N) = 1.25-2.00	-170 (100)	-198† (111)	-190† (111)	-201† (112)
(Y/N) = 2-3	-	-	-	-
(Y/N) = 3 or more	-8 (174)	13 (173)	55 (172)	44 (173)
Annual work hours of head (1000's)	73 (54)	56 (55)	28 (55)	24 (55)
Other family variables	✓	✓	✓	✓
Childhood neighborhood measures				
% PA > 10%	-129* (64)	-98 (73)	-23 (78)	-8 (80)
% poor		4.9 (3.4)	2.6 (3.5)	2.5 (3.6)
% families with incomes > 15K/30K		3.4 (6.2)	5.9 (6.3)	7.2 (6.4)
% men unemployed		-22.8** (8.3)	-4.3 (9.7)	-2.2 (10.0)
Labor market measures				
Male unemployment rate in childhood labor market			-55.8 (34.7)	-47.0 (38.5)
Male unemployment rate in adult labor market			-52.9** (15.5)	-54.0** (17.9)
State benefit measures during childhood years				
AFDC-FS guarantee (\$100's/month)				38 (38)
Average (per capita) Medicaid value (\$100's/month)				-66 (60)
% years AFDC-U available				-1.2 (1.5)

TABLE 5 *Continued*

Variables	Model 5A	Model 6A	Model 7A	Model 8A
State benefit measures during adult years				
AFDC-FS guarantee (\$100's/month)				-34 (51)
Average (per capita) Medicaid value (\$100's/month)				54 (66)
% years AFDC-U available				-.1 (1.3)
N	571	571	571	571
R ²	.177	.190	.219	.224

Note: Dashes (-'s) represent the omitted category in a series of dummy variables. Checks (✓) note that the family variables (originally presented in Table 2) were included as control variables. Standard errors are in parentheses.

†p < .10. *p < .05. **p < .01.

>\$15,000 to \$30,000), and male joblessness (percent men unemployed).⁷ Including the measures of male unemployment in childhood neighborhood permitted a test of Wilson's predictions that employed males serve as role models for boys and connect boys to job networks. Measures of the male unemployment rates in sons' childhood and adult labor markets were added to test Wilson's prediction that the lack of job opportunities in local labor markets was the key structural cause of young black men's low work hours.

TABLE 6

**Effects of Background, Labor Market, and State Welfare on
Nonblack Men's Work Hours**

Variables	Model 5B	Model 6B	Model 7B	Model 8B
Family measures				
WELF = \$0-1,500	-	-	-	-
WELF = \$1,500 or more	-3 (108)	19 (107)	31 (109)	43 (109)
(Y/N) = 0-1.25	-98 (102)	-124 (103)	-144 (104)	-167 (105)
(Y/N) = 1.25-2.00	3.5 (67)	2 (67)	4 (67)	-4 (67)
(Y/N) = 2-3	-	-	-	-
(Y/N) = 3 or more	8 (56)	-11 (57)	-17 (57)	-33 (57)

TABLE 6 *Continued*

Variables	Model 5B	Model 6B	Model 7B	Model 8B
Annual work hours of head (1,000's)	142** (37)	134** (37)	135** (38)	135** (38)
Other family variables	✓	✓	✓	✓
Childhood neighborhood measures				
% receiving PA	6.4 (5.1)	14.6* (7.3)	12.8† (7.5)	15.5* (7.7)
% poor		2.8 (3.6)	3.6 (3.8)	-.4 (4.0)
% families with incomes > 15K/30K		3.0 (2.2)	2.7 (2.3)	2.7 (2.3)
% men unemployed		-31.0** (10.3)	-35.7** (12.5)	-30.7** (12.7)
Labor market measures				
Male unemployment rate in childhood labor market			15.0 (17.4)	16.9 (17.9)
Male unemployment rate in adult labor market			-5.7 (9.5)	-2.7 (10.1)
State benefit measures during childhood years				
AFDC-FS guarantee (\$100's/month)				-46† (24)
Average (per capita) Medicaid value (\$100's/month)				28 (24)
% years AFDC-U available				0 (0.7)
State benefit measures during adult years				
AFDC-FS guarantee (\$100's/month)				-4 (33)
Average (per capita) Medicaid value (\$100's/month)				-42 (39)
% years AFDC-U available				-0.2 (0.8)
N	787	787	787	787
R ²	.082	.097	.099	.111

Note: Dashes (-'s) represent the omitted category in a series of dummy variables. Checks (✓) note that the family variables (originally presented in Table 2) were included as control variables. Standard errors are in parentheses.
†p < .10. *p < .05. **p < .01.

Results for young black men were strongly consistent with Wilson's emphasis on job opportunities. Black men who grow up in neighborhoods with many unemployed men worked less as adults. An increase of 1% in male unemployment in black sons' childhood neighborhoods was associated with a reduction of 23 work hours (or about 1/2 week) per year. This appears to be due to labor market opportunities rather than to role modeling. When labor market unemployment rates measured during childhood and adulthood years were added to the black sons' regressions of work hours on family and neighborhood background, the coefficients on neighborhood male unemployment became very small, while the coefficients on the labor market unemployment variables were large and negative.⁸ An increase of 1% in the male unemployment rate in black men's childhood labor market was associated with a reduction in adult work hours of 56 hours (or about 1 1/2 weeks) per year, and a 1% increase in the male unemployment rate in one's adult labor market was associated with a reduction of 53 work hours per year.

Results further suggested that structural labor market factors accounted for a large part of the associations between parental and childhood neighborhood welfare and black sons' work hours. When neighborhood variables and labor market variables were added to the black men's work hours regressions, the reduction in work hours associated with heavy parental welfare use (\$7,500 or more per year) dropped from 317 hours (about 8 weeks) per year to 218 hours (about 5 1/2 weeks) per year and the reduction in work hours associated with childhood neighborhood welfare use disappeared entirely. Most of this reduction was the result of the labor market unemployment variables.

The results for nonblack sons were much more consistent with either Mead's (1986, 1992) or Wilson's (1987) role modeling stories and with Wilson's job network story. When the three neighborhood variables were added to the nonblack sons' regression, only one showed sizable and significant effects. Nonblack sons raised in communities with high rates of male unemployment worked less as adults. This coefficient was unchanged when labor market unemployment measures were added.

State Welfare Benefits

Welfare incentive effects were investigated by adding measures of the state welfare benefits facing the sons' parents when the sons lived at home and facing the sons when the sons were adults (see Tables 5 and 6, column 4). State welfare incentives did not seem to be a major

cause of low work hours among black men. All the state welfare measures were insignificant in the black sons' regressions, and some coefficients had the wrong sign.⁹ For nonblack sons there was some evidence that state welfare benefits were related to adult work hours. An additional \$100 per month in the childhood state's AFDC/FS (FS = Food Stamps) guarantees was associated with a marginally significant 46 hours (or about 1 week) per year reduction in nonblack sons' work hours, but none of the measures of adult state welfare benefits were significantly related to nonblack men's work hours. It is puzzling that among nonblacks, sons' work hours were more affected by the state welfare benefits facing their parents than by the state welfare benefits they themselves faced as adults.¹⁰

Race Differences in Work Hours Equations

The factors that influenced adult sons' labor supply differed considerably by race. For black sons, three factors were important: parental poverty ($Y/N = 0-1.25$) or parental low income ($Y/N = 1.25-2$), the male unemployment rates in childhood labor markets and in adult labor markets, and extremely heavy parental welfare receipt ($WELF = \$7,500$ or more) (Table 5, column 4).¹¹ The effects of parental poverty and labor market unemployment were particularly large. Black sons raised in poor families worked 334 hours (or about 8 1/2 weeks) less per year than did black sons raised in moderate to high income families. And a 1% increase in male unemployment in black sons' adult labor markets was associated with a drop in work hours of 54 hours (or about 1 1/2 weeks) per year. Parental economic resources and structural economic conditions were key predictors of black sons' labor supply.

For nonblacks, the main factors that mattered were the average hours worked by the head of the household in which the sons lived as a child and the proportion of unemployed men in the childhood neighborhood (Table 6, column 4). Being raised in poverty was associated with a 167-hour (or about a 4-week) reduction in work hours per year, but this effect, though large, was not statistically significant. The labor market unemployment variables were never significant. These results suggest that nonblack sons may model their work effort on that of their parents and neighbors.

Conclusions

Growing up in families that use welfare does not reduce most sons' ability to obtain regular, full-time employment as adults. There is no

association between family welfare income and work hours for non-black sons once family income and needs and head's work hours are controlled. For black sons, the effects of family welfare on work hours depend on how much welfare their parents received. Sons raised in families that received less than \$7,500 per year in welfare work just as many hours as do sons raised in families that never received welfare once parental income and needs is controlled. But extremely high family welfare income (\$7,500 or more per year) was consistently associated with a large reduction in work hours. Of the black sons whose parents ever reported welfare income, only one in four had parents who reported \$7,500 or more welfare income per year.

Why is very heavy family welfare use associated with lower adult work hours for black men? There are two obvious possibilities: parental poverty and structural labor market conditions. Controlling for both these factors reduces the estimated association between heavy parental welfare use by more than half from 483 hours (about 12 weeks) per year to 218 hours (about 5 1/2 weeks) per year. This effect is still large, though only marginally significant.

Being raised in communities with high rates of welfare use does not reduce men's adult labor supply. For nonblacks, there is never a negative effect of childhood neighbors' welfare use on sons' work hours. For blacks, there is a moderate negative association between childhood neighbors' welfare use and sons' work hours, but this association disappears once controls are added for labor market male unemployment. This weakens Mead's (1986, 1992) cultural argument. Apparently, job opportunities are more important than is a childhood neighborhood welfare culture in explaining black men's labor supply.

Results on welfare incentive effects are mixed. The state welfare benefit measures are never significantly related to black men's work hours. The state welfare benefits facing nonblack men as adults are also not significantly related to these men's work hours. But the state AFDC/FS guarantee facing the nonblack sons' parents when the sons are children is significantly and negatively related to sons' work hours.

Our results provide much more support for explanations that attribute black male joblessness to growing up economically disadvantaged and to structural labor market problems than to the welfare culture or welfare incentive explanations. Parental poverty and labor market unemployment rates are much more powerful predictors of black men's work hours than is parental welfare. This is consistent

with Wilson's structural-environmental explanation of black male joblessness.

The most powerful intergenerational predictors of nonblack men's low work hours are parental work hours and neighborhood male unemployment. This suggests that nonblack men model their labor market behavior on parents and neighbors.

These results provide some clues as to why results from previous research differed so much. These analyses showed that effects of parental welfare were nonlinear (at least for black sons),¹² that effects of parental welfare differed by race, and that the size of the estimated welfare effect dropped considerably when parental poverty and labor market male unemployment rates were controlled. This suggests that to assess welfare effects accurately one needs to include nonlinear parental welfare measures, run analyses separately for black and nonblack men, and include controls for parental poverty and labor market unemployment. None of the studies reviewed in Table 1 met all three of these conditions.

Policy Implications

These findings do not support antiwelfare rhetoric that attributes male joblessness to being raised on welfare. Family welfare has small or no effects on men's work hours for the majority of men whose parents receive welfare. Even though very heavy family welfare receipt is associated with work hour reductions for black sons, this is likely balanced by the fact that parental welfare reduces parental poverty. Term limits will likely do little to reduce male joblessness in the next generation and may increase joblessness if the term limits increase parental poverty.

These results do suggest that reducing family poverty may increase black sons' future chances of obtaining steady employment. Policies for reducing family poverty include raising the earned income tax credit (EITC), raising the minimum wage, making the child care tax credit refundable, and programs to expand and enforce child support (Ellwood, 1988). These policies would also increase rewards to parents' labor market work which would help nonblack sons.

These results strongly support Wilson's (1987) conclusion that the best way to combat male joblessness is to create tight labor markets. Reducing male unemployment now would doubly advantage young

black males—by increasing men's work hours now and by increasing the work hours of their sons in the future.

Notes

1. Obviously, the longer the time period, the more accurate background measures will be. Unfortunately, panel studies are short and the number of cases in a single-year birth cohort are small. Several birth cohorts must be pooled together for analysis, so each year added to the length of time period over which background measures are computed reduces sample size and thus efficiency and the ability to run analyses separately by race and sex.
2. Neighborhood measures were constructed by taking addresses at which the respondent resided during childhood and matching those addresses to a 1970 or 1980 geocode. The geocode used was the smallest geographic unit available for that address. For most cases, this was the census tract or enumeration district; in some cases the minor civil division was used.
3. This is an important limitation. Parents are probably more likely to receive welfare when their children are young. If so, parents who receive welfare when their sons are teenagers may depend on welfare more than do typical welfare users, and these analyses may be overestimating effects of parental welfare on sons' work hours.
4. Head is defined as the man in two-parent families and in single-parent families headed by a man and as the woman in single-parent households headed by a woman.
5. Labor market measures were constructed by taking addresses at which the respondent resided after age 24 years and matching those addresses to a 1980 census labor market area (LMA). These labor market areas were defined as follows. If a person lived in a census metropolitan statistical area (CMSA), then that CMSA was defined to be that person's LMA. If a person lived in a primary metropolitan statistical area (PMSA) or in a standard statistical metropolitan area (SMSA), but not in a CMSA, then that PMSA or SMSA was assigned as that person's LMA. For people living in nonmetropolitan areas, the definition of LMA depended on the extent to which workers who lived in a county worked outside the county. If 20 percent or more of workers living in a county commuted to work outside that county, then the state economic area (SEA) which included that county was defined as the LMA; otherwise the county was defined as the LMA. SEAs are the nonmetropolitan analogue to metropolitan statistical areas (MSAs) designed by the U.S. Department of Agriculture.
6. According to the evidence in Lillard and Willis (1978) and Solon, Corcoran, Gordon, and Laren (1991), transitory variation in hours of work across years is smaller than the permanent cross-sectional variation and is substantially autocorrelated, suggesting that the magnitude of this resulting heteroskedasticity should be small.

7. The four included neighborhood measures were collinear but not excessively collinear. Each neighborhood measure was regressed on the other neighborhood measures, on the welfare measures, and on family background measures. The R^2 for these regressions ranged from .38 to .69. Tests were also run to see if the percent poor measure had nonlinear effects on sons' work hours. It did not.
8. The coefficient on head's work hours also became small.
9. The set of childhood state welfare measures and the set of adulthood state welfare measures were also added separately to see if collinearity between the childhood and adulthood measures was obscuring significant effects. There was no change of results.
10. I am grateful to Martha Hill for pointing out that this result was consistent with an expectations model.
11. The coefficient for male unemployment rate in childhood labor markets was large but insignificant.
12. It is possible that very heavy welfare use (\$7,500 or more per year) also reduced nonblack sons' labor supply. Because so few nonblacks were raised in families whose welfare income averages \$7,500 or more per year, the study did not test for this.

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