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"Perspectives on the Reagan Years."

Urban Institute Press, 4720 Boston Way, Lanham, Md. 20706. 215 pp. $24.95.
Editor: John L. Palmer

What will be the lasting effects of the Reagan administration's domestic initiatives? The authors of this collection of essays critique the policies that have characterized the "Reagan Revolution."

Few of the efforts Ronald Reagan has made to abolish or establish federal programs have, in fact, borne fruit. Consider the religious Right's "social agenda"—a push for tuition tax credits, a ban on busing, abortion, and affirmative action.

This "agenda," observes Harvard's Nathan Glazer, is not costly; even the most expensive social-issue program, the Equal Employment Opportunity Commission, costs the taxpayer $179.8 million per year—1/40 of one percent of the total federal budget. But the battle is important politically; the lower-class Southern fundamentalists who focus on these issues help broaden the Republican coalition beyond its customarily affluent supporters.

President Reagan's strategy has been to advocate the "social agenda" while not actively campaigning for it. As a result, few of the goals of the religious Right have been achieved, and in many cases, there have been setbacks; civil rights law is more stringent now than in 1981, and the Supreme Court denied Bob Jones University a tax-exemption granted by the Reagan administration. But once-favored liberal advances have been checked; the Reagan administration has opposed court-ordered busing whenever possible. "Little support exists," Glazer believes, "for resuscitating or expanding the liberal agenda."

Spending on welfare and on "entitlements" such as Social Security and Medicare has produced a similar stalemate. Jack Meyer, president of New Directions for Policy, a research organization, argues that both the White House and congressional liberals have been thwarted in implementing major changes.

The Reagan administration's efforts to restructure welfare programs, including a 1981 proposal to reduce Social Security benefits and a 1982 effort to transfer control of the Food Stamp and Aid to Families with Dependent Children (AFDC) programs to the states, were blocked by Congress. Later welfare reform efforts then concentrated on attempts to eliminate waste, fraud, and abuse. While these efforts met with some success (the percentage of food stamps that were sold to people ineligible for them fell from 9.9 percent in 1981 to 8.6 percent in 1984), the actual amounts saved were small. Meyer calculates that funds spent erroneously in all welfare programs account for only $5 billion—less than one-half of one percent of the budget.

Meyer predicts that the Reagan legacy of massive budget deficits will ultimately force further reductions, particularly in Social Security and Medicare programs that are partially "open-ended government subsidies" for the middle and upper classes. Between 1970 and 1984, AFDC benefits, in constant dollars, were reduced by 34 percent; Social Security spending rose by 54 percent; and Medicare budgets increased by 116 percent.

John Palmer, co-director of the Urban Institute's Changing Domestic Priorities project, contends that the need for deficit reduction means that the next president will find it difficult to advance new solutions to the nation's ills with the freewheeling abandon of a Franklin D. Roosevelt or a Lyndon B. Johnson. "Advocates of social spending," he predicts, will "face a much greater burden of proof" among both Democrats and Republicans on Capitol Hill.

"The Growth of American, British, and Japanese Direct Investment in the 1980s."

Royal Institute of International Affairs, 10 St. James's Square, London SW1Y 4LE, United Kingdom. 40 pp. $3.60.
Author: Stephen E. Thomsen

The rise in Japanese "direct investment" in the U.S. economy, due to increased spending by Japanese firms on their American operations, has been well publicized. But Thomsen, a Royal Institute of International Affairs research associate, notes that foreign direct investment (FDI) by U.S. corporations overseas is still far larger than that of their Japanese rivals. Even if Japanese FDI increased at a rate twice that of America's, by 1990 U.S. firms would spend $37 billion on overseas branches, while Japan would spend only $30 billion—roughly equal to Britain's overseas corporate spending, which Thomsen predicts will reach $29 billion in 1990.

Privatization and deregulation have been major causes of increased FDI. The 1979 abolition of exchange controls in Britain, for example, removed restrictions on transfers of capital and spurred overseas investment. Newly privatized firms (British Gas, Nippon Telephone and Telegraph) are more export-oriented than were their nationalized predecessors. The gradual lowering of tariff barriers in the GATT (General Agreement on Tariffs and Trade) negotiations has also been an incentive to foreign investment.

U.S. firms prefer to invest in Europe and Canada; 47 percent ($123 billion) of American FDI is in Europe, mostly in Britain, West Germany, and Switzerland, with an additional 18 percent ($50 billion) in Canada. America is the first choice of British and Japanese investors: Thirty-five percent ($38 billion) of Britain's FDI is in America, while 30 percent ($24 billion) of Japan's FDI is in the United States.

While U.S. overseas affiliates tend to import as much from the United States as they export to it, American subsidiaries of foreign companies tend to import more. In 1985, U.S. branches of foreign firms exported $56 billion from America, but imported $112 billion from their parent companies—thus accounting for $55 billion or 41 percent of the U.S. trade deficit.

"The World We Created at Hamilton High."

Harvard Univ. Press, 79 Garden St., Cambridge, Mass. 02138. 285 pp. $24.95.
Author: Gerald Grant

What makes a good school?

Grant, a professor of education and sociology at Syracuse, believes the answer can be found by a careful examination of *one* American high school. The school he chose, which he named "Hamilton High," in the city of "Median," is not a typical high school, but the sort of school widely seen as the American ideal—racially integrated, its student body a mixture of rich and poor, normal and handicapped students. As Grant sees it, Hamilton High's story illuminates "all the overlapping social revolutions" that have beset public schools for the past three decades—with impact on both education and society.

Hamilton High opened in 1953. During its first 12 years, the school was orderly and homogeneous; most students were middle-class whites. Then, beginning in 1965, court-ordered desegregation policies changed things. The black population of

Hamilton High rose from 90 (out of 1,100 students) in 1966 to nearly 500 during the mid-1970s; white enrollment fell by 350. Teachers were demoralized by classroom disorder; 72 percent of the teachers on duty at Hamilton High in 1966 had resigned by 1971.

By the early 1970s, racial tensions had eased. More long-term damage to Hamilton High came through the school board's misguided emphasis on "student rights." This policy, reflecting Supreme Court decisions and federal laws against child abuse, restricted the use of teachers' authority in Hamilton High to "what would stand up in court." Students, sometimes encouraged by their parents, felt free to cheat on exams or talk back to teachers. Skipping classes became commonplace; in the 1971–72 school year, 78 percent of Hamilton High students surveyed missed classes at least once a week, and 46 percent cut classes frequently.

Hamilton High's staff expanded by one-third during the 1970s. Few of these newcomers were teachers; most were social workers. Hamilton High established drug counseling programs, teen-age pregnancy-prevention programs, and a nursery (with after-school day care) for students' children. The social workers, whose salaries were largely paid by the state or federal government, were more responsive to their funding sources than to the school. Younger guidance counselors, for example, saw themselves not as academic advisers, but as would-be psychotherapists eager to aid their student "patients."

The 1980s brought some improvements at Hamilton High. The school's average SAT score, which had fallen from 934 in 1967 to 874 in 1978, rose to 911 in 1985. (SAT scores for white students averaged 27 points above the 1965 average.) Tougher graduation requirements forced students to take more demanding courses; the average Hamilton High student now took 3.3 years of math and 3.1 years of science, compared to 2.2 years of math and 2.3 years of science in 1967. But in 1985 teachers still could not exercise authority; student truancy and cheating were common, and school assemblies "often degenerated into catcalls and semiobscene behavior." Rather than exhalting public virtues, most school festivals (Skip Day, Pajama Day, Beach Day) "celebrated individuality and freedom." Common courtesy disappeared; in the cafeteria, students did not assist handicapped peers with their lunch trays, refused to explain to newly arrived immigrants how to buy a meal, and littered the floor with trash.

The changes at Hamilton High reflected unhappy national trends. Average U.S. SAT scores, for example, fell from 975 during the mid-1960s to 890 in 1980, then rose to 906 during the mid-1980s. Student absenteeism also remained a national problem; 47 percent of high school sophomores surveyed by the National Opinion Research Center in 1981 reported that "their peers frequently cut classes."

Grant claims that America's schools cannot be restored simply by requiring that students pass certain examinations. He suggests shifting more authority from school board bureaucrats to teachers and principals. High school teachers, Grant contends, should have as much autonomy as professors enjoy in colleges—with some power over hiring, budget, and course content. Then teachers, instead of merely being "specialists who interpret rules," could once again be leaders capable of inspiring students to learn.