SOCIETY

The Generations and Welfare

"The New Age Structure of Poverty in America: Permanent or Transient?" by Richard A. Easterlin, in *Population and Development Review* (June 1987), The Population Council, 1 Dag Hammarskjold Plaza, New York, N.Y. 10017.

In 1968, fully 25 percent of Americans over the age of 65 lived in poverty, but only 15 percent of children under 16 did so. In 1985, only 13 percent of the aged were poor, but 21 percent of children were in poverty.

Why are the elderly prospering and children not? Easterlin, an economist at the University of Southern California, finds "independent causes." The aged have benefited from Social Security increases while children have suffered from the stringent labor market their parents face.

The inflation-adjusted incomes of young men have eroded. After 1979 the "real" wages paid to men aged 20-34 fell to a level 10-20 percent below that of the late 1960s. In families where the head of the household is 25-34, incomes have declined by 10 percent since 1973. The ensuing "economic pressures," Easterlin argues, compel couples to delay marriage; they also increase the likelihood of divorce and separation. The result: more children who will be raised by a financially-pressed single mother.

Why does the current generation of young men earn less than their fathers? The answer is, in part, changing demographics. Because the number of young "baby boom" men looking for work has risen at the same time that the economy has remained stagnant, demand for these workers has slackened.

Barring a cataclysmic war or dramatic cuts in federal aid, Easterlin does not believe that the poverty rate for children will worsen. The number of young workers seeking jobs in the 1990s will fall; the new "baby bust" generation has many fewer members than their "baby boom" parents. As the work force ages, the number of highly productive older workers will increase and the number of less productive younger workers will drop, ensuring that productivity growth will rise. If current federal aid to the elderly remains constant, Easterlin contends, the shrinking pool of younger workers will cause the gap between the poverty rate of the old and the young to "diminish and, perhaps, disappear."

Rx for Disaster

"The Health Effects of Mandatory Prescriptions" by Sam Peltzman, in *The Journal of Law and Economics* (Oct. 1987), Univ. of Chicago Press, P.O. Box 37005, Chicago, Ill. 60637.

Until 1938 most drugs (except for narcotics) could be obtained in the United States without a doctor's order. But Food and Drug Administration regulations established at that time have led to a steady rise in government-mandated prescriptions. In 1939, 27.3 percent of all drugs sold were obtained with an Rx from a physician; by 1981, 72.7 percent of all drugs

were prescribed.

But do prescriptions improve health? Peltzman, an economist at the University of Chicago, thinks not: "Enforcement of prescription-only regulation does not significantly improve the health of drug consumers."

To test how prescriptions have affected health, Peltzman examined U.S. death rates from accidental poisonings attributed to swallowing solids and liquids other than food. These rates fell from 29 per million in 1900 to 10 per million in 1940, but *rose* to 15 per million in 1980. Peltzman suggests that this "long cycle" rise in accidental-poisoning fatalities (during a period of strict drug regulation) shows that prescriptions did not reduce drug fatalities. Indeed, the regulations might have increased such deaths, because of a trend toward prescribing more potent drugs.

Peltzman then compared death rates from disease in countries that mandate extensive prescription use (such as Sweden, Canada, and Japan) with countries that allow most drugs to be bought without prescriptions (Greece, Brazil, India). He found that while countries with a greater number of doctors, higher per capita income, and less disparity between rich and poor had lower death rates, there was no direct correlation between a country's prescription policies and its mortality rate.

Prescriptions, Peltzman contends, may, by forcing more recourse to doctors, have an *indirect* effect in reducing illness, but patients with complex ailments will see a physician regardless of whether a prescription is required. "Consumers," he notes, "are able to understand the value of a doctor's advice even if they are not required to seek it."

Schools and Work

"Business-Led School Reform: The Second Wave" by Denis P. Doyle, in *Across the Board* (Nov. 1987), The Conference Board, 845 Third Ave., New York, N.Y. 10022.

Even before educator Horace Mann sold the idea of tax-supported public schools to Massachusetts businessmen in the 1830s, corporate America was interested in how and what students were taught. And teachers have always been quick to take cues from industry. But have schools learned the wrong lessons from business? Doyle, a senior research fellow at the Hudson Institute, suggests that they have.

With the Industrial Revolution came the assembly line, from which schools learned to "dumb down" students' roles, "socializing" pupils to the demands of an industrial economy rather than educating them. Modeling itself on the assembly-line factory, the expanding school system adopted such trends as vocational education and "scientific management." The latter phenomenon, which featured self-guiding curriculums and textbook selection by central authorities, left nothing to teachers' imaginations or discretion. Thus, schools were essentially "teacher-proofed." Doyle contends that under these policies, teachers, once considered "artisans and masters," in many respects became "no more than blue-collar workers."

After World War II, public school enrollment rapidly increased and school districts were consolidated to spawn vast bureaucracies. Compared with well over 100,000 school districts serving more than 20 million stu-