RESEARCH REPORTS

Reviews of new research by public agencies and private institutions

"Winner Take All: Report of the Twentieth Century Fund Task Force on Reform of the Presidential Election Process"

Holmes & Meier Publishers, Inc., 30 Irving Place, New York, N.Y. 10003. 82 pp. $12.50 (cloth), $5.75 (paper).
Author: William R. Keech.

U.S. presidential elections should be fair and democratic and should "maximize the likelihood" that the candidate with the most popular votes wins; they should encourage competition in a two-party system without undue restrictions on third parties; and they should both promote greater voter participation and retain the constitutional role played by the states in the presidential election process.

Having agreed on these basic principles, the Task Force, composed of both defenders and critics of the present electoral college system, proposes a "national bonus" plan. It would award a national pool of 102 additional electoral votes (two for each state and the District of Columbia) to the presidential candidate who wins the most popular votes nationwide. The candidate with the greatest number of electoral votes would be elected President. Establishment of the plan would require a constitutional amendment.

The most appealing feature of the national bonus, says the Task Force, is that it virtually eliminates the possibility of a candidate with the majority of popular votes being denied the Presidency, as happened in 1876 and 1888. The present system, in which a state's electoral votes equals the number of its Senators and Representatives, provides for 538 electoral votes and creates, according to the Task Force, unequal voter representation. For example, voters in sparsely populated states are guaranteed at least three electoral votes, while in large states relatively small numbers of voters can shift a great number of electoral votes. This representational imbalance would be reduced by the national bonus plan.

The new proposal would also abolish the position of elector and award states electoral votes directly, thus eliminating the possibility that an elector could cast his vote for a candidate other than the one for whom the elector's constituents voted. (Electors have been "faithless" 12 times since the first presidential election in 1788, 6 times since 1948.) The plan would discourage one-issue or regional candidates and would, in the "unlikely event" that no candidate received a majority of electoral votes, require a run-off election between the two candidates getting the highest number of votes, rather than allow the U.S. House of Representatives to decide the outcome.

The national bonus plan is preferable to direct election of the President for several reasons: It almost guarantees a clear-cut victor while direct election might produce a President with only marginal support; moreover, direct election could not only harm the two-party system by encouraging third-party candidates interested only in forcing a national run-off but also obliterate the role of states and state political parties in presidential elections.

"Repairs, Reuse, Recycling— First Steps Toward a Sustainable Society"

Worldwatch Institute, 1776 Massachusetts Ave. N.W., Washington, D.C. 20036.
45 pp. $2.00. (Worldwatch Paper 23)
Author: Denis Hayes.

Traditional reliance on "virgin materials" to be used once and then discarded must eventually give way to a sustaining system in which recycling becomes a central organizing principle. Today, most of what we use is thrown away. About 70 percent of all metal is used only once; the remaining 30 percent is recycled.

For the United States, which spends $4 billion each year to collect and dispose of its municipal solid wastes but recovers only 6 percent of what is discarded, Hayes proposes a three-point "sustainable resource policy." First, products should be manufactured to be easily repaired and to last longer. (Recapped tires can last up to 90 percent as long as new models, and it costs less to fix up an old building that to replace it.) Second, consumers should engage in "source separation"—the segregation of waste materials for recycling. This process, which the author estimates would consume 16 minutes each week for the average American household, would ease recycling of most materials, including copper, iron, steel, aluminum, glass, paper, most plastics, and food wastes. Finally, separated wastes should be combined into useful "secondary materials" at centralized waste recovery facilities.

Hayes, a senior researcher at Worldwatch Institute, lists several ways the government might ease the shift to an economy based on secondary materials. One change would eliminate regulations that allow railroads to charge higher rates for the transport of secondary materials than for virgin ore. He also proposes the imposition of taxes based both on the amount of virgin materials used in a product and on the cost to society of toxic emissions and other pollutants, land loss, resource depletion, and disposal of the material after use. Governments should subsidize and support a market for recycled products.

Widespread acceptance of a system that replaces "conspicuous consumption" with "conspicuous frugality" will require a great deal of public education, Hayes admits, but he points hopefully to a recent Harris survey in which 92 percent of those polled said they were willing to forego annual automobile model changes. "Voluntary simplicity," he says, "is finally acquiring a modern following."

"Legal and Illegal Immigration to the United States"

Report by Select Committee on Population, U.S. House of Representatives, 3587 House Annex #2, Washington, D.C. 20515. 64 pp.

The U.S. population is currently growing at 0.8 percent per year, and 25 to 50 percent of this is attributable to legal and illegal immigration. While *legal* immigration totals between 325,000 and 425,000 annually, no reliable figures are available for the number of *illegal* immigrants. However, this report by the House Select Committee on Population says there is an emerging consensus among immigration experts that the number of illegal aliens in this country at any one time is between 3 and 6 million, of whom approximately 60 percent are Mexican.

Some other committee findings:

There is considerable evidence of two-way movement across the U.S.-Mexican border, reflecting a pattern of periodic, temporary migration between the two countries.

Legal immigrants are more likely to make use of tax-supported social service programs than illegal, undocumented immigrants. The latter apparently make little use of public assistance programs, but somewhat more use of medical and educational facilities. Overall, illegal aliens are more likely to pay taxes than they are to receive the benefits of tax-supported systems.

In 1977, the Immigration and Naturalization Service made more than 1 million apprehensions of illegal aliens in the United States, yet present border enforcement is largely ineffective.

The committee proposes a comprehensive review of the Immigration and Nationality Act of 1965 to make U.S. immigration law "enforceable, equitable and flexible."

Other recommendations include: (*a*) stricter border enforcement to deter illegal migration, with special attention to smugglers and others who encourage surreptitious border crossings; (*b*) a concerted effort by the Census Bureau to collect more accurate data on the size and characteristics of the immigrant population; (*c*) a careful study of proposals for a legal "guest worker" program in the light of future U.S. labor force needs and domestic demographic trends; and (*d*) the granting of generous agricultural and trade concessions to the governments of Mexico and the Caribbean nations in return for their cooperation in halting the flow of illegal aliens from those countries.

"Welfare and Efficiency: Their Interactions in Western Europe and Implications for International Economic Relations"

National Planning Association, 1606 New Hampshire Ave. N.W., Washington, D.C. 20009. 150 pp. $7.00.
Author: Theodore Geiger.

The recent growth in welfare payments and services in the six West European nations providing the highest levels of welfare benefits (Germany, Britain, the Netherlands, Sweden, Norway, and Denmark) has been unprecedented. It has impaired the productive efficiency of those countries and pushed them to adopt protectionist production and trade policies that adversely affect the United States.

The rising costs of welfare benefits (which cover not only the unemployed and the disabled, but also pensions, sick pay, and a variety of subsidies) have sharply increased total government expenditures, e.g., from 35 percent of gross domestic product in Sweden in 1965 to 62 percent in 1977; from 38 percent of GDP in the Netherlands in 1965 to 55 percent in 1977.

Greater government expenditures have brought higher taxes and increased government borrowing, which, in turn, have fueled inflation. Direct and indirect taxes paid by workers in these countries, writes Geiger, director of international studies for the National Planning Association, range from a third to half of gross earnings.

At the same time, rising employer contributions for social security and other payroll taxes, combined with higher wages and fringe benefits, are pushing production costs to levels that inhibit private investment and make some European products less competitive, both abroad and in their own domestic markets. This loss of competitiveness has forced European governments to impose new barriers against imports and provide subsidies to domestic enterprises. Rising protectionism and increasing subsidies in Western Europe are threatening to convert the world economy into an increasingly protectionist system.

Geiger argues that high inflation and rising taxes have made workers seek pay increases in addition to their improved welfare benefits. At the same time, guaranteed welfare benefits have led to increased absenteeism, labor turnover, and idleness. High marginal tax rates on additional earnings, and declining differentials between skilled and unskilled wages, discourage workers from training for skilled jobs or working overtime.

"It is neither realistic nor desirable to seek to reverse the long-term trend toward welfare improvements," Geiger concludes. "What is needed is to assure that national welfare systems are of a size and provide benefits of a kind that can interact positively with economic efficiency or at least do not impair it substantially."

TOTAL PUBLIC EXPENDITURES AS PERCENT OF GNP

	1965	1970	1975	1977
DENMARK	31%	40%	46%	46%
GERMANY	37	38	48	47
NETHERLANDS	38	44	55	55
NORWAY	34	43	50	51
SWEDEN	35	43	52	62
UNITED KINGDOM	37	41	50	44
UNITED STATES	27	32	35	33

Exact comparisons between countries should be avoided because of the lack of a common statistical data base.

Courtesy of NPA Committee on Changing International Realities

"Europe and the North-South Dialogue"

The Atlantic Institute for International Affairs, 120 rue de Longchamp, 75116 Paris, France. 78 pp. $4.00.
Authors: Wolfgang Wessels, Jonathan Carr, Louis Turner, Mary Hargreaves, Wolfgang Hager, Klaus Boeck, and Gérard Tardy.

The North-South dialogue—officially called the Conference on International Economic Cooperation (CIEC)—held in Paris between December 1975 and June 1977 brought the world no closer to the "new economic order" demanded by the Third World. But it could serve as a useful basis for future diplomatic negotiations.

The demands of the less developed countries (LDCs) at Paris for some form of relief from the crushing debts owed to the developed countries came as no surprise, the authors note. The deficits of the LDCs skyrocketed from $10 billion in 1973 to $28 billion in 1974, mainly because of increased oil prices.

The developing countries also demanded the establishment of a "common fund" to finance buffer stocks of raw materials, such as coffee, tea, sugar, copper, tin, rubber, and cotton, to help stabilize commodity prices. They likewise sought to hold the Western countries to their promise to increase development aid to 0.7 percent of their GNPs. (Such aid currently varies from about 0.38 percent of GNP for most Common Market countries to 0.27 percent for the United States.)

Much of the CIEC was taken up by a discussion of energy issues. The Western countries sought assurances of sufficient oil imports from the OPEC members and showed no sympathy for OPEC insistence on maintaining the purchasing power of oil revenues. In turn, the non-oil-producing LDCs insisted on greater exploration and development of non-nuclear alternative energy resources as well as stepped-up transfers of energy technology to the developing world.

Despite the lack of results at Paris, the report's authors note that the European Economic Community (Common Market) nations fielded a single conference delegation, rather than nine separate ones, and thus provided a much needed boost to the stalled process of West European integration. Even so, the European delegates failed to develop many common positions and too often abdicated to American leadership.

"Inheritance and the Inequality of Material Wealth"

The Brookings Institution, 1775 Massachusetts Ave. N.W., Washington, D.C. 20036. 102 pp. $2.95.
Author: John A. Brittain.

Studies over the past two decades have shown that the inequality of wealth in the United States is vast—a mere 1 percent of American families own approximately one-quarter of all personal wealth, while families comprising the bottom 46 percent own only 2 percent.

Economists have generally attributed all this to inequality of income that allows some people to accumulate savings through their high earning years, thereby making wealth a function of age. But Brittain, a senior Brookings Fellow, contends that a more important determinant of wealth inequality, especially in creating the wealthiest class, is material inheritance.

By studying Internal Revenue Service data on persons whose net worth was over $100,000, Brittain found that approximately half of the wealth of men and most of the wealth of women in this top category could be attributed to bequests and gifts and to the interest that normally accrues to such inheritance.

Brittain also used the IRS data to duplicate a 1962 British study that showed that wealth in England is just as unequal among members of the same age group as among persons of different ages. He found that the

INHERITED WEALTH IN BRITAIN: A sampling of three groups of British men leaving estates of more than £100,000 shows what percentage had wealthy, or not-so-wealthy, fathers.

FATHERS' ESTATE* WAS MORE THAN:	1956-57	1965	1973
£1,000,000	9%	4%	7%
£500,000	19	12	12
£250,000	33	26	20
£100,000	51	45	35
£50,000	57	58	48
£25,000	68	67	58
£1,000	85	85	79

*Valued at constant 1956-57 prices.

Adapted with permission of The Brookings Institution.

United States data offered a similar pattern, casting doubt on the importance of age as a primary determinant of wealth inequality.

Brittain emphasizes the more general importance of inheritance in determining economic success by citing pioneering studies in England of how the wealth of fathers relates to the eventual wealth of their sons. One such study showed that in 1956–57, 51 percent of a sample of sons with estates of over £100,000 had fathers of equal or greater wealth. The conventional view is that there is greater inequality of wealth in Britain than in the United States because of tighter class lines and less intergenerational mobility. But tentative findings by economist Paul L. Menchik at the University of Wisconsin indicate that the correlation between the wealth of fathers and sons is at least as great in the United States as in England.

Brittain concludes that bequests and gifts are appropriate targets for high taxation, since such taxation would reduce inequality of wealth without being a disincentive to individual productive effort.