

## ECONOMICS, LABOR & BUSINESS

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adequate food, shelter, health care, and education. Almost regardless of their economic growth, nations can launch successful antipoverty campaigns. Indeed, the few Third World governments that have made solid progress in raising living standards—including Burma, China, Costa Rica, Cuba, Hong Kong, North Korea, South Korea, Panama, Paraguay, Sri Lanka, Taiwan, Thailand, and Uruguay—constitute a very mixed bag.

Capitalist nations such as South Korea and Taiwan have spread the benefits of rapid growth (respectively 10.1 and 7.2 percent annually in 1970–77) by encouraging labor-intensive industries and promoting land reform to help rural folk. Poorer countries have raised living standards by spending scarce public funds on social services instead of promoting industrial investment. In Sri Lanka, this tradeoff has achieved a 75 percent literacy rate and an average lifespan of 69 years—despite sluggish (3.1 percent) economic growth and a low (\$200) per capita income. In communist nations such as Cuba, the tradeoff also involves sharp official curbs on private consumption. Cuba's economic growth has virtually stopped (2.1 percent annually in 1970–77), but its citizens' average life span (72 years) and literacy rate (96 percent) are among the world's highest.

All of these countries have two things in common. Each provides effective health, education, and food-subsidy programs. And, regardless of growth rates and the government's economic role, each regime emphasizes creating jobs and distributing income throughout the society. Their policymakers seek to boost the purchasing power of the poor, recognizing that the benefits of economic growth do not "trickle down" automatically.

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## SOCIETY

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### *In Defense of Group Justice*

"A Theory of Groups and Economic Redistribution" by Lester C. Thurow, in *Philosophy and Public Affairs* (Fall 1979), Princeton University Press, P.O. Box 231, Princeton, N.J. 08540.

Are federal "affirmative action" programs inherently unfair because they favor some racial and social groups but not others? Should the government instead focus on helping individuals? No, argues MIT economist Thurow. Any society serious about helping victims of poverty and discrimination must seek "group justice."

American traditions have always emphasized the individual. But patterns of discrimination cannot be identified by studying any one person's experience. Thurow argues that unknown factors such as luck—which not even the most ambitious government policies can affect—explain 70 to 80 percent of the gap in earnings between any two

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Americans. But the concept of an entire race or sex "down on its luck" defies common sense. Group statistics can and do accurately reveal the systematic denial of opportunity. They show, for example, that the *average* black full-time worker earns only 72 percent and the *average* Hispanic only 73 percent as much as their white counterpart.

The fact is, Thurow points out, that the federal government has long geared its economic policies to group needs. Agricultural price support programs, for example, are designed to help American farmers—even though, Thurow contends, farm income per capita was 6 percent higher than nonfarm income in 1976. Social security payments are designed to help the elderly—even though Americans 65 and over enjoy a per capita income only 6 percent lower than the national average.

Thurow calls the recent criticism of affirmative action in the name of "individualism" pure camouflage—"simply a more sophisticated version of the types of individual discrimination that have been outlawed in the past two decades."

*Teen-Age Mothers*

"Early Childbearing and Later Economic Well-Being" by Sandra L. Hofferth and Kristin A. Moore in *American Sociological Review* (Oct. 1979), 1722 N. St. N.W., Washington, D.C. 20036.

Teen-age mothers—are they destined for a life of poverty, dead-end jobs, and rocky marriages? A recent study by Hofferth and Moore, researchers at the Urban Institute, indicates that early childbearing does limit future earnings and opportunity. But their findings also show that early births alone cannot explain the plight of many young mothers.

The authors studied the experiences of 1,268 women age 14 to 24 of all races and economic classes over a seven-year period beginning in 1968. They found that postponing a first birth generally pays off for both single and married women. Each year a young woman delays having her first child can be linked statistically to \$193 in extra earnings annually by age 27. Thus, a woman whose first child comes at age 22 can expect to be earning nearly \$1,000 more per year (in 1975 dollars) at age 27 than a woman who gave birth at age 17. Each year a first birth is postponed boosts the income of other family members by \$477. The tendency of late childbearers to be better educated than younger mothers (and, the authors suggest, to marry educated men) explains only a quarter of the difference. The sooner a woman bears her first child, the more children she is likely to have—and the fewer years she will spend in the workforce. Family income must be spread more thinly.

Surprisingly, however, in some cases early childbearing is associated with economic benefits. Very young unwed mothers (age 15 to 16) can enter or re-enter the job market—and stay there—at relatively early ages. As a result, they can work more hours by age 27 than women whose first children come slightly later. Moreover, 15- and 16-year-old