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BOOK REVIEWS

Resident Perceptions of Redevelopment and Gentrification in the Heartside Neighborhood: Lessons for the Social Work Profession

Mackenzi Huyser

Department of Social Work
Trinity Christian College

Judi Ravenhorst Meerman

Department of Social Work
Kuyper College

This article reports on how residents experience neighborhood redevelopment efforts and gentrification. Research on gentrification has been dominated by studies on displacement and other factors that impact neighborhood mobility. This article explores how low-income and homeless residents experience gentrification by using in-depth interviews with residents still living in the Heartside neighborhood (Grand Rapids, MI). Findings are evident in three broad areas: sense of belonging, recognition of changes in the neighborhood, and restrictions in the neighborhood. Discussion of these findings and implications for social workers are presented.

Key words: *Gentrification, neighborhood redevelopment, resident perceptions, Heartside, Grand Rapids (MI)*

Gentrification is described as "The process by which decline and disinvestments in inner-city neighborhoods are reversed" (Freeman, 2005, p. 463). Building and investing in inner-city areas, particularly downtown areas, is not a new concept. Developers have noticed and rediscovered these neighborhoods as areas with prime land space that is desirable for businesses and young professionals. Local government officials also recognized the potential for an increased tax base and other economic opportunities for growth within these inner-city areas. Despite these apparent benefits of gentrification the list of concerns is equally long, resulting in what Freeman (2005) claims to be "one of the most controversial issues in the

urban United States today" (p. 463).

Grounded in the work of Jane Jacobs (1961/1993) in *The Death and Life of Great American Cities*, this article offers voices from residents living through the redevelopment efforts in the Heartside neighborhood. Jacobs (1961/1993) believed that diversity was necessary for neighborhoods to thrive, and key to this were the diverse groups of people that resided in these neighborhoods. Zukin (2010) builds on this call, arguing that Jacob's vision has greatly influenced city planning efforts, but this work has not translated into encouraging a "mixed population" (p. 25). This mixed population includes, but is not limited to, residents of poor and middle class economic status. Zukin (2010) states, "it is this social diversity, and not just the diversity of buildings and uses, that gives the city its soul" (p. 31). So what questions must be asked about redevelopment efforts in the Heartside neighborhood? What can we learn from these residents who, according to Zukin (2010), "give the city its soul" (p. 31)?

Research on gentrification in the United States seems to be dominated by the question of resident displacement. On one side of the argument, researchers claim that high-income residents moving into gentrifying neighborhoods profit from the community and neighborhood residents with limited resources (Pilisuk, McAllister, & Rothman, 1996) and that "with the return of upper-and middle-income people to the central city neighborhoods, many local very-low income residents are displaced and dispersed with furthered downward mobility in search for affordable housing" (Mulroy, 2004, p. 84). On the other side, researchers claim this "fear of displacement" was used as a call to action for community activists (Freeman, 2005, p. 463) but was merely based on anecdotal reports rather than empirical evidence (Freeman, 2005). The purpose of this article is not to weigh in on the ongoing discussion related to displacement and gentrification, but rather to explore perceptions of a specific group of residents living through redevelopment efforts and learn from their experiences.

Although research exists which explores resident perceptions of gentrification, this research has focused on racial exclusion, and conclusions have been drawn about varying attitudes about gentrification from residents based on their race (Freeman, 2006; McKinnish, Walsh, & White, 2008; Shaw &

Sullivan, 2011; Sullivan, 2007). While the relationship of race and perceptions on gentrification is important, this paper explores two new directions in the literature. The first offers a perspective on how low-income and homeless residents, in a neighborhood with a highly dense population of social service agencies, perceive the impact of gentrification. Secondly, it offers lessons the field of social work can learn from studying neighborhood gentrification. Often an issue explored by sociologists, gentrification impacts client systems that social workers serve. More specifically, social workers engaged in community practice and community organizing recognize that stable communities with access to affordable housing, resources, services and jobs is necessary for clients to flourish. In gentrifying neighborhoods, some of these benefits may be gained or lost, depending on the trajectory of the gentrifying neighborhood. Of what, however, apart from these tangibles, should social workers be aware? What can social workers learn from perceptions of current residents living through the process of gentrification? How might these perceptions inform our practice with communities in a different way?

This article attempts to raise awareness about these issues from a social work perspective by exploring perceptions of residents living in the Heartside neighborhood as they experience gentrification. The Heartside neighborhood is located in the central city of Grand Rapids, Michigan. Grand Rapids is a mid-sized urban area on the west side of the state. According to the 2010 Census, Grand Rapids proper had a population of just over 188,000 residents. Adjoining suburbs had populations of over 184,000 residents. In 2002, a Michigan State University Urban and Regional Planning student group completed a study of gentrification in Grand Rapids using key national indicators of gentrification (MSU Extension & MSU Center for Urban Affairs, 2002). This study showed that both the Heartside neighborhood and one of its surrounding neighborhoods (East Hills) had primary and secondary indicators showing that gentrification was occurring in these neighborhoods. Other than this study, little research has been conducted on gentrification in Grand Rapids, and no research has been conducted on the experiences of the low-income and homeless residents living in the Heartside neighborhood.

History of the Heartside Neighborhood

The Heartside neighborhood of Grand Rapids, MI began as a muddy flatland first inhabited by riverboat hands, blacksmiths, and shipyard and warehouse workers. The area later became a location for great commerce and exchange, as many people eagerly came to the city to settle with their families and to earn a living. In 1831, well-known Grand Rapids native Louis Campau paid $90 for 72 acres of land that became the center city of Grand Rapids. Many others followed Campau's lead, purchasing land and developing buildings. This became part of the expanding commerce which began to revolve around the furniture industry (Olsen, 2011).

By the beginning of the 20th century, the city had more than 50 furniture factories, and many furniture-related industries such as sawmills, foundries making metal hardware, paint and varnish companies, and manufacturers of woodworking machinery. As a result, business owners came to the city to spur on productivity and bring economic growth to downtown Grand Rapids (Olsen, 2011). Grand Rapids' furniture industry was successful until the late 1920s when the stock market crashed and the onset of the Great Depression caused factories to close their doors. Over 25% of the city's workers became unemployed. For most of the 1930s, many workers depended on government programs for the work they needed to support their families. With the depression came a decline to the downtown area of Grand Rapids, where buildings experienced structural decay as a result of being left unoccupied. Racial tension broke out throughout the United States in the late 1960s, including Grand Rapids, resulting in further destruction of many buildings and a decline in the image of downtown. The downtown area had become more populated by single, unemployed males and low-income families. In addition, there was an influx of mental health patients who had previously been deinstitutionalized when many of the asylums in Michigan were closed, leaving this vulnerable population to wander the downtown streets. In the hearts and minds of local social service agencies, this population seemed vulnerable to homelessness and could greatly benefit from assistance in the areas of job placement and subsidized housing. As a result, many

social service agencies and organizations were established to help such individuals (Cutler, Bevilacqua, & McFarland, 2003; Olsen, 2011).

Non-profit agencies such as God's Kitchen, Dégagé Ministries, Mel Trotter Mission, and Guiding Light Mission began forming in the early 1920s up until the 1970s to feed and provide shelter for community residents. In 1976, Heartside-Downtown Neighborhood Association was established to be a voice for the people in the community and provide advocacy services. In the early 1980s a new non-profit housing agency, Dwelling Place, began to purchase and renovate many of the old buildings in downtown Grand Rapids for use in subsidized housing. Another organization, Heartside Ministries, was founded in 1983 to serve the needs of the homeless and otherwise marginalized persons living in the community. All of the aforementioned agencies continue to deliver services today. In addition, churches, food pantries, coffee shops, health clinics, and businesses provide services to meet the needs of neighbors in the Heartside neighborhood (Heartside Ministries, 2011).

History of Redevelopment Efforts

Redevelopment efforts in the Heartside neighborhood can be traced back to the late 1970s. Specifically, in 1979, Act 197 of the Public Acts of Michigan, commonly referred to as the Downtown Development Authority Act, was created. This act aimed to correct and prevent deterioration of business districts; promote economic growth and redevelopment; encourage historic preservation; authorize the acquisition and disposal of interests in real and personal property; and to authorize the creation and implementation of development plans. Act 197 sought to reverse historical trends that led to loss of population, jobs, businesses and the quality of life in central cities by attacking the problems of urban decline where they are most apparent, in downtown districts (Grand Rapids City Commission, 2002). As a result of Act 197, a planning process named *Voices & Visions* was set in motion in 1990. *Voices and Visions* was commissioned by the City of Grand Rapids Downtown Development Authority (1993) to "discover what was needed to make Grand Rapids grow and prosper

in the 21st century" (p. 11). The planning process brought the community together in working sessions, citizen forums, task forces, discussions and debates to share ideas and participate in setting downtown's new course for the future.

Since the inception of Act 197 and subsequent planning processes, many things have changed in the Heartside neighborhood. These changes have included the addition of hotels, museums, University extensions, condos, office buildings, an arena, renovated historic buildings, and parking structures in the neighborhood. In addition, there is a new park, a renovated amphitheater, better streets, and improved transportation.

Residents in the Area

Heartside neighbors are individuals that sleep, eat, and seek services in the Heartside neighborhood. According to the 1990 Census Profile, the Heartside neighborhood had a population of approximately 1,552 individuals. The racial profile of the community was 66.3 percent White, 30.0 percent Black, 0.4 percent Asian, 2.4 percent American Indian, 2.4 percent Hispanic, and 0.9 percent Other races. The median age of the residents in the area was 39.9 years old (Grand Rapids City Planning Department, 1998). The 2010 Census Profile showed an increase in the population to 2939 individuals in the Heartside neighborhood. The racial profile of the neighborhood in 2010 was 61.1 percent White, 24.1 percent Black, .09 percent American Indian or Alaska Native, 1.8 percent Asian or Pacific Islander, .4 percent Other, 3.2 percent reporting two or more races, and 7.5 percent Hispanic or Latino (Community Research Institute, 2010). Overall, the number of individuals residing in the Heartside neighborhood has grown by 89.3 percent from 1990 to 2010.

In 1990, the labor force in the Heartside neighborhood was composed of 645 people. Out of this number, 34.9 percent were female and 36 percent were unemployed. Thirteen point three percent of jobs were in the field of manufacturing, whereas the percentage of persons 25 years and older who were high school grads or higher was 62 percent (Grand Rapids City Planning Department, 1998). Many of the jobs that are available for persons without a college degree are in outlying areas of the central city and require reliable transportation. The

2010 Census Profile showed 1,280 Heartside neighbors were employed and 772 were unemployed (Community Research Institute, 2010).

Method

This study used an exploratory qualitative research design to examine how residents in the Heartside neighborhood have experienced redevelopment efforts and gentrification. The researchers selected the Heartside neighborhood because of a long-standing relationship with social service providers, familiarity with the residents, and the long history of the neighborhood facing redevelopment and gentrification. A convenience sample was used to collect qualitative data from residents in the neighborhood.

Participants were contacted through one of the researcher's connections at a local social service agency and invited to answer questions about their experiences living in the neighborhood and their experiences with the changes. Prior to the interview, participants were given a consent form to sign which outlined the purpose of the research and use of the information. Interviews were held in locations that were convenient for the participant and included a local social service agency and a neighborhood café. Interviews lasted between 20 and 30 minutes. Each interview was recorded and transcribed for coding. Approval was granted by the Human Subjects Review Committee at one of the researcher's campuses and, per protocol, tapes were destroyed following transcription.

Interview questions focused on the participant's thoughts toward neighborhood change, redevelopment efforts, and the impact of these changes on the participant's life. Specific questions included: What types of changes have you seen in the neighborhood? How do you feel about these changes? How have these changes impacted you? Follow up questions were asked to explore answers more in-depth as appropriate. Following the interview residents were given a $10 gift certificate to a local restaurant for their participation.

Participant responses were reviewed to identify common themes. One of the researchers and a student research assistant independently coded the data. A frequency analysis helped determine which codes were most often repeated throughout

the interview transcriptions. Similar codes were grouped and from this, continued analysis common themes were developed. Both researchers reviewed the groupings and common themes. In the final review of the data, content surrounding the remarks by the participants was reviewed and conclusions were drawn.

Limitations

The conclusions drawn here, though carefully reviewed through a process that attempted to minimize subjectivity, are certainly filtered through the researchers' individual perceptions of the changes in the Heartside neighborhood and the experiences of these changes on the residents. In addition, our small sample size of twelve residents may also limit possible generalizations in our findings. We look forward to seeing how future research on neighborhood redevelopment and gentrification supports or clarifies our conclusions.

Results

Participants in this study identified as both male (7) and female (5), representing a wide age range which included two persons in their 20's, two in their 30's, two in their 40's, four in their 50's, and two in their 60's. Participants reported the average length of time living in the neighborhood was just over nine years. Nine of the twelve participants indicated that they were planning to leave the neighborhood soon but did not mention specifics about timing or place of relocation.

The participants in our study relied heavily upon the social services in the neighborhood. Of the twelve participants, four received a renter's subsidy and used this for housing in the neighborhood. Three participants reported staying at the neighborhood shelter and two reported living outside. The remaining three participants reported staying in the neighborhood but did not give specific information about their place of residence. Each of the participants reported being homeless at one point in time while they lived in the Heartside neighborhood. Two of the participants reported current employment—both as artisans. Again, all of the participants repeatedly referenced reliance on neighborhood social services for food and assistance with job training, legal aid, and other support services.

We discovered three broad themes with several subthemes in the data collected. These themes were representative across all participant interviews. These themes included a sense of belonging on the part of the residents, recognition of the changes in the neighborhood, and recognition of restrictions in the neighborhood.

Theme 1: Sense of Belonging

The first broad theme discovered in our research focused on a sense of belonging in the neighborhood. Specific subthemes present in this broad theme included peer relationships, support services available, and an appreciation of changes in the neighborhood.

Comments were made about having peer support in the community (n = 8). Some comments were made about resident peers being "good friends." One female resident (50's) noted, "these people, a lot of these people are homeless, but they care about each other and they stick up for each other and help each other out." This same sentiment was echoed by a younger female resident (30's) who stated,

> (Residents) always tell you where to find food, find new clothes, get new clothes, where to go get an ID if that's what you need … they help, they tell you where to go. It's cool. It's alright. They help you.

Residents also noted that they knew a number of the other residents in the neighborhood. Knowing other residents was not always a positive response but indicated that the residents were familiar with other residents and had established relationships in the neighborhood. More will be shared related to this finding in the theme about restrictions in the neighborhood and perceptions of other residents in the neighborhood.

Numerous comments (n = 20) were made about social services in the neighborhood. The majority of these comments were made about the number of helpful services that were available to all within the neighborhood. A male resident (60's) noted,

> And to see people that are homeless, they are being treated with royalty in Grand Rapids. They don't get

> this kind of treatment in other cities. I've been to other cities and I see the people here get a lot more treatment and care and concern than I've seen in other cities.

Other comments echoed this concern for residents. A female resident in her 50's stated, "I saw where they helped the people get off they feet. I saw them changing the community tryna help the homeless and the people who wanna do something."

Some comments were made about the need for additional services for area residents and a few comments were made about changes noticed in the provision of services. A male resident in his 40's noted, "There is no dental plan for people. I mean, you got Cherry street clinic, it's up the hill. They'll give you a cheaper discount, but you still got to come up with the money somehow." Another male resident (50's) indicated a decline in available services and resources he once accessed,

> With the economy being as bad as it is, and people are losing their homes and losing their jobs, the budget in the downtown area has been squeezed, considerably. So the resources are dwindling. And it used to be that you could get bus tickets, here, at Dégagé Ministries if you help, two hours of work, clean-up outside the building, inside the building, uh. So those resources has dried up, as far as getting the community from point A to point B, whether it's a doctor's appointment, whether it's a job interview, those, those, those programs has pretty much dried up.

Many comments were made by the residents about the positive aspects of the neighborhood (n = 57). Residents noted that they "loved the neighborhood" and it was a "good community" with "good diversity." Residents also were positive about the improvements in the neighborhood, indicating that they "were pleased with the changes" and "the improvements are good." A male resident in his 60's noted,

> Well, the city's been cleaning up, trying to make it a great city … a lot of the original entrepreneurs originate out from the west area of the state. And they are improving on all the landscaping and creating a campus scenery for us to enjoy.

Another male resident in his 40's noted the improvements, stating,

> They're trying the fix up the city, make it look better in this area of town … like they put in these restaurants, the bars, and the Art Prize murals and stuff like that. So, they're trying to improve this area. It does look better than it used to when I first got here.

Finally, a male resident in his 50's also referenced many of the changes that have been made in the neighborhood,

> Ever since last year, with the art prize, there's been a number of new establishments in the downtown area. There's a variety of restaurants in the Monroe Mall area, that cater to all nationalities, all different ethnicities … there's a lot of business in the downtown area that's open to, that cater to the Heartside district. That's a great improvement for the community as well as for the city of Grand Rapids. So I'm happy, I'm content with what I'm seeing in the Dégagé area.

Theme 2: Recognition of Neighborhood Changes

The second broad theme discovered focused on recognition of neighborhood changes. Specific sub-themes within this broad theme included recognition of more events in the neighborhood, improved safety, and the economic impact on the neighborhood.

Many comments were made about the significant number of events (n = 20) being held in the neighborhood. Residents noted that many of these events were "nice events" that "brought more people into the neighborhood." They saw these events as positive activities and noted it felt as though "more was happening." Residents also noted additional events that were being provided for the residents by the service providers. This gave them a sense that the neighborhood had more opportunities both for the visitors and for the residents.

Comments were also made about an increased sense of safety and police presence in the neighborhood (n = 18). This was welcomed by the residents. A female resident in her 50's stated, "They've stepped up the cops quite a lot because we've

had a lot of problem with drug dealers and prostitutes." A male resident in his 40's made a remark similar to this, noting the apparent change in outward drug use,

> I think that a large portion of the drug problem is being minimized a little bit more around here. I don't know why, but I don't notice people outwardly using drugs as much as they used to. But maybe that's just me. It could have something to do with the police … I don't know.

One female resident in her 20's noted the discrepancy between how the police respond when visitors exhibit disrespectful behaviors and when residents do the same stating,

> It's almost like they tell you, deal with it. These people have money, so they are, you know, bringing in money to the community, so it's okay for them to be loud, be obnoxious and to disturb a lot of the people that live down here and are less fortunate.

Some residents stated that other residents "should be locked up" and noted the negative behaviors exhibited by other residents. More information on this theme is noted in the section on restrictions in the neighborhood.

Finally, residents commented frequently (n = 60) on the economic impact of the redevelopment on the neighborhood. Numerous comments were made in regards to rehabbing of buildings, the new businesses, and other investments in the neighborhood. Residents also discussed secondary redevelopment efforts which have occurred, mainly related to new roads, new institutions coming into the area as a result of the efforts, and a general sense of how these efforts are cleaning up the neighborhood. A female resident in her 20's noted,

> Beneficial things that have happened is just bringing a lot of people down and just seeing what's actually down on Heartside. Like the art shows and the galleries … so these people see these things and come down and say oh, let's come back next Sunday. And let's maybe look at the art and buy some stuff.

Another female in her 50's noted how the businesses are investing in the neighborhood, "They've got two new bars on Division, too. And that's a good thing too. Because they serve food, so you've got people from outside coming and investing money." A male in his 40's also commented on the new restaurants stating,

> I'd say a significant change is, like I said, the two very fancy restaurants that are across from my apartment building … a lot of people from the suburbs (go there), and, you know, they dress nice. I don't know if that means they have money, but they dress nice, and they go there.

Finally, a male resident in his 60's discussed the new medical college,

> They're building new colleges for medical. It's going to be one of the greatest medical towns in the, uh, state. Right now, they're in the top of their class. There's going to be a lot of great people coming from the city.

A couple of comments were made about how these redevelopment efforts have brought jobs to the area, but other comments were made about the need for jobs in the neighborhood.

Theme 3: Restrictions in the Neighborhood

The final theme discovered focused on restrictions evident in the neighborhood as a result of the redevelopment efforts. Specific sub-themes present in this broader theme included feelings of being restricted, limited involvement in community events and limited interactions with visitors to the neighborhood, and perceptions of residents currently living in the neighborhood.

A number of resident comments (n = 10) made reference to being restricted in the neighborhood. These responses focused on places where residents were and were not welcome. For example, residents were aware that they were "welcome in the park during the day" but "not welcome in the new bars." One male resident in his 60's gave an example of this. "A buddy of mine says, 'if I had twenty bucks, I'd be across the street

having a beer and getting dinner or whatever.' And you know, it's money that separates, it's money that separates people in society."

He went on to share a story about a restaurant where he once worked:

> And then this one guy came in one time to have dinner, and uh, he wasn't dressed real well and he was Black. And he uh, they uh, I think he was explaining to them that he wanted to sit down and eat and they told him to leave too.

Residents also had negative perceptions about how they were viewed in the neighborhood, with comments such as "people judge" or "we are people too" being shared by the residents. One male resident in his 60's stated, "The store owners, they see a lot of people hanging out and it kind of ruins business. So they'd really like to get rid of it (Dégagé)."

Residents commented (n = 20) on limited involvement in community events and limited interactions with visitors in the neighborhood. Specific responses revolved around visitors not understanding the neighborhood and the residents who live there and as a result being separated from them. A female resident in her 20's stated,

> You'll actually notice when you walk down the street on a Friday night, you'll see upper-class on one side, which is where all the bars and the strips and things like that are, and you will see where the less fortunate are on the other side.

A male resident in his 20's made a similar comment:

> Ninety-nine percent of the people, they'll look at me, and they'll turn up their nose or they'll look at me in my eye directly and then just turn away, which really pisses me off … they turn their heads so they can't see you, or cross over to the other side of the street; ignorant, man.

Residents also noted the visitors to the neighborhood "dress nicely," "have different lifestyles," and "only visit the

neighborhood on the weekends." Some residents, however, did note that they liked the interaction with the visitors to the neighborhood or felt that their presence had no impact on them. A male resident in his 40's explained this:

> People come down here to eat and a lot of the weekends, they come down here to party, and things like that. And the people, the poorer people they just, uh, gather around at the parks and stuff like that. And there's kind of a, there's a division between the two. They don't interact as much. That's the way I see it.

Finally, many comments (n = 57) focused on perceptions of other residents currently living in the neighborhood. These perceptions were overwhelmingly negative and included responses about the prevalence of drug and alcohol use by the residents, crime, prostitution, and numerous statements about residents "needing to clean themselves up" and that "residents hanging out are bad for business." A male resident in his 20's stated, "I'm talking about the homeless population is going to mess that park up. They already, like, that's going to become like really messed up." A male in his 40's also harshly criticized other residents, "A lot of them down here get checks. Disability or mental checks, so. They just take advantage of what they've got. Like food stamps, sell the food stamps. Sell your medications, you know." Finally, a female resident in her 50's also criticized behavior of other residents,

> But, the businesses, some of them, where they got their business at, that's where people hang out … That's real bad for the business. If I'm trying to run a business, I don't want you hanging out at my store unless you're coming in to buy something. Hanging out, no, that's not good.

Discussion

Theme 1: Sense of Belonging

The broad theme of a sense of belonging was not a surprising theme to find in our research. In addition to these qualitative interview findings, both researchers were aware of the strong bonds present among residents in the neighborhood and

the sense of ownership many residents felt about the neighborhood due to the time spent in the neighborhood. This sense of belonging appeared to have come from the strong social service supports in the neighborhood, and the long-standing relationships residents had developed with peers and service providers.

Evident in this theme was the appreciation for the changes taking place in the neighborhood. This concept is an interesting theme to discuss. Perhaps it was because of the strong sense of belonging and identity with the neighborhood that residents felt as though the investment being made in the neighborhood was intended for them. This idea of who the changes are intended for raises a complex issue in neighborhood redevelopment efforts, especially when gentrification is often the standard practice. This complex issue needs further exploration as it relates to the economic and social impact of redevelopment and for whom the benefits are intended. Jacobs (1961/1993) argues that residents (who others might not perceive as successful) are important individuals in neighborhoods. Not only do they fulfill important roles as "a vital part of the web of casual public life," they also can be a stabilizing group within the community as they encounter opportunities for greater financial success in the redeveloped neighborhood (p. 369).

Beyond the macro impact of the roles these individuals play, social workers should also be cognizant of the sense of belonging and neighborhood identification of these residents. This is a strength that can be identified and built upon in our practice. Research on dignity, well-being, and sense of belonging among the homeless and those living in poverty show the significance of attending to this critical issue when serving this client population (Biswas-Diener & Diener, 2006; Hoffman & Coffey, 2008; Miller & Keys, 2001).

Theme 2: Recognition of Neighborhood Changes

Residents were aware of the major changes taking place in the neighborhood and of the impact of these redevelopment efforts. They spoke about these activities in a positive sense, with the exception of one police interaction and the need for additional jobs. Residents seemed to have a sense of pride in the changes and how the efforts were beautifying the neighborhood. They also spoke from a sense of pride when

they discussed additional businesses and institutions that were moving into the neighborhood as a result of the continued redevelopment efforts. While many residents experienced some level of restriction in the neighborhood, which will be discussed in the next section, this did not seem to translate into additional patterns of concerns related to their place in the neighborhood.

Social workers should be mindful of this sense of pride and belonging noted by the residents in the neighborhood. Along with other researchers (Miller & Keys, 2001; Perkins, Wandersman, Rich, & Taylor, 1993), service providers in the Heartside neighborhood recognize the important intersection of personal dignity and environment by planning regularly scheduled community events for the residents. These events include monthly birthday celebrations and television sport watching parties and are held in local parks and other venues in the neighborhood. Beyond these opportunities to honor individual dignity and worth and build community, social workers should seek appropriate opportunities to give residents a voice within redeveloping neighborhoods. Zukin (2010) describes authenticity as a "tool of power" that can be used to change the culture and tastes of a community. She describes how this change moves "longtime residents outside their comfort zone" (pp. 3-4). Social workers can play an important role in working with neighborhoods and residents who may be experiencing the impact of these changes by advocating for the residents and the key elements within the neighborhood that contribute to their sense of place and belonging.

Theme 3: Restrictions in the Neighborhood

While no clear pattern of additional concerns about their place in the neighborhood was evident, residents did note several areas where they felt restricted through the neighborhood redevelopment efforts. These comments were not expressed in anger but were presented as a basic reality. Research shows that often in the redevelopment process, neighborhood and homeless residents are viewed negatively. Farrell (2005), in his review of the literature over the last two decades on homelessness and neighborhood disorder, noted numerous studies which both directly and indirectly speak of homeless individuals in relation to urban disorder.

It was also interesting to hear the number of comments about negative behavior of other residents. Residents who participated in the interviews clearly distinguished themselves from other residents who exhibited negative behavior. Some of the negative behavior mentioned included drug and alcohol use, crime, prostitution, taking advantage of others, fighting, and not showing respect. These residents were also clear that residents with negative behavior were having a negative impact on the neighborhood.

Social workers recognize the challenges described by the residents and are encouraged to work with residents on their individual threatening behaviors, while helping them understand how their actions affect a neighborhood and sense of community. In addition, social workers are challenged to work with residents, such as those interviewed, to see the common good, dignity and worth of all who live in the Heartside neighborhood. Researchers (Hoffman & Coffey, 2008; Miller & Keys, 2001) specifically note the significant role that a sense of dignity plays alongside the provision of basic human services. Social workers can lead in this way, given our values and training in recognizing the inherent dignity and worth of all.

Recommendations for Future Research

Because the Heartside neighborhood has many nonprofit service providers, additional research should explore the perceptions of agency leaders and social workers on gentrification in the Heartside neighborhood to see if they have similar responses to the experience of change as the residents. Kissane & Gingerich (2004) explored similarities and differences between perceptions of nonprofit directors and residents about the local neighborhood context. Their findings noted a number of differences related to perceptions, particularly related to the neighborhood context and on social services to add in the neighborhood. These questions and continued exploration of issues related to neighborhood redevelopment efforts and the impact this has on residents should be explored in our professional literature as we work for "authentic" neighborhoods which honor and celebrate diversity.

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Latino Migration to Protestantism: A Historical, Socio-cultural, Ecclesiastical Analysis

Larry Ortiz

Department of Social Work and Social Ecology
Loma Linda University

The "browning of America" in the 21st century has brought about many social changes within the heterogeneous group known as Latinos and among the general U.S. population and its other ethnic groups. One notable change is religious preferences among recent immigrants and second and third generation Latinos in favor of Protestantism. Although Latinos have for many years had a limited presence among Protestant groups, over the last decade or two there has occurred a significant defection from the Roman Catholic Church to evangelicalism in particular. The implications of this are quite unknown to social workers and social scientists but are slowly unraveling in light of this organic social trend. This paper examines this social phenomenon through cultural, historical, sociological and ecclesiastical lenses and argues for an understanding of this trend from an anti-essentialist position rooted in an intersectionality perspective.

Key words: *Latino Protestants; Latino church; Latino political preferences; immigration;*

A drive through most any rural town or urban area throughout the United States will reveal the clear signs of what Richard Rodriguez (2002) termed the *Browning of America.* Whether the area be small rural towns such as Mt. Olive, North Carolina, or famous urban enclaves such as Compton, California, one will most certainly observe the growth and presence of businesses such as *restaurantes*, *tiendaes*, and *carnicerias* that cater to Latinos. Dotting the landscape one also finds *Iglesias,* not just traditionally Roman Catholic, but increasingly a wide range of Protestant ones, from Baptist to Pentecostal to mainline churches that now have immigrant Spanish-speaking congregations that replace older Anglo congregations that have long

since either died off or moved to more affluent areas of the communities. These churches are bustling centers of activities which are open and operating most days of the week that not only include worship, praise, and Bible study, but offer other services catering to community needs.

Latinos are gravitating to Protestant faiths and away from the Roman Catholic Church (the Church) at high rates. This religious movement and population growth are simultaneous social trends. The Pew Hispanic Center (2011), citing 2010 census data, summarizes the growth of Hispanics in the United States at 50.5 million, or 16.3 percent of the population; this number does not include the estimated 11.9 million (Pew Hispanic Center, 2008) unauthorized immigrants. Combining both those counted and the estimated uncounted number of undocumented residents places approximations of the Hispanic population at over 61 million. While published reports indicate Latino population density as highest in five southwestern states—California, New Mexico, Arizona, Colorado, and Texas—four other states—Florida, Illinois, New Jersey and New York—continue to have large long-standing Latino communities. However, eight southern states experienced a triple-digit increase in the Latino population since the 2000 census. In order of growth they are: South Carolina, Alabama, Tennessee, Kentucky, Arkansas, North Carolina, Maryland, and Mississippi (Pew Hispanic Center, 2011), with the largest Latino growth concentrated in small towns of the rural south (Ames, Hancock, & Behnke, 2011).

While the Latino population is growing, the movement in religious faiths is in part, but not entirely, related to population growth. Latinos remain Catholic in large numbers. The Pew Forum (2007) stated that 68% of Latinos identify themselves as Catholic. In addition, while their numbers on the Church's membership rolls will continue to be high and over the decades account for white and other racial group membership losses, Latinos are also leaving the Church in record numbers. Current estimates of Latino defections from the Church are at 600,000 annually (Espinosa, 2007a; Vasquez, 1999). Espinosa is quoted in the Economist (2009) as saying "that for every one (Latino) who comes back to the Catholic Church, four leave it" (p. 31). The Pew Forum (2007) found that 20 % of Latino respondents surveyed in their study (n = 4600) identified as Protestants,

of which 75% reported they were born again or evangelical Protestants (5); hence falling into such denominational categories as Pentecostals, Baptists, and non-denominational Bible churches. Mainline faiths, (e.g., Presbyterian, Methodist, and Lutheran) are well represented among Latino religious growth, but not at the same rate of expansion as evangelicals. Not included in this number are other Christian groups (e.g., Church of the Latter Day Saints and Jehovah Witnesses), which reflect another 3% of the non-Catholic Latino population. This shift in religious affiliations is not confined to the United States, but has been on the horizon in Central and South America for longer than two decades (Maduro, 2004; Vasquez, 1999). Immigrants alone do not account for this trend in religious observances; rather, second and third generation Latinos are also filling the pews of Protestant churches (Pew Forum Hispanic Trends Project, 2007)—many of them favoring the infusion of culture and language in the services, even among those who are monolingual English Latinos.

Why, then, is this social movement important for social workers? There are several reasons. Religion and spirituality are an integral part of Latino culture and life. Only 8% of Latinos responding in the Pew survey (2007) reported they were wholly secular as compared to 20% of the U.S. White population (Pew Research Center's Religion and Public Life Project, 2012). Unlike the strict separation of public and private life (with religion considered a part of the private life) that is embedded in Euro-American culture, the same is not true in Latino cultures. Mestizos, the racial group befitting most Latinos, are a new people born out of two cultures and races, Indigenous and European typically Spanish, hence their histories are not given to strict dichotomies or categorizations. As "both-and people" Mestizo ways of knowing have a rhythm not confined by artificial distinctions of the secular and the sacred (Elizondo, 1995; Gonzales, 2002; Goizueta, 1995). Therefore, the sacred and the secular, the physical and the spiritual are not dichotomized, but are integrated throughout the lived experience. Social workers would do well to be cognizant of the notion that while a Latino might be inclined to accept a scientifically based theoretical explanation of an event, they may also very well not foreclose on a supernatural explanation. Social workers seriously committed to engaging in culturally

appropriate services with Latinos need to fully understand this aspect of cultural life and be willing to work with it. It is also important to consider that similar to the African American experience of civil rights, which was birthed and nurtured in the church, so, too, there is a tradition for empowerment and social transformational movements in the Latino community (Espinosa, 2007a). Examples from Mexico, Central and South America and the United States of revolution or social movements that were based in the church or with church blessings reach back to Emiliano Zapata and the Mexican Revolution. However, most notably the liberation theology movement, a largely South American movement of the 50s and 60s, gained visibility and popularity with large segments of populations in Latin America in the 70s. It is founded on the premise of

> reject[ing] the separation between spirituality and worldliness, the supposed apolitical character of the Church…[which was] supporting the status quo and hence the wealthy…[and, advanced the idea]…that the Kingdom of God could be established here on earth by trying to accomplish social justice and fighting poverty. (Gooren, 2002, p. 29)

In recent decades Popes John Paul II and Benedict XVI sought to stomp out the movement, however, it is once again receiving credible visibility in the Vatican by Pope Francis (Speciale, 2013).

Also in Central and South America the Christian Base Communities movement, or *Communidades Eclesial de Base* (CEBs), fueled the Nicaraguan revolution in the 1970s and 1980s. Cristian Base Communities were small groups dedicated to faith, self-help and mutual aid by alleviating poverty and fatalism and seeking justice through their reading of Scripture into their common plight. Estimates of the size of these groups ranged from 5 to 75 members with the groups numbering in the hundreds and thousands in the northern regions of South America and throughout Central America (Anderson, 1988; Gooren, 2002; McWhirter, McWhirter, & McWhirter, 1988). Originally Catholic in nature, and a form of liberation theology praxis, Protestant CEBs also flourished.

In the United States, Cesar Chavez and the United Farm

Workers in the 1960s and 1970s received blessings and support from not only the Catholic Church but more progressive Protestant groups, too. And, in the early part of the 21st Century, interfaith coalitions of Catholic and Protestant groups emerged, demanding immigration reform and protesting racist anti-immigration laws. This rich history, along with spiritual and/or faith evolution, are a part of an emerging Latino/a theology with a hermeneutic, according to Gonzales (2002, p. 63) organized around themes that embrace the importance of the social context; the rich mixture of race and culture in the reality of the *mestizaje/mulatez*; expressions of faith through popular religion; *lo cotidiano*, or the living of faith in the everyday as the personal and political and the sacred and secular; and the importance of praxis in action based on reflection. Gonzales's analysis points to an emerging theology that is rooted in race and culture and integrated into the everyday life encounters of a people. Lorentzen and Mira (2005) echo Gonzales's concept of *lo cotidiano* in the Latino Pentecostal doctrine as creating an understanding of how faith informs everyday life for Latinos, many of whom view themselves as sojourners in a foreign land and immigrants as exiles from their culture and country.

The following is a review of a wide range of literature from the social sciences, religious studies, and church history, augmented by anecdotal observations of two small Latino congregations in a large metropolitan area in the Southwest. These observations, although not systematic, often confirmed the findings in literature and provide examples of Latino/a praxis theology. By examining this literature, the intention is to create both a context for understanding this social movement among Latinos and also to encourage the imagination of how social workers can become more fully engaged in culturally and contextually appropriate services to Latinos. This author suggests that working with new and emerging populations requires not only creative but also culturally and contextually appropriate social work practice that is on the cutting edge of finding new ways to meet these groups where they are by listening to and entering into their narratives and embracing the strengths within the cultural communities. This author is not convinced that we, as social workers, really know the full potential of the burgeoning Latino community. Neither do we necessarily know how to meet their existing and emerging needs. One

certainty, though, is that providing culturally and contextually appropriate service to Latinos will require us to understand religion and spirituality as an integral part of Latino life. Such understanding holds much promise for effective social work engagement, with the potential for partnerships with Latinos that is essential for responding, solving, and managing problems and crisis in their communities.

To this end, the paper provides a short historical and contemporary overview of Latino Protestantism in México and in Central and South America, along with an overview of Latino worship and the impact it appears to be making in U.S. congregations. Then, the literature is organized around exploring the functions of Latino Protestantism, focusing on three themes: spirituality, the re-creation of family and community, and a site for social capital development.

Historical and Contemporary Contexts

One of the intriguing questions about this social movement is whether it has been influenced by economic and cultural shifts (Tangenberg, 2007; Vasquez, 1999). As México and countries in Central and South America have become increasingly developed with an emerging middle class both locally and in the U.S., and as the world has entered into a globalized economy, one might ask: are we witnessing a "Latinoization" of Max Weber's sociological analysis of late nineteenth and early twentieth century Europe? This is possible, but there are also important differences between Weber's (1956) analysis of nineteenth-century Europe as discussed in *The Protestant Ethic and the Spirit of Capitalism* and contemporary Latin America. Certainly the timing of an emerging middle class and a move away from an agrarian communally-based culture to an urban culture, along with mass out-immigration from both community and country, present an intriguing parallel between late nineteenth-century Europe and late twentieth and early twenty-first century Central America and México.

Weber observed that the growth of a middle class created by industrialization lent itself to the development of liberal capitalism whereby work was motivated by the concept of calling, which made work a sacred duty, the accumulation of material wealth, a symbol of God's election of the person

and the concept of predestination. In Calvinist doctrine, one could not change his/her celestial fate (as was the case in Catholicism); neither could one know for sure one's election. But, God's abundance was a clue, because God certainly would not permit a "saved" person to be poor in earthly life. Weber labeled this the Protestant Ethic, which benefited the capitalist system by creating hard workers eager to show their favor with God through labor and accumulation. Protestants in nineteenth-century Europe and the United States made for a compliant workforce committed to proving their worthiness to both God and their human employers. This gave rise to a laissez-faire capitalism that focused more on personal responsibility and individual rights rather than on communal good.

Notwithstanding the similarities in Latin America and among Latinos immigrating to the United States, there are dissimilarities as well. For example, there are doctrinal differences. Weber's observations were primarily Calvinist with its distinctive tenet of unconditional election (meaning God extends mercy to those who are chosen, while withholding mercy from those not chosen) as a main motive for working hard while pursuing prosperity. This is not the same in contemporary Latino Protestantism, which is often rooted in a Pentecostal-type doctrine that emphasizes free agency, individual salvation open to all, and the manifestation of spiritual gifts, without the Calvinistic tenet of election and belief in the accumulation of personal prosperity as a symbol of God's favor.

Even with both the parallels and disconnects of Weber's theory to the contemporary Latino experience, little work has been done to explain capitalism and religious belief, with the exception of an intriguing study by Anthony Gill (2004). Gill used survey analysis from the 1990 World Values Survey from four Central and South American countries to test various Weberian assumptions of attitudes toward liberal capitalism and religious beliefs. He was unable to support his hypotheses of linking liberal attitudes with Protestant beliefs. However, Gill's study is intriguing and provides a plausible interpretation for the presence of a certain set of religious tenets which support a more liberal society that is consumer oriented, with individualistic and personal-responsibility leanings, characteristics essential to a capitalist economy functioning smoothly. This relationship remains a thoughtful subject worthy of

further discussion and analysis.

Apart from the economic analysis, historically there has also been for some time a small but visible number of Latino Protestants in both Central and South America, in Mexico, and in the United States (Freston, 1998). There seem to have been waves of mass Protestant conversions occurring at various times throughout the twentieth century. Freston (1998) charts the rise of Protestantism, especially Pentecostalism, within the Spanish-speaking Americas after the 1906 revival in Los Angeles. He cites large and significant growth in Brazil, the Andes region, and later in Chile. Espinosa (1999, p. 598) identifies an early movement led by Francisco Olazábal,

> as a major catalyst in this shift towards religious pluralism in the early twentieth century. He (Olazábal) not only contributed to the birth and development of at least ten mainline Protestant and Pentecostal denominations by 1937, he had also converted tens of thousands of Latinos throughout the U.S., Mexico, and Puerto Rico to the Pentecostal movement during his more than thirty year ministry.

Vasquez (1999) reports a noticeable increase in Protestants in Brazil, Chile, and Mexico in the 1950s during a period of uneven economic expansion, and a large Protestant presence occurred in Latin America in the 1970s during a time of economic, social, and political upheaval. Maduro (2004, p. 224) suggests that U.S. imperialism merits consideration in any conversation of religion in Latin America: "for over 30 years… U.S. policies have included funding, isolating, favoring, or persecuting and eliminating religious groups and leaders depending on their potential for U.S. interests." Imperial meddling by the United States is most notable in the last quarter of the twentieth century with the assassinations of liberation theology leaders, priests, seminarians and lay leaders throughout the Central and South American continents, most notably Archbishop Oscar Romero. At the same time, the CIA used a variety of strategies to prop up, protect, and support homegrown dictators such as the Guatemalan General Rios Monnt, a Pentecostal preacher. The complicity of the Church with the United States in these colonial activities is not lost

among Latinos. Protestantism provides its members with a break from colonialism by offering a more democratic organization with greater participation in church governance, as well as a personal relationship with God through Jesus Christ. The sum result is the steady growth of Protestants in Latin America and among Latinos heading north; they identified with a new way of life, viewed the Church as an agent of repression and a champion of the "old ways," and/or they saw Protestantism as a form of resistance to imperialism and colonialism.

Latinos have been most notably present in the Pentecostal movement since its inception in the early decades of the twentieth century in Los Angeles (Ramirez, 1999; Sanchez-Walsh, cited in Tippet, 2011; Vasquez, 1999). Born out of the Azuza Street Revival in Los Angeles from 1906-1909 (Tangenberg, 2007) Pentecostalism as a movement was quite unlike any other form of Christian faith in America in both its form and substance. In substance, Pentecostalism emphasizes being born of the Spirit as evidenced by a manifestation of spiritual gifts, living a spiritually-guided and filled life, and awaiting the Second Coming of Christ. In form, it is a faith that stresses caring and support for each other and reaches out to all people regardless of "ethnic, socio-economic and gender diversity" (Tangenberg, 2007, p. 231). The movement was born in the spirit of diversity. Tangenberg explains that the early Pentecostal movement "emphasized the presence of Divine love in meetings where the color line was washed away by the blood [of Christ]" (p. 231). Espinosa (2007b) reports that 64% of contemporary Latino Protestants identify themselves as Pentecostal or Charismatic (p. 29).

Latinos played an integral role in the Pentecostal movement that took the country by storm in the early twentieth century. However, for Latinos, and Mexicans in particular, the country is not confined to politically arbitrary borders—as many regard the border as a mere inconvenience. Consequently, this new form of Christianity spread rapidly throughout the Southwest and into northern Mexico (Vasquez, 1999). As Pentecostalism entered a phase of greater institutional acceptance in American Christianity, it attempted to become more mainstream and to reconcile ethnic differences (Tangenberg, 2007). According to Vasquez (1999), this period of mainstream acceptance placed

the Mexican contingent especially in a marginalized role, primarily because they were often viewed as wetbacks who maintained a strong cultural-political frame of mind that was out of step with American politics. Ramirez (1999) characterizes Latino Pentecostalism in its early form as following a theological praxis based on a higher calling of scriptural application to political issues, especially immigration. This theological praxis seems to still hold true. Latino evangelical Protestants seem to hold more nuanced views on social issues as compared to their White counterparts. On social issues such as casual and premarital sex, abortion on demand and gay marriage, Evangelical Latinos tend toward conservative views, but on issues such as immigration, education, the death penalty, and women's roles in the church, this same group takes a politically more liberal position (Bartkowski, Ramos-Wada, Ellison, & Acevedo, 2012; Ellison, Acevedo, Ramos-Wada, 2011; Ellison, Wolfinger, & Ramos-Wada, 2013; Espinosa, 2008). While the White Pentecostal church gravitated toward mainstream American culture and became identified with consumerism, social conservatism, and an ally of the Republican Party, the Latino Pentecostal church has followed a different course, voting in large numbers for Democratic candidates in state and national elections over the last two decades. Lorentzen and Mira (2005) characterize Latino Pentecostal doctrine as fundamentally true to literal interpretations of scripture, becoming instead anti-consumerist (anti-idolatry), diasporic in nature, and living the holy life. Gonzales (2002) refers to this as *la vida contidiana*, living a life informed by scriptures.

Besides the break from colonialism, Pentecostalism's overarching appeal to Latinos may lie in its links to indigenous roots. Mestizo ways of viewing the world include respect, reverence, and participation with the supernatural. The close proximity of the natural and spiritual worlds is a part of the Latino culture. Hence, emphasis on being Spirit-filled through the impartation of spiritual gifts, evidenced in speaking in tongues, prophesies, healing, and other miracles, fits naturally into Latino culture, as it manifests syncretist or hybrid appeal (Maduro, 2004; Pew, 2007; Tangenberg, 2007). This experiential expression transcends Pentecostalism and is also clearly evident in the Renewalist movement, which, regardless of denomination, seems to define Latino Christianity. Renewalism

is characterized by a belief in the day-to-day presence of God through the work of the Holy Spirit; God's presence is manifest through personal transformations, such as receiving spiritual gifts, revelations, healings, miracles, and special blessings (Pew, 2007). Latino Christians overwhelmingly identify with this set of beliefs (Espinosa, 2007b; Pew, 2007; "Separated Brothers," 2009). In the Pew (2007) survey, Hispanic Catholics 54% and Protestants 57% identified themselves as either Renewalist or Charismatic (terms often used interchangeably).

As noted earlier, historical political failures, as well as the Church's role in colonialism, may be one reason why Latinos are leaving. Throughout Latin America and Mexico, the Church has served as the arm of social control with its paternalistic, hierarchal, detached role in the everyday life of Latinos. According to Espinosa (2007a), part of the explanation for Latino disaffection with the Church is due to sanctioning or failure to speak up against a number of apparently gross violations of humanity that include: (1) maintaining corrupt and cruel governments; (2) oppressing movements such as Christian Base Communities and liberation theology; (3) sustaining cruel dictators; and (4) failing to hold the United States accountable for rampant Mexican-American War treaty violations. Only in recent years has the U.S. Roman Catholic Church taken a stand on important social justice issues, most notably in their support of César Chavez and the UFW, and recently in the struggle for immigration rights and reform in this century (Espinosa, 2007a).

Beyond politics, the Church has seemingly been unable to keep up with the growing and changing nature of Latin American and Latino life. There are at least four examples of this from the literature. In regard to the U.S. Roman Catholic Church, Pineda (2007) identifies that: (1) there are simply not enough parishes equipped to minister to the growing Latino population, and, therefore, Latinos find that they are marginalized by the Church; (2) there are fewer and fewer Spanish-speaking priests to cover increasingly growing demands; (3) as the Church has attempted to meet the need for Spanish speaking priests, they have tended to import them from other parts of the Spanish speaking world, at the cost of "cultural incompetency" to deal with Latinos; and, (4) that Catholicism has historically been associated with hierarchical and

patriarchal systems that are quickly outmoded as Latinos have migrated and have entered the middle class (Vasquez, 1999). Protestantism, on the other hand, allows not only for greater levels of participation in the day-to-day life and leadership of the church but also for increased democratization of church decisions.

Latino migration from the Church is historically rooted and reflects changing economic and social trends. Colonialism, participatory forms of church governance, shifting economic structures that contribute to a growing middle class, and a new form of worship are all factors at play in this social trend. Tangenberg (2007), speaking of Pentecostalism, states that "its highly experiential, exuberant worship style, attention to the lived experience, and potential to bridge agrarian and industrialized economic structures" (p. 235) presents a viable option for Latino immigrants. In sum, these factors serve as historical antecedents and experiences that contribute to the explanation of Latino movement into the Protestant church.

Functions at the Heart of the Movement

Historical, political, economic, and cultural trends are important, but any social movement must also capture the imagination of the heart. Three "heart" matters are explored in this section. First is the spiritual function: What are Latinos experiencing in these churches that is fulfilling to them spiritually? Second is the idea that these sites are the center of the re-creation of family and community lost through migration and assimilation: In what ways does the Protestant church organize itself to create the families and communities that have been lost in the process of immigrating from a communal to an individualistic culture? Third is how the Protestant churches are a site for developing social and human capital in the Latino community. In the literature reviewed for this project, there are a wide variety of church functions and programs that develop both member and community capacities.

Each of these three functions are interrelated. Where one conceptually leaves off, the next picks up, and in most cases overlaps with another. The author recognizes this and notes that to some extent categorization is an inexact exercise because, in reality, there are common threads that run through all three, especially as experienced by Latino church members.

Spiritual: Personal and Participation

A personal relationship with God is the foremost reported reason for joining Protestant congregations (Pew, 2007). As noted earlier, however, most Latinos, even those still in the Church, seek a more embodied religious experience that recognizes the day-to-day presence of God in the world, as well as direct revelation through the reception of spiritual gifts. Their connecting to the mystical, the supernatural, is a cultural experience that is ingrained in the indigenous myths of the peoples from whom Latinos descended. For centuries, as Latinos were colonized into Catholicism, these spiritual encounters lay outside the doctrine of the Church but never outside of the culture, as evidenced by folk healers, *curandera/os* and other gifted persons who often preformed spiritual rituals alongside but outside the purview of the Catholic Church. Although the substance of the myth is different, the form—direct participation in the supernatural—is in many ways similar for modern Latino Christians. Healing for the body, soul, and mind is a major component not only in the Pentecostal tradition but also in some mainline denominations that have adapted to serve Latinos ("Separated Brothers," 2009). For example, in one church this author frequently observes, a more than a century-old Presbyterian church that historically served a "well-heeled" Anglo congregation, which has long since died out or headed to the suburbs of this large southwestern city, has been transformed into a fully bilingual, multicultural church. In its present embodiment, it regularly offers healing services during its weekly worship (a not-so-typical practice of this denomination's worship). In addition, it has established a healing center that offers free and sliding-scale, bilingual, traditional and complementary healing and preventive care, such as acupuncture, massage, Reiki, yoga, healing dance, nutritional counseling, individual and family counseling (narrative therapy), along with a parish nurse and food distribution.

Through their personal relationship with God, peoples' lives are transformed (Flores, 2009; Lorentzen & Mira, 2005; Marquardt, 2005; Tangenberg, 2007), as some find a new sense of direction, purpose, and meaning. While some have been saved from a life of gangs, substance abuse, and crime (Flores, 2009), women, in particular, are not saved *from* but

for something much larger—the world of possibilities that transcends culturally-defined gender roles ("Separated Brothers," 2009; Lorentzen & Mira, 2005; Maduro, 2004; Marquardt, 2005; Tangenberg, 2007). Women of Latino descent in many Protestant congregations have found a place to receive and exercise spiritual gifts that place them in positions of leadership that they never dreamed possible and which are beyond the expectations for Latinas in their social location.

Latinos migrating to Protestant churches have also encountered an increased opportunity to participate in the polity of the church (Marquardt, 2005; Vasquez, 1999). The Church, with its hierarchical and male leadership structure, mostly precludes input from parishioners on important issues of church governance. Therefore, leadership possibilities and participation in the democratic decisions of the Protestant churches marks a very significant departure from the experience in the Church. In turn, this opportunity provides Latino congregants with an important opportunity to participate and develop leadership skills, as well as an entry to civic life engagement.

Re-creation of Family and Community

Vasquez (1999) warns against a strict Durkhemian view of the growth of Pentecostal and Protestant churches among Latinos as a response to anomie. This author agrees that such an analysis is too reductionist and connotes a certain degree of social pathology. Yet, there is plenty of room for discussion regarding the social functions these congregations play in terms of restoring the family and community that have been lost through migration. This is true for all generations of Latino immigrants, as evidenced in Pew's (2007) research findings that not only recent immigrants, but also those who no longer speak Spanish, are migrating to Protestant churches that offer a Hispanic ambience in the liturgy and language. Flores (2009) reported finding that this was true of the mostly second and third generation Latinos in the churches observed in his study, and Ames et al. (2011) cite that 29% of third generation Latinos identify as Protestants. These findings are not surprising, considering that second and third generation Latinos may be considered the lost generations, the sons and daughters of immigrants who no longer carry the immigrant dream of a better life once held by their parents. Those of the second and

third generations often encounter downward mobility and become involved with gangs, drugs, and crime. These are the first to encounter the full break from the protective factors of a communal culture and are exposed to the harsh realities of American culture with its structural racism, subordination of the marginalized, consumerism, and unbridled individualism. What these churches provide are what Ramos (2004) called a "powerful Latino ambiance" that makes parishioners feel like they are at home in their country (p. 479), and what Ames et al. (2011) identify as a culturally-oriented support system that has been ruptured through immigration. This seems to be as important for immigrants as it is for those in the "1.5 generation," or U.S.-born and raised Latinos.

Churches often take on the role of recreating a sense of connection lost due to communities destroyed by civil wars, the economic ravages brought on by NAFTA, and family dislocation resulting from migration. They "reaffirm cultural roots and old patterns of sociability against the fragmentation and rootlessness of dominant Anglo civilization" (Vasquez, 1999, p. 621). Latinos of the second and third generation have often lost this connection to communal culture, as they have experienced various degrees of acculturation into the U.S. Immigration has come with a steep price; there is evidence in a wide range of literature that second and third generations are at higher levels of risk for mental health problems (Jani, Ortiz, & Aranda, 2009), chronic substance abuse, PTSD (Sanchez, Ortiz & Rosas-Baines, 2013), and downward mobility because of oppositional group behavior (Flores, 2009). It is hypothesized that the protective factors of family and communal culture have been stripped away by the social fragmentation of American life, and that social marginalization and exclusion in the form of racism, discrimination, microaggressions, microinvalidations (subtle and not-so-subtle comments and behaviors based on popular stereotypes and essentialist beliefs) serve to reinforce the social location of Latinos in this country (Ortiz & Jani, 2010), and anti-Hispanic sentiment in the media have resulted in a lost generation of Latinos. Flores (2009) observed that church leaders who mentored younger congregants served as a source of accountability, especially around the development of occupational goals and the fulfillment of spousal and parental roles. In many of these cases, the younger generation

congregants were successful in reversing downward social mobility. The church in this sense is a village of older adults mentoring and supporting young people as they struggle to find their way.

Maduro (2004) refers to this function as an opportunity to become "somebody" in a family, while living in a society in which Latinos are largely invisible, marginalized, and increasingly reviled by politicians and the media. Those who toil as gardeners, kitchen help, and hotel maids by day and often work two and three jobs, are able at night or on weekends to walk through the doors of a church and instantly be a member, and perhaps a leader, of a church family situated in a much larger welcoming ethnic community. There, they are somebody (Flores, 2009; Lorentzen & Mira, 2005; Maduro, 2004). The power of this experience cannot be underestimated.

Another small Pentecostal church, which the author frequently observes, is located in a port city and offers a unique example of the re-creation of community. About twenty-five years ago, the pastor, originally from a small agrarian community southwest of Mexico City began to notice that many in his congregation were leaving to find work in the United States, most of whom were settling in or around this port town. Taking a temporary leave from his church, the pastor headed to *el norte* and established a church in the port city along with many of the congregants from the original church in Mexico. Church members from the original congregation in Mexico, now living nearby, began to buy and rent houses in the area around this new church, creating a welcoming and supportive community for themselves and new arrivals. The congregation that now numbers in the hundreds has literally transported much of the original Mexican community to the port city in the U.S. Migrants from the town in rural Mexico now have a place to land, and they not only connect with neighbors, friends, and relatives but also find work, health care, and housing. As will be discussed later, the town in Mexico now has a source of revenue through remittances, which has helped it survive the economic, social, and human capital drain on the community brought about by NAFTA and other trade agreement policies.

Social Capital: Resisting the Master Narrative

Coleman (1988) states that "social capital … comes about

through … relations among persons that facilitate action" (p. 200)—often in the form of improving human capital. Putnam (2000) submits that churches play an important function in the development of social capital. The sparse literature on Latino migration to Protestant churches offers many examples of social capital that result in life-enhancing opportunities for church members. In this instance, a sense of community, support, and personal development seem to converge in these churches and provide opportunities for members that might not otherwise be available to them (Williams & Loret de Mola, 2007). Several examples follow that suggest that the social capital in these churches produces human capital that in some ways is a form of resistance to laws, culture, stereotype, poor educational opportunities, racial discrimination, and forces of downward mobility that challenge the dominant culture's master narrative of Latinos.

Resistance to repressive immigration laws is rooted especially in a form of Pentecostalism known as the Apostolic tradition. Ramirez (1999) writes that Apostolic congregations have served as a port of entry for thousands upon thousands of undocumented workers seeking economic asylum, of families seeking to be reunited, and of others looking for new opportunities. All this is done outside the political purview, as most churches do not want to draw attention. There is no fanfare, nor do they have doctrinal statements that undergird these actions. They simply and literally follow the Mathew 25 parable of the sheep and the goats, wherein Jesus said "whatever you did for one of the least of these brothers and sisters of mine, you did for me" (v. 40). Ramirez (1999) refers to this as "borderland praxis" (p. 573) and further states: "for Apostolics, and many other Mexican and Mexican Americans, the southwestern United States, and northern Mexico continued to constitute a 'single cultural province' one in which people *migrated*—not *immigrated*" (p. 584).

This author observed examples of this praxis in both the Pentecostal port city church and the metropolitan Presbyterian Church (identified earlier). In the former instance, a family that has long-standing ties to the church had a relative in México in need of urgent health care only available in the U.S. Collectively, the church worked with the family to hire a *coyote,*

a guide who provides direction and assistance in crossing the border (although once considered a time honored profession there is increasing evidence the craft is being replaced by gang members engaged in human trafficking), to bring the wheelchair-bound man across the border. The initial attempt went bad, and the *coyote* disappeared with their $5000. After they raised more money, the next attempt was successful. The man is now receiving much-needed health care to sustain his life.

In the later instance, the minister shared with the author that one of the male members of the church had been arrested by Immigration and Customs Enforcement (ICE) and deported. His distraught wife called the pastor asking for financial support so the family could be reunited. The pastor discussed the request with the deacon board, which located the needed money from their budget. The pastor traveled to the border where the man had been deported, located him in México, helped him make necessary contacts, and left him with the money needed to get across the border. A few weeks later, at Thanksgiving, this writer witnessed the praises and thanks exhibited by this family for being reunited. This church also participates in the formal sanctuary movement. They converted unused space in their voluminous building into an apartment for a member who refused to obey deportation orders because that would require her to abandon her state-side born high school age daughter. This family lived in sanctuary for five years in the church.

In recent years, some Latino Protestant churches that had been on the sidelines politically, mobilized to protest repressive U.S. immigration laws. Beyerlein, Sikkink, and Hernandez (2008), and Espinosa (2007) report that the immigration issue in the United States galvanized an alliance between the Church, led by Cardinal Roger Mahoney, and the National Hispanic Christian Leadership Conference that drew on local Latino Protestant churches to advocate for more humane immigration policies and laws. This type of movement, often mobilized through the use of electronic media (Beyerlein et al., 2008) is a first, and, although it has not been successful in curbing the anti-immigrant rhetoric in the United States nor in passing immigration reform, the movement, along with subsequent voting patterns in 2006 and 2008, placed Republicans on notice

that they no longer can count on the evangelical Latino vote in the same way conservatives have depended on the allegiance of White evangelicals (Espinosa, 1999; Gallegos, 2008; Kelly & Morgan, 2008; Lee & Pachon, 2007). Lorentzen and Mira (2005) provide an account of a small Pentecostal church they studied during the 2000 presidential campaign. Although the church leadership was inclined to support the Republican agenda because of "moral issues," they ultimately decided that those who could vote would support the Democratic candidate because of immigration issues and the party's position on policies toward the needy (p. 65), issues they found were compatible with the teachings of Christ.The Latino voter, regardless of religious or political identity, is largely supportive of humane and just immigration reform.

Throughout its history, Pentecostalism has given women opportunities not usually available in other Christian denominations, and certainly not in the RCC (Sanchez-Walsh, cited in Tippet, 2011; Tangenberg, 2007). Aimee Semple McPherson, an early evangelist and leader in the Pentecostal movement, serves as a pioneer role model for many women today, especially in Latin America (Sanchez-Walsh, cited in Tippet, 2011). McPherson demonstrated that a calling was sufficient for women to serve the church in a wide range of roles. Tangenberg (2007) asserts that for women in the Pentecostal church "religious communities facilitated empowerment by creating opportunities for free expression and social respect based on demonstration of spiritual gifts…[thus] transforming the master narrative" (p. 233). Although this transformation did not always carry over into all aspects of church life or even into the community, the undeniable spiritual gifts always served to give women a respectable, unyielding role in the church that was not based solely on gender. Through these opportunities, women have had a chance to become literate, develop leadership skills, learn organizational and business skills, practice public speaking, and transfer these skills to the world outside of the church, thus giving them the confidence to engage in civic and professional life (Lorentzen & Mira, 2005; Maduro, 2004; Marquardt, 2005; Tangenberg, 2007).

Nevertheless, this discussion would be incomplete if it did not include a reference to the reality that Pentecostalism

does not promote gender equity. While there may be "Spirit"-inspired gender equity in the church, there is limited evidence of gender equity in the home. Often the church has been silent on issues of domestic violence, encouraging women to instead focus on spiritual matters (Tangenberg, 2007). However, Ames, et al. (2011) found in their qualitative study of Latino Protestant pastors that when they had training and resources available to them, the pastors were willing to speak against domestic violence from the pulpit and to provide education, counseling and referrals for couples who had encountered intimate partner violence. Marquardt's (2005) work also identified instances wherein women have been both encouraged and supported to leave abusive relationships, a pattern not altogether inconsistent in Latino Protestant churches.

Two ethnographic studies of Latino Pentecostal churches provided excellent examples of challenges to the dominant master narrative for Latino men by reversing their downward mobility through educational programs, mentoring, and important leads for job training and employment (Ek, 2008; Flores, 2009). Ek's ethnographic study of a Pentecostal congregation in a southwestern city focuses, in this case, on a Mexican adolescent male immigrant. Ek found the that the "church created a nurturing and supportive environment for engagement in language and literacy practices while the school marginalized [him] … and failed to provide effective teaching and learning in either English or Spanish" (p. 2). Through Sunday School, the boy learned "literacy practices [that] built [the] students' oral Spanish language in addition to reading comprehension, textual analysis, evaluation and interpretation—skills which align with [the state's] Department of Education Language Arts Content Standards" (p. 11). However, while at public school, the boy was relegated to remedial and ESL classes where these literacy skills were not taught and was warehoused in an overcrowded modular classroom away from the main building with mostly Latino students, except for an occasional African or Korean immigrant. Eventually, after several frustrating years, the boy left school, having been pushed out by a system designed for him to fail. Yet, through the teaching he received at his church, he achieved the precise literacy goals established by the state for a high school student, but he was not given the chance in the public school classroom to

demonstrate these skills.

Flores (2009) concluded in his ethnographic study of subsequent generation Latinos that the church served to enhance social capital by redirecting its members to care for home and family, by fostering a positive work ethic, by providing leads for employment and training, and by giving them tools wherewith to avoid substance abuse and gang life (Boyle, 2010). By enhancing social capital, the net effect was a reversal of downward social mobility. Some of the men Flores observed had been in gangs, done stints in prison, and were substance abusers. None were gainfully employed. They had lost the immigrant dream of their parents, mostly due to a repressive school system, fractured families, and lost communities in a society that devalues Latinos, as demonstrated in social institutions and manifested in the media. However, the church provided a strong community that in many ways served to restore the "lost" family and offered a feeling of belonging that gang membership had provided. This social capital resulted in a sense of personhood often imparted through scripture and sermons, mentoring through personal relationships, accountability for carrying through on commitments, and contact opportunities for training and employment options. Men and their families, Flores observed, were changed, and their trajectories of downward mobility were reversed.

Remittances that immigrants send to their families in their country of origin have gained tremendous attention over the last decade. Pew Hispanic Center (2002) estimated that by 2005 Latino immigrants would be collectively sending 15 billion dollars annually to families, usually in one of five Spanish speaking countries: Mexico, El Salvador, Guatemala, Honduras, and Nicaragua. Remittances are usually sent by individuals to support family members who are unable to find work or to go to *el norte*. However, in one of the above-mentioned churches, the act of sending money back to México is a congregational function. This Latino Pentecostal church, which was planted by a church originating in México, takes monthly offerings specifically earmarked to be sent to the home village. Estimates are that the church has remitted $140,000 since it began this practice; this does not include in-kind support such as clothing, books, and musical instruments. These remittances are in addition to funds sent by individual members to their

families and are used to improve church buildings, repair and build houses for church members, and sponsor monthly clothing and food giveaways in the village. Additionally, the U.S.-based church is sponsoring a Bible education program in the village that is affiliated with a Mexican seminary which sends professors to hold classes in the town. Those enrolled in this program are able to work toward a degree. This is an excellent example of sharing social capital across national borders.

Discussion in this section has focused on the Latino Protestant church as a site of social capital—the kind of structural, formal and informal network that develops human capital. In most cases, the examples in this section are not a part of a planned curriculum or strategy that has a particular outcome in mind. These activities are organic in nature—they occur naturally within the social context as a function of shared cultural understanding and a praxis of one's faith in everyday life (Gonzales, 2002; Lorentzen & Mira, 2005). They are also a response to an emergent need perceived by the church and community and the responses utilize the skills and resources within the congregation. They most often take place without social institutional support from educational, health, or social welfare agencies. In this sense, these activities are viewed as a form of resistance that challenges the master narrative on issues such as immigration, downward mobility, literacy, and women's roles in church and society. Maduro (2004) sums up this challenge very well by observing:

> There are probably few places in these U.S. of A. where a recently arrived jobless, dark skinned, Spanish-speaking, undocumented woman without a husband, parents, profession, or a high-school degree, can go and find an open and diverse community where she feels acknowledged as an equal, treated with respect, invited to come back, sought after if she stops going, provided with supportive and accessible network, trained as a leader, and given a chance to become a teacher, a preacher, a missionary or a pastor in just a few months—all of this for free, in her own mother tongue, and linked to the spiritual traditions of her own homeland, ancestors, and childhood. A place where the empire does not have the last word, and where her life is sacred despite what authorities think or do. A

> place where she has a say as to which borders might be crossed for the sake of her survival, even against official claims to the contrary. (p. 226)

Summary

Without question, this shift in religious affiliations among the burgeoning Latino population in the United States qualifies as a social movement, similar in some ways to Weber's 19th century world. There are several interrelated reasons for this shift; some discussed in this paper include: the inherent role of spirituality in Latino cultures; the history of colonization; outmoded practices of the Church as irrelevant to the current conditions of Latinos; the opportunity to find and locate relevant forms of worship; increased numbers of Latino immigrants in the U.S.; and, the demands of a growing Latino middle class and changing social roles in a comparatively democratized country. This trend is unlikely to reverse itself, as U.S. Latinos carve out a unique cultural niche in this country. Essentialist notions of Latinos as strict adherents to Catholicism are outdated. Those working with U.S. Latinos need to expand their understanding of this population by incorporating an approach rooted in intersectionality and by embracing a strategy of cultural humility in engagement to both tap the inherent strengths of this population and to ally with valuable organizational resources such as the Latino Protestant Church.

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The Impact of Gender and Social Networks on Microenterprise Business Performance

Seon Mi Kim

Ramapo College of New Jersey
School of Social Science and Human Services

Margaret Sherraden

University of Missouri—St. Louis

Why are some people more successful than others in starting new businesses? Are women more or less successful than men? This study investigates relationships among gender, social networks, and microenterprise business performance. It examines existing theories and research on gender differences in social networks and whether gender differences affect female micro-entrepreneurs' business performance. The purpose of this study is to help U.S. Microenterprise Development Programs create strategies to enhance the ability of female micro-entrepreneurs to gain economic benefits from their social networks. The paper identifies key gaps in theory, proposes an alternative research framework, and suggests directions for future research and policy and program development.

Key words: *Microenterprise, gender, social networks, social capital, poverty*

Microenterprise (ME), once a promising approach to poverty alleviation, has taken on new meaning in the context of worldwide economic recession and governments' decreasing capacity (Dumas, 2010). MEs, defined as small-scale businesses that hire fewer than five employees including the owner (Solomon, 1992), were introduced to the United States in the late 1980s as an alternative strategy for providing low-income people with economic opportunities (Edgecomb & Klein, 1996). ME success in developing countries, such as the Bank Rakyat Unit Desa program in Indonesia and the Grameen Bank in Bangladesh, encouraged the United States to examine the potential of microenterprise for business development, job

creation, and community development.

The focus of the ME approach is quite different from traditional welfare approaches to poverty alleviation in that it aims to improve the capability of the poor to achieve their goals in the economic mainstream through business development (Kim, 2012; Sherraden, Sanders, & Sherraden, 2004). U. S. microenterprise development programs (MDPs) provide capital, business training, technical support, and access to social networks (Schreiner, 2003). They have a special focus on women from economically and socially disadvantaged backgrounds (Jurik, 2005; Servon, 1999). Many women choose microenterprise due to gender inequality in labor market, and time-flexibility and economic opportunities in business (Dumas, 1999).

This study examines the theoretical and empirical research evidence to determine if the network assistance strategy of U.S. MDPs is an effective way to improve female participants' business performance. The network assistance strategy of U.S. MDPs aims to include economic benefits for women's businesses from their social networks. For instance, 55 Women's Business Centers (WBCs) provide low-income women with referrals to specialized business professionals in a variety of fields such as accountancy, law, and sales consulting. Additionally they organize peer-support groups for small businesses (Women's Business Development Center, 2012). This approach underscores the importance of increasing linkages between female micro-entrepreneurs and community members for women's business development (Sherraden, Sanders, & Sherraden, 2004).

This study reviews existing research on relationships among gender, social networks, and business performance. Relevant publications were located using keywords such as social network, social capital, gender, gender inequality, microenterprise, and microenterprise performance in major databases and collections of electronic journals (such as Google Scholar, Google books, DBLP, ERIC, International ERIC, EBSCO, Social Service Abstracts, Sociological Abstracts, and Social Science Citation Index, Women's Studies International, Espacenet, JSTOR, Scopus, Web of Science, Gender Watch). The review includes books, book chapters, published articles, working papers, conference papers, and reports from government agencies until 2011, yielding 2,635 separate studies. This

project covers 50 studies that focus on gender, social networks, and business performance.

This study asks two central questions. First, are there gender differences in social networks of micro-entrepreneurs and, if so, do these gender differences affect women and men's microenterprise performance differently? Second, what kinds of network assistance strategies are effective in improving women's business performance?

With greater emphasis on gender sensitive programming that includes social network building, U.S. MDPs could serve as good training models for improving business outcomes for women entrepreneurs. Toward this end, we begin by examining existing research about the relationships among gender, social networks, and business performance, identifying gaps in theory and empirical research. Then we propose an alternative research framework and directions for research.

Gender and Social Networks

The relationship between gender and social networks has been investigated in social capital theory. Social capital is generally defined first as the ability of actors to receive economic benefits by acquiring membership in a social network or other social structure (Portes, 1998), and second, as the ability to gain access to actual or potential resources that shape people's social interactions, such as social norms, trust, and information (Granovetter, 2005). A social network is defined as the system of individuals' organized relationships with others (Donckels & Lambrecht, 1995).

Gender differences in social networks are based on two main theoretical frameworks in social capital theory: a) the social network *structure* approach; and b) the social network *resource* approach. The network structure approach primarily focuses on understanding the network mechanisms and structures that affect the paths for converting individual interpersonal relationship into economic benefits (Klyver & Terjesen, 2007; Lin, 1999). A social network's structure is measured using indicators such as size, density, range, diversity, and composition.

The network resource approach analyzes the nature of resources embedded within a network that may assist in

microenterprise development (Seibert, Kraimer, & Liden, 2001). A social network's resources are measured by indicators such as the number of accessible resources, best resources, variety of resources, and the socioeconomic status of network members (Lin, 1999). Individual research studies typically do not use all indicators.

Gender Differences in Social Network Structures

A key concept in the social network structure approach is the extent to which an individual is linked to others in their social networks (Seibert et al., 2001). These links, or ties, may be "strong" or "weak." The strength of a tie refers to a mixture of the emotional bond, the amount of time spent on the relationship, frequency of interaction, intimacy, and mutual services (Granovetter, 1973).

Weak ties are infrequent and restricted to one type of relationship. Strong ties are frequent, emotionally close, and represent relationships that involve reciprocity (Granovetter, 2005). Somewhat counter-intuitively, weak ties are often more important than strong ties, according to Granovetter (2005), author of a seminal piece on the "strength of weak ties." He explains that since weak ties are more likely to reach outside of one's social clique to make a bridge from a possibly disconnected group to individuals in an organization, they provide members with unique information and resources for a job search or entrepreneurial activities (Granovetter, 2005; Lin, 2000; Molyneux, 2002). In contrast, strong ties exist between people who already have similar information and qualities. Thus, information obtained through these ties is more likely redundant (Munch & McPherson, 1997). Exceptions include situations in which strong ties assist people in insecure positions to handle crisis and uncertainty by obtaining emotional supports and urgent aid (Granovetter, 1983; Krackhardt, 1992).

Some studies examine gender differences in social network structures. In particular, most studies investigate gender differences in network strength and diversity (Klyver & Terjesen, 2007; Loscocco, Monnat, Moore, & Lauber, 2009; Renzulli, Aldrich, & Moody, 2000; Robinson & Stubberud, 2011). Most studies verify that businesswomen's social networks are less likely to have 'weak ties' than business men's social networks.

In particular, women's job- or business-related networks include higher proportions of kin, families, and female neighbors. Men's networks consist of fewer kin and neighbors, but include more professional acquaintances and consultants affiliated with formal associations (Klyver & Terjesen, 2007; Rankin, 2001; Renzulli et al., 2000; Robinson & Stubberud, 2011). Based on these findings, researchers (Lin, 2000; Molyneux, 2002) maintain that women are less likely to receive benefits from their networks for job searches, business start-ups, and job promotions, since their networks consist of kin rather than business associates. At the same time, men are more likely to receive additional benefits, such as business information, from male-dominant larger networks. Gender differences that favor men's business success are rooted in gender-based structural inequality. In particular, women's child care and housekeeping responsibilities imposed by gender segregated roles tend to focus women's social network around family and kin (Loscocco et al., 2009; Munch & McPherson, 1997).

Not all studies confirm gender differences in social network structures. Two studies find no gender difference in terms of the percentage of kin and business contacts in women's and men's networks. Loscocco and colleagues (2009) and Cromie (1992) report that women's business networks are no more likely than men's to include families and friends. However, with respect to network activities, Cromie (1992) does find that male entrepreneurs put more efforts into both social and professional clubs and societies, and that women spend less time developing new contacts and have less frequent contacts with their network members than do men.

Although there have been inconsistent outcomes in studies, a relatively larger number of studies have found that, compared to men, women have fewer weak ties in their networks, which may be more beneficial for their businesses than strong ties.

Gender Differences in Social Network Resources

The other theoretical approach to understanding gender differences in social networks is the social network resource approach. This approach contends that it is not network structures but network resources embedded in the networks that

influence business performance. In addition, resources embedded in networks are determined by individual social position, not generated by individual choices (Bourdieu, 1986; Lin, 2005; Molyneux, 2002). Therefore, social capital is inherently unequal and contradictory in nature (Beggs, 1997; Rankin, 2001). The social network resource approach sheds light on women's inequality. Even though some studies report that women's networks are largely similar to men's networks in terms of size, density, and activities (Cromie, 1992; Loscocco et al., 2009), women's networks contain fewer viable economic resources. For example, studies verify that men are more likely to be affiliated with core associations which have more information and resources, such as economic institutions (Beggs, 1997; Davidsson, 2003). In contrast, women tend to be located in smaller and more peripheral organizations, which are associated with domestic and community affairs. Therefore, even when women develop networks typified by weak ties, they do not deliver as many economic returns. In other words, it is not the weakness of a social tie but the embedded resources that convey benefits (Lin, 2000).

This approach highlights how an individual's networks are associated with structural inequality and shed light on the impacts of gender inequality in terms of resource distribution in social networks.

Integration of the Two Approaches

Although Lin (2002) asserts that the social network resource approach effectively replaced the social network structure approach, integration of the two approaches provides a more useful theoretical framework for analyzing gender differences. The integration of the two approaches can help explain how the configuration and the content of a network influence the quality of resources embedded in networks. In other words, structure and resources are complementary approaches for analyzing gender differences in social networks. The next section examines theories and research on how social networks affect business performance.

Social Network Structure and Resources and Business Performance

Business performance is measured by a broad range of objective and subjective measures, such as business start-up, sales growth, profitability, business survival, and satisfaction with business outcomes (Watson, 2007). In existing research, there are two main hypotheses on the relationship between social capital and business performance: (a) the network founding hypothesis; and (b) the network success hypothesis.

The Network Founding Hypothesis

The network founding hypothesis investigates how social networks influence the business start-up (Brüderl & Preisendörfer, 1998). It consists of the discovery and exploitation of entrepreneurial opportunities (Shane, 2000). This hypothesis assumes that social network resources, networking activities, and network support positively influence the process of business start-up (Hite, 2005).

With respect to the impacts of social network structures on business start-up, both strong and weak social network ties affect business start-up by providing scarce but necessary information (Brüderl & Preisendörfer, 1998; Davidsson, 2003; Wagner, 2004). Weak ties stimulate entrepreneurship and facilitate the discovery of opportunities by exposing nascent entrepreneurs to new and different ideas, worldviews, and advice (Aldrich & Zimmer, 1986; Granovetter, 1983, 2005). Strong ties also assist nascent entrepreneurs by providing unpaid family work and emotional support (Brüderl & Preisendörfer, 1998; Hite, 2005; Sanders, 1996). For example, inexperienced nascent entrepreneurs are more likely to depend on the advice of their close friends than someone unknown or not trusted, and their friends may offer opportunities or resources that influence the nascent entrepreneurs' choices (Casson, 2007; Hite, 2005; Woolcock, 2001). Micro-entrepreneurs rely on the advice of friends and relatives in order to maintain confidentiality and control of the business (Bryson & Daniels, 1998; Burt, 1998; Davidsson, 2003; Portes, 1998).

Social networks also provide nascent entrepreneurs with resources to leverage critical resources for establishing businesses, including information, advice, and access to financial

capital (Brüderl & Preisendörfer, 1998; Davidsson, 2003). For emerging firms, these social network resources are critical because they might not otherwise be available or affordable (Aldrich & Reese, 1993; Hite, 2005; Johannisson, 1996; Littunen, 2000).

Despite these theoretical findings, only a few studies demonstrate positive effects of social networks on business start-up. Davidsson and Honig (2003) find that both strong and weak ties are positively associated with business start-up success. With regard to impacts of social network resources on business start-up, Aldrich and colleagues (1987) and Jenssen and Greve (2002) find that accessibility of network resources is positively correlated with business start-up. In particular, Jenssen and Greve (2002) find that both strong and weak ties increase the entrepreneurs' access to resources. With the exception of Jenssen and Greve's (2002) study, which sampled small and medium-sized businesses (SMEs), other studies use randomly selected samples of nascent entrepreneurs, regardless of business size.

The Network Success Hypothesis

The network success hypothesis suggests that weak ties are most likely to assist inexperienced entrepreneurs by providing links to organizations and people who have valuable information and resources regarding the growth and survival of businesses (Casson, 2007; Granovetter, 1983, 2005; Woolcock, 2001). Similarly, Hite (2005) and Fischer and Reuber (2003) argue that if the emerging firm depends heavily on close personal relationships that do not have resources, early growth would be at risk.

However, research has produced inconsistent results with respect to the relationship between entrepreneurs' social networks and business growth and survival. Watson's study (2007), using a sample of SMEs, supports the network success hypothesis by finding that more numerous weak network ties increase the probability of business growth. However, some findings contradict the network success hypothesis. Brüderl and Preisendörfer (1998) find that both weak and strong ties have positive influence on sales growth in a randomly selected sample of business founders. These scholars also report more strong ties lead to higher chances of business survival,

whereas more weak ties have little effect on survival. In terms of the impact of network resources on business performance, Aldrich, Rosen, and Woodward (1987) find that accessibility of network resources is also positively correlated with business profit.

Other researchers (Aldrich & Reese, 1993; Johannisson, 1996; Littunen, 2000) find no significant positive effect of network size, activities, and resources on business performance. In fact, Bates (1994) finds that heavy use of social networks is more likely to result in less profitable and failure-prone businesses. Brüderl and Preisendörfer (1998) propose two reasons for these findings. The first reason is related to measurement error. They contend that instead of measuring network structures or accessible resources, research should measure actual utilization or support from networks because entrepreneurs can improve success only if they use their social networks for their business. The second reason is that entrepreneurs are more likely to compensate for their lack of financial and human capital by utilizing their social networks. Despite entrepreneur efforts to extract capital from social networks, studies tend to show no or even negative effects of social network on business performance (Brüderl & Preisendörfer, 1998). In order to overcome measurement error and compensation effect, these scholars suggest measuring network activities, such as time investment and control, for other critical variables, such as human capital and financial capital.

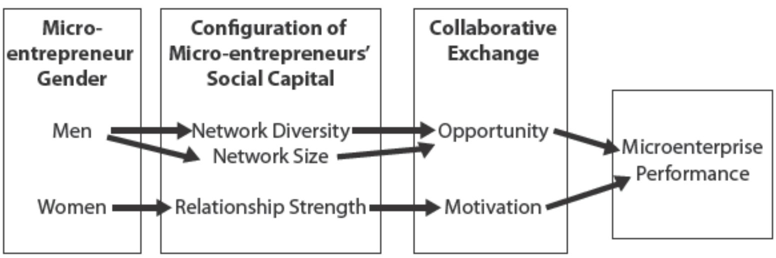
Thus far, we have investigated the relationships between gender and social networks and between social networks and business performance. In order to fully understand how gender differences in social networks may affect business performance, the next section reviews the few existing studies that examine relationships among all three: gender, social networks, and business performance.

Role of Gender on Business Performance

Tata and Prasad (2008) propose a theoretical framework that addresses the relationships among gender, social networks, and microenterprise performance (See figure 1). Using six propositions, they investigate the social network structure of micro-entrepreneurs, including network diversity, network size, and relationship strength. They hypothesize that female

and male micro-entrepreneurs have different network structures. Specifically, men's networks have more diverse, larger, and weak tie relationships, while women's networks are more likely to be in the form of less diverse, smaller networks, and strong tie relationships. They hypothesize that the greater diversity and larger network size will increase opportunity to engage in collaborative exchange. In addition, stronger network relationships will increase micro-entrepreneurs' motivation to engage in collaborative exchange. Finally, more opportunity and higher motivation to engage in collaborative exchange will positively influence ME performance. In other words, Tata and Prasad (2008) argue, on one hand, that men's greater opportunity to engage in collaborative exchange will improve their business performance, and on the other hand, women's higher motivation to engage in collaborative exchange will enhance business performance.

Figure 1: Tata and Prasad's Conceptual Model of the Relationship among Micro-entrepreneurs' Gender, Social Network, Collaborative Exchange and Microenterprise Performance.



Source: Tata & Prasad, 2008, p. 376

Tata and Prasad's theoretical framework contributes to understanding different paths through which gender influences microenterprise performance. However, this framework has limitations. First, it overlooks resources embedded in social networks. Tata and Prasad (2008) assume that women's stronger network relationships and higher engagement in collaborative exchange will automatically increase ME business performance. Our review of research, however, suggests that both structure and resources are important and have greater explanatory value when they are both included. If women's social networks do not contain sufficient resources connected

to business opportunities, we suggest that women's higher engagement in collaborative exchange will not increase business success. Second, Tata and Prasad's framework does not explain how men's and women's social network structure influences business performance. If it is true that male micro-entrepreneurs have advantages due to larger and more diverse networks, female micro-entrepreneurs should experience disadvantages due to smaller and homogeneous networks. However, Tata and Prasad (2008) do not address this issue.

This logical flaw is related to lack of clarity about stages of microenterprise development: start-up, growth, and survival. According to the network founding and success hypotheses, strong ties could positively influence business founding but not growth and survival (Brüderl & Preisendörfer, 1998; Klyver & Terjesen, 2007; Renzulli et al., 2000; Robinson & Stubberud, 2011). In this regard, compared to men, female micro-entrepreneurs' strong ties could be beneficial for business start-up but not for business growth and longer-term survival. Therefore, the variable of microenterprise performance in this model needs to be diversified in order to measure the gender effect on different stages of business development.

Similarly, there are only a limited number of studies that explore relationships among gender, social networks, and business performance. Renzulli and colleagues (2000) randomly sampled business owners, members of local business organizations, and participants of small business classes, and find that women are more likely to have homogeneous networks with a high proportion of kin, compared to men. Given the importance of diverse social networks on business start-up, the researchers find that this created significant disadvantages for women in business start-up. In contrast, Chowdhury and Amin (2011), in a sample of SMEs, find that the stronger ties that female entrepreneurs have, the more likely they are to intend to start up a business. They measure strong ties in social networks by asking if family members share and take interest in the business plan.

The value of strong ties also comes out in Yetim's (2008) study of female migrant entrepreneurs who were members of local business organizations. Yetim (2008) finds that migrant women utilize the strong ties in their businesses more than non-migrant women (Yetim, 2008). Yetim concludes that the

structure of women's social networks is shaped by their immigrant status, ethnicity, and economic status. Migrant women's heavy utilization of strong ties can substitute for their lack of other capital for their business. According to Valdez (2011), structural oppression and privilege stemming from the intersection of race, gender, and class, shape unequal market capacity to succeed in business in the United States. In the case of migrant women, their social status—determined by the intersection of gender, ethnicity, and immigrant status—may impose unequal access to market resources for business start-up compared to non-migrant women. Therefore, for migrant women, developing and utilizing strong ties within ethnic networks could be a last resort in order to overcome their new social milieu (Yetim, 2008). In contrast to weak tie theory represented by Renzulli and colleagues' study (2000), Chowdhury and Amin (2011) and Yetim's (2008) studies underscore the positive nature of strong ties for business motivation and start-up for women, findings supported by the network founding hypothesis and Tata and Prasad's theoretical framework.

There are two possible reasons for these inconsistent findings: errors in measuring social networks or social capital, or failure to control for other key variables. Chowdhury and Amin (2011) and Yetim's (2008) studies measure social capital in terms of respondent's subjective self-evaluation, including responses such as "members of my family share many of my interests" (Chowdhury & Amin, 2011, p. 142), and "I can use relationships in my social milieu to initiate and maintain an enterprise" (Yetim, 2008, p. 873). These self-evaluations measure neither objective network structure and resources nor actual utilization of networks. Furthermore, Yetim (2008) and Renzulli and colleagues' (2000) studies do not control for financial capital, which significantly affects business performance (Brüderl & Preisendörfer, 1998). Therefore, these study limitations prevent a full understanding of the relationships across gender, social networks, and business performance. More rigorous research designs and measures are needed.

Tata and Prasad's theoretical framework (2008) contributes to decreasing measurement error of social network by providing objective criteria to measure social network structures, such as network size and diversity and relationship strength. However, their theoretical framework should articulate other

possibly confounding factors that affect the relationship across gender, social network, and micro-entrepreneurs' performance.

Research Gaps

This study has reviewed theories and research in order to explore the ways in which gender differences in social networks may differentially affect women's and men's business start up and growth. Our first research question was: Are there gender differences in social networks and, if so, do these gender differences affect women and men's microenterprise performance in different ways? Social capital theories (network structure and network resources theories) establish that female entrepreneurs are more likely to lack weak ties and resources that link them to valuable business opportunities. Overall, there is significant evidence that women's social networks are more likely to consist of kin and female neighbors (strong ties instead of weak ties) and are more likely to be associated with smaller and domestic affairs-oriented organizations that do not have high levels of business resources, compared to men's social networks. Given the arguments embedded in the network founding and success hypotheses, it is logical that fewer weak ties and fewer resources in female micro-entrepreneurs' networks would negatively affect business performance.

Nonetheless, despite logical theoretical arguments, there is less evidence on the relationship between gender differences in social networks and business performance and the evidence that exists is less robust. Inconsistent outcomes are likely due to measurement errors and lack of controlling for critical confounding factors. Some studies contend that women's strong ties significantly contribute to improving their business motivation and performance (Chowdhury & Amin, 2011; Yetim, 2008). In contrast, other studies show that women's greater number of strong ties (homogeneous networks having more kin) significantly negatively influences business start-up (Renzulli et al., 2000).

The second question was: What kinds of social network development strategies are effective in improving women's microenterprise performance? Here, we find inconsistencies between theory and empirical research that do not permit a clear answer without addressing gaps between theoretical and

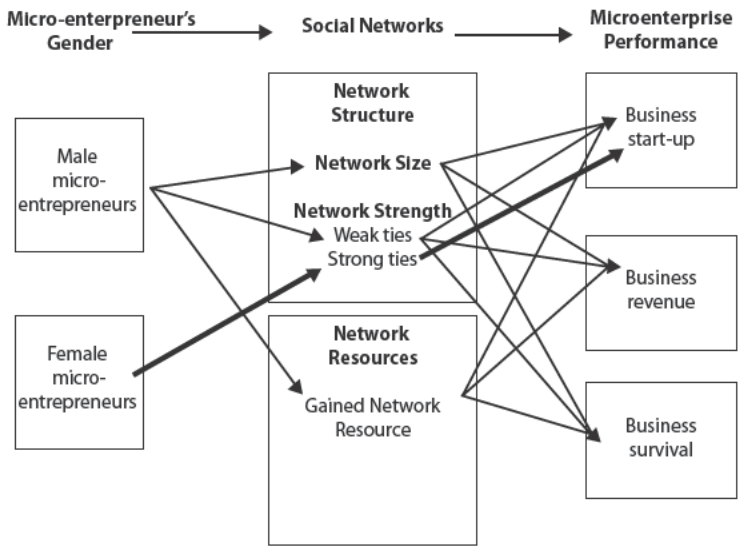
research. First, only a few studies measure how gender differences in social networks affect business performance. While some studies measure gender differences in social networks, they do not account for correlation between gender in social network and business performance. Second, most studies do not account for the size of the business. Network activities may be more important for ME performance than for larger businesses. For instance, lacking resources for advertising, microentrepreneurs' network members can be the first customers and suppliers and can assist in marketing a new business to other potential customers and suppliers. Third, most of the research on this issue uses cross-sectional data, which cannot track changes in business status over time. Since the effect of social networks on business performance could be different as businesses grow, longitudinal data analysis can reveal the dynamic impact of social networks on business performance.

Alternative Theoretical Framework and Research Directions

In light of these research gaps, this section proposes an alternative theoretical framework and research design. Figure 2 presents an alternative conceptual model that builds on social network structure theory, social network resource theory, the network founding and success hypotheses, and Tata and Prasad's conceptual model.

The alternative model suggests measuring how gender differences in social networks affect microenterprise performance. First, the model measures both network structure and network resources. In regards to network structure, the size and strength of social networks should be measured. Size is measured by the total numbers of people within the social network. Strength is measured by the number of strong and weak ties. Strong ties are measured by the proportion of kin, family members, close friends, and neighbors within the social network, and weak ties are measured by the proportion of acquaintances from work and strangers before joining the business team. Finally, network resources are measured as resources actually gained from networks for entrepreneurial activities (Brüderl & Preisendörfer, 1998).

Figure 2. The Theoretical Framework of the Relationship among Gender, Social Networks, and Microenterprise Performance.



Second, the model measures microenterprise performance based on: (a) start-up success; (b) revenue; and (c) survival over time. These three factors allow for assessing business success over time. The reason for using these three factors is that gender differences in social network structure and resources are able to influence the performance of each factor differently as businesses grow.

Third, the model is specific to micro-entreprise and aims to examine the distinct impacts of social networks of micro-entrepreneurs. Much of the research on small businesses focuses on SMEs, which include enterprises with up to 500 employees (U.S. International Trade Commission, 2010). The specific circumstances of micro-enterprises can be lost among SMEs, which are typically much larger businesses with higher capitalization than microenterprises. Overall, SMEs are also more likely to be headed by men. In contrast, this model focuses on the specific circumstances of very small women-run businesses in order to identify ways to improve business performance.

The model suggests several hypotheses regarding relationships across gender, social networks, and microenterprise performance. First, female micro-entrepreneurs are more likely to

have smaller networks, more strong ties, and less gained resources in their networks compared to men. Male micro-entrepreneurs are more likely to have larger networks, more weak ties, and more gained resources in their networks compared to women. Second, network size and gained resources in social networks are positively associated with successful microenterprise start-up, revenues, and survival. Network strength in terms of strong ties is positively related only to successful microenterprise start-up. Third, female micro-entrepreneurs are positively associated with business start-up due to having more strong ties in their network, but negatively associated with business revenue and survival due to their smaller networks, fewer weak ties, and gained resources in their networks. Male micro-entrepreneurs are positively associated with all kinds of microenterprise performance due to larger networks and more weak ties and gained resources in their networks: successful business start-up, revenue, and survival.

This model makes theoretical and practical contributions to understanding the ME success among female micro-entrepreneurs. With respect to theoretical contributions, this model informs the path through which gender differences in social networks affect microenterprise performance. In particular, this model indicates how gender differences in social networks influence microenterprise performance at different stages of development, including business start-up, revenue growth, and survival. Second, this model indicates which components of social networks (e.g., network size, strength, and gained resources) are associated with gender and microenterprise performance. Finally, this model also provides implications for research and practice. This model provides research designs and hypotheses for research to test the relationship across gender, social networks, and microenterprise performance. Research should further inform and refine the conceptual model. The research to test this model can help to clarify what kinds of social network assistance strategies of MDPs would be effective in improving female micro-entrepreneurs microenterprise performance.

Conclusion and Policy Implications

This research review presents theories and empirical studies that support the hypothesis that gender differences in social networks impact microenterprise performance. Despite some inconsistent research outcomes, overall we find that women's fewer weak ties and lower resource levels negatively affect business performance. These findings justify an MDP network assistance strategy for female micro-entrepreneurs. There is considerable evidence that supports the idea that providing network development opportunities for female micro-entrepreneurs could improve business performance by connecting women to valuable business resources and overcoming inequality caused by structural gender discrimination.

We offer three specific policy and program recommendations. First, U.S. MDPs should provide gender-sensitive assistance that focuses on helping female micro-entrepreneurs develop extensive weak network ties instead of strong ties. Based on our findings, it may make sense to switch the focus from peer lending to building diverse and valuable weak ties among female participants. For instance, MDPs could provide links to business experts, lawyers, bankers, male business owners, and suppliers that are currently beyond reach of women's peer groups. These ties could provide valuable resources for improving female entrepreneurs' business performance. MDPs could offer workshops that facilitate women's interactions with business organizations and business experts that may result in more resources, including advice, loans, and customer contact.

Second, U.S. MDPs can also strengthen the weak ties of their own organizations to benefit their business development services. They could develop more links to diverse groups, such as business organizations, non-profit organizations, and business experts. Without links to diverse organizations and experts who can convey valuable resources to them, MDPs will be unable to develop effective gender-sensitive network outreach for their female participants.

Finally, the findings of this study have important implications for public policy. Public policy should provide more

support for MDPs to help them strengthen female participants' weak ties and network resources. Providing gender-sensitive network development programs demands greater resources for staff, technical assistance, business association membership fees, and networking events, such as workshops with male businessmen or business experts. Although generating more resources is a challenge for Women's Business Centers (Langowitz, Sharpe, & Godwyn, 2006), it is a critical factor in providing gender-sensitive network development programs for female participants.

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Social Policy and State Capacity in Iran: Health and Education Policy from 1981-2009

Masoumeh Qarakhani

Institute for Social and Cultural Studies, Tehran

The fact that states operate under different structures and capacities in order to provide welfare and social justice for their citizens has been the subject of various studies. Since the capacity of states differs at various times and in different situations, their capabilities for welfare provision vary as well. The present paper draws upon the state-centered framework, applying quantitative methods and secondary data to study the relationship between state capacity and two aspects of social policy, education and health in Iran from 1981 to 2009. The findings reveal that there is no statistically significant relationship between state capacity and education policy with respect to social expenditure from 1981 to 2009. Yet, there is a statistically significant relationship between state capacity and health policy. Considering the structure of political economy in Iran, results of this research reveal that different aspects of social policy have not been evenly influenced by the capacity of the state.

Key words: *social policy; state capacity; health policy; education policy; social spending; extractive capacity*

Since the beginning of the twentieth century, the state has been expected to enhance living standards and create social equality not only through economic activities but also through ensuring people's access to certain basic commodities. The welfare activities of any kind, defined as non-political and personal affairs in the 19th century, began to be perceived as political issues to be addressed by the state. According to Amenta (2003):

> Scholars tended to see social policy as lines of state action to reduce income insecurity and to provide minimum standards of income and services and thus to reduce

> inequalities. State programs that worked in these ways were called "Social programs" or sometimes, more hopefully "welfare state programs," with the whole of these programs known as "Social policy." (p. 92)

Social policy (Walsh, Stephens, & Moore, 2000), through addressing social problems, aims to create a healthy and sustainable society. As Dean (2009) has highlighted, the strength of social policy lies in its critical analysis of social problems. So, social policy is considered one of the principal issues of modern policy, and according to Walsh et al. (2000), it is "essentially a political activity" (p. 12). Social policy has redefined state–society relations, or as Alcock, Daly and Griggs (2008) put it, "social policy is the study of the state in relation to the welfare of its citizens" (p. 3). Therefore, "politics as of power-politics is the process through which the production, distribution and use of scarce resources is determined in all areas of social existence" (Bambra, Fox, & Scott-Samuel, 2005, p. 190). The concept of developmental social policy, sometimes used interchangeably with the notion of the 'productivist' welfare state, has appeared in widely diverse policy contexts (Razavi & Hassim, 2006). According to Bangura and the United Nations Research Institute for Social Development (UNRISD) (2007), "social policy development has occurred in both authoritarian and democratic regimes" (p. 4). So the state, in addition to its supreme function of preserving national order, is given the task of solidifying economic development and realizing the minimum welfare, as an agency and a social institution (Evans, 2001). Fitzpatrick (2006) believes that fifty percent of what we vote for relates to social policy. Therefore, states strive to perpetuate their existence through implementing effective social policies, and they cannot survive while disregarding the needs of their people (Dani & deHaan, 2008; Habermas, 2001).

In the Middle East and North Africa, where most countries possess considerable oil reserves, social policy is only beginning to be understood and studied (Karshenas & Moghadam, 2006). In Iran, it is also the case that researchers have failed to pay adequate attention to policy as an important domain in social sciences (see Qarakhani, 2011a). The present study examines the role of the state in social policy, considering the

structure of the political economy of the state in Iran. While considering the state as one of the agents creating and perpetuating social problems, this study discusses the responsibility of the state, which, given the rentier and neo-patrimonial nature of the state in Iran, regards itself as the prime actor in the domain of social welfare. The budgets of rentier states like Iran are heavily dependent on the income from natural resources such as oil; thus, these countries do not have or require many other sources of revenue. The strategy of a rentier state is to distribute rent in society so that public welfare can be promoted. Because of the structure of the political economy in Iran, the state is heavily dependent on oil revenues and plays a pivotal role in the distribution of income. Also, according to the Iranian Constitution and the five-year Development Plans of Iran, the state is considered the main provider of social welfare.

Different states vary in terms of their ability to achieve their social and economic objectives. This ability, sometimes referred to as state capacity, varies in different situations and time periods. Thus, the ability of the state to promote social welfare, as a social objective, is not always the same. Hence, the present study aims to examine the relationship between state capacity and social policy with respect to education and health in the last three decades (1981-2009). Therefore, the research question is how did the state's capacities in Iran determine the changes in social policy from 1981 to 2009?

To answer the above question, this study first outlines the subject of social policy in Iran's context, then examines the role of the state in the development of social policy in Iran, and finally tests the theoretical hypotheses in relation to the empirical data.

The Theoretical Framework

The main problematic issue advanced by pluralists and Marxists in the 1960s and 1970s was the question of how society could exert control over the state. In such discussions, the state did not have a self-sustaining, or *sui generis*, status. In reaction to those authors who understated the role of the state, others attempted to "bring back the state" in the 1980s (Evans,

2001, p. 81; Skocpol & Amenta, 1986). "In recent years, the tendency of those approaches to emphasize the dominant, if not determinant, role of societal forces in shaping public policies has been challenged from many quarters" (Kim, 2004, p. 216).

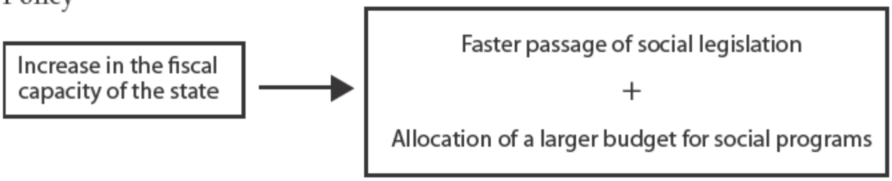
Theories known as state-centered or institution-centered were transformed into structured policy and then into structural institutionalism. "Social theorists oriented to the realities of social change and politics on the European continent refused (even after industrialization was fully under way) to accept the de-emphasis of the state characteristic of those who centered their thinking on Britain" (Skocpol, 2002, p. 7). Now that comparative social scientists are again emphasizing the importance of states, it is perhaps not surprising that many researchers are relying anew—with various modifications and extensions, for sure—on the basic understanding of 'the state' passed down to contemporary scholarship through the widely known writings of such major German scholars as Max Weber and Otto Hintze (Skocpol, 2002).

In contrast to the society-centered theorists, the state- or institution-centered theorists view the significance of states and institutions as the main factors influencing welfare policies. Rather than viewing modern social policies as the product of industrialization, these theorists embark on identifying the cultural and historical diversities of societies which lend welfare policies different institutional settings (Skocpol & Amenta, 1986). These authors have pointed to the need for analytical approaches in situations where the state or government plays a more active and constitutive role in articulating political structures that shape the political behavior of societal actors, be they conceived of as interest groups or social classes (Cho, 2007; Kim, 2004). According to Amenta & Carruthers (1988), "state policies are shaped by the structure, character, and historical experiences of the state itself. State capacities, state autonomy and state centralization are often mentioned as three key characteristics" (p. 666).

Based on previous studies, Amenta & Carruthers (1988) identified different kinds of state capacity analysis, one of which is the fiscal strength of the state. "The fiscal strength of the state is often examined in the following fashion: the greater the fiscal capacities of the state, the sooner the passage of social legislation and the more generous the spending on social programs" (p. 666). Figure 1 shows the influence of state capacity on the

development of social policy.

Figure 1. Influence of State Capacity on the Development of Social Policy



Considering the rentier nature of the state in Iran, and also in line with the state-centered theories that consider the study of social policy as the study of the role of the state, this study focuses on the role played by the state in the domestic affairs of the country. The rentier states in the countries that are dependent on the oil revenues and also in neo-patrimonial countries believe that the patriarchal state is the guardian of the society (Karshenas & Moghadam, 2006). The rentier state has access to huge economic resources, and is able to finance generous social policies for key segments of the population (Moghadam, 2006).

The rentier state influences all of the economic, political, and even cultural facets of the country through allocating oil revenues (Momeni, 2003). The general strategy of the dominant group in the rentier state is to distribute in society a fraction of the huge wealth generated through rent (Haji Yousefi, 1997). Some rentier states of the Middle East [including Iran] can provide social welfare and welfare services for their citizens when the oil market is booming (see Karshenas & Moghadam, 2006). This is carried out without generating much per capita tax revenue. The structure of the political economy of the state in Iran has rendered a situation where the state is recognized as the main actor or, according to Momeni (2007), "super determinant factor" (section II, para. 2). It can be argued that the state constitutes a significant unit of analysis in Iran that needs to be studied in relation to its structure, performance, and policies.

Based on the aforementioned logics of the state-centered approach, this research focuses on the role of the state in explaining social policy. The hypothesis of this study, with regard to the question and the objective of the research, is that

"as the capacity of the state changes, the social policy of Iran also changes. That is, any increase in the fiscal capacity of the state will result in an increase in education and health funding.

Defining the Concepts

Social Policy

This concept focuses on the welfare services and the satisfaction of welfare needs of the society (Walsh et al., 2000). It is defined in various ways by different scholars (deHaan, 2007). Walsh et al. (2000) define social policy as “the plans, strategies and approaches that governments adopt when deciding what to do about issues and problems that affect social welfare” (p. 7). This research focuses on specific aspects of social policy, e.g., education and health, because they are considered to be important infrastructural aspects of social policy.

This research studies the input aspect of social policy. Expenditure is a vital discussion in the measurement of social policy (Walsh et al., 2000). Current surveys indicate that “social spending by governments in the MENA [the Middle East & North Africa] region has played an important role in social development” (Karshenas & Moghadam, 2006, p. 7). In this research, education and health policy are operationalized based on education and health expenditure in terms of GDP.

State Capacity

State capacity is a multidimensional concept (Hendrix, 2009; Marsh, 2006). It has been defined by Besley and Persson (2009) as a "state’s ability to implement a range of policies" (p. 2). State capacity as an independent variable in this research is based on the state’s extractive capacity index as measured by three criteria: total revenue-to-GDP ratio, total tax-to-GDP ratio and relative political capacity (see Hendrix, 2009). Some researchers calculated relative political capacity as the ratio of actual tax revenue to expected tax revenue (see Feng, Kugler, & Zack, 2000). It is evident that Iran’s economy is based largely on oil export. So, apart from the state’s extractive capacity as a key indicator for measuring state’s capacity, the ratio of oil revenues to state’s total budget is used in this research to measure state capacity.

Table 1. Regression Results for Relation Between State Capacity and Social Policy

Social Policy	Statistics	Before Auto-Correlation Control	After Auto-Correlation Control
Education Policy	R	0.386	0.245
	R^2	0.149	0.060
	Durbin-Watson	0.901	2.63
	B	0.668	0.245
	Sig	0.039	0.238
Health Policy	R	0.024	0.535
	R^2	0.001	0.286
	Durbin-Watson	1.314	2.078
	B	0.024	0.535
	Sig	0.901	0.006

Method

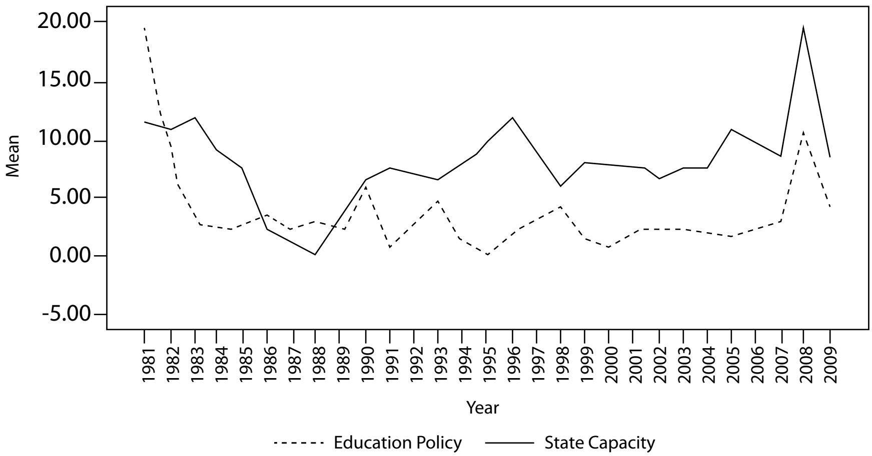
In this research, quantitative methods are used to analyze the secondary data gathered from Iran's Budget law, the Central Bank of Iran (CBI), and Management and Planning Organization of Iran (MPO). Linear regression is used to indicate the relationship between variables. Since the data of the present study is of the time-series kind, the Durbin-Watson test is employed to solve the problem of auto-correlation; to solve the accumulation effect, Cochrane-Orcutt is used. Before statistical tests, raw scores of each variable were standardized. Using factor analysis, independent variables changed into state capacity with a scale ranging from 0 – 20 (*0 = low score and 20 = high score*).

Results

Prior to testing the effect of state capacity on social policy, the data autocorrelation problem was controlled by Cochrane-Orcutt test. Table 1 shows the linear regression results before

and after the Cochrane-Orcutt test. Linear regression revealed a weakly positive relationship between state capacity and education policy (B = 0.245, t (29) = 1.211, $p < .238$). The accuracy of predicting scores for the dependent variable *social policy* will improve by 6% if the prediction is based on the scores for the independent variable *state capacity* ($R^2 = 0.060$). As a result, the hypothesis that change in education policy is the result of change in the state capacity from 1981 to 2009 was rejected. Figure 2 shows changes in the state capacity and education policy from 1981 to 2009.

Figure 2. Changes in the State Capacity and Education Policy from 1981 to 2009.



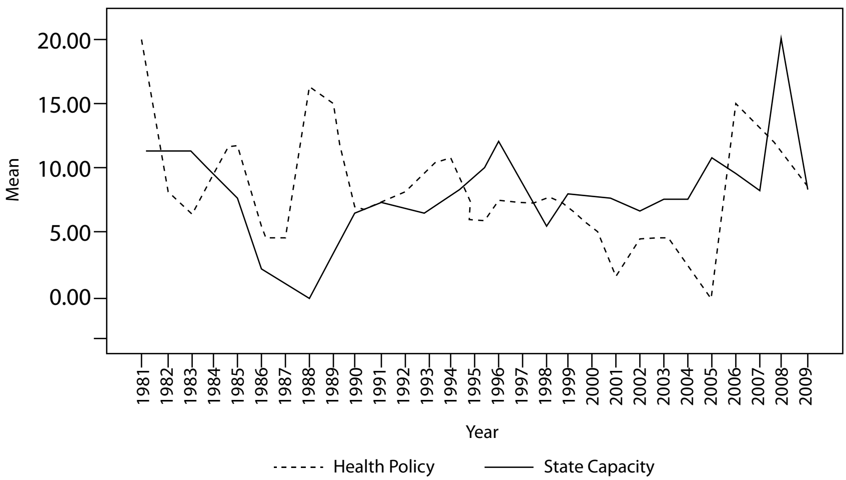
Linear regression revealed a strongly positive relationship between *state capacity* and *health policy* (B = 0.535, t (29) = 3.036, $p < .006$). The accuracy of predicting scores for the dependent variable *health policy* will improve by approximately 29% if the prediction is based on the scores for the independent variable *state capacity* ($R^2 = 0.286$). Figure 3 shows changes in the state capacity and health policy from 1981 to 2009.

Discussion

This study aimed to investigate the role of the state in social policies in Iran with respect to education and health by drawing upon state-centered theories. The state capacity was

then studied as one of the factors determining social policy. Based on the theoretical discussions in this study, any change in the state capacity through extending state abilities has some effect on changing the social policy. It is also expected that any increase in the financial capacity of the state, as a result of an increase in the oil income, will lead to an increase in the social expenditure on social policy. The empirical findings demonstrate that no real concordance exists between state capacity and education policy. However, such a concordance exists between state capacity and health policy.

Figure 3. Changes in the State Capacity and Health Policy from 1981 to 2009.



The results obtained about education policy are consistent with what has always been underlined about the problem of improper allocation of budget and its inappropriate distribution in the education system. As Sarraf and Bozorgian (2005) found, "the budget laws, as the main factors in the Development Plans, still lacked a functional dimension in budget and Development Plans" (p. 3). Lack of a comprehensive political plan and failure to allocate the required social budget to education can be considered as some of the important factors leading to uneven development and low standards in the quality of education in our educational system (Peyvandi, 2008). The state even attempted to attract private sector cooperation to calm the financial crisis in the educational system.

In analyzing the incongruent changes seen in the education budget and the state capacity, several state policies need to be thoroughly considered. One policy is to attract public cooperation in the general educational system, shown as a policy to develop non-state schools. Lack of students' expenditure per capita is another consideration. Certainly, it requires allocating more budget resources to education, which is considered as one of the main policies of the states; however, no real attempt has been made to implement it so far (see Qarakhani, 2011b). The presence of resource management problems in education, and also the policies defined by the state in the fifth Development Plan (2011-2015) aimed to develop the educational system, both in terms of quality and quantity, can be considered as obvious factors proving the abovementioned claim. Other reasons for this incongruent situation are oppositions against the educational system and also the state's preferences in social policy. For example, the average education outlay from the Gross Domestic Product (GDP) was estimated to be 3.9% in the 1980s, when there was less dependence on oil incomes. This rate decreased to 3.7% in 2006 when there was an increase in oil revenues. Researchers can consider each these factors in greater depth while analyzing the incongruities seen in the state capacity and education policy with respect to social expenditure.

Although there seemed to be some a correlation between the changes in health expenditure and state capacity, out-of-pocket pay has been one of the real challenges of the health system in Iran. In the fourth Development Plan (2005-2009), the state policy was to reduce this rate to 30%. This policy was re-planned in the fifth Development Plan (2011-2015), while this figure was reported be 70% in 2012. Such a repetitive policy in two five-year development plans may reveal consistent challenges in health care expenses, and consequently uneven distribution of health services. So, despite congruence of health expenditure and state capacity, the key question is how much should the actual cost of health care system in Iran be? Additionally, the output and outcome of health policy in Iran in relation to changes in health expenditure is another subject for future research.

The findings of the study suggest that neither education

nor health, as basic needs, were considered properly by the different Iranian states from 1981 to 2009. According to the development plans and constitutional laws, the main obligation of the state is to ensure public health and education; however, this study indicated that different states dealt with these two issues inadequately. While the social expenditure in education experienced little variation during the research years, such changes were not the results of state capacity. This result is also congruent with the analyses related to the education expenditure mentioned earlier. Finally, the study of social policy in both health and education is solely representing the input of social policy; therefore, evaluating the output and outcome of social policy in Iran demands further research.

Yet, some questions remain to be answered: if we accept that health policy is affected by the changes in the state capacity, what is the state's role in developing health factors in terms of quality and quantity? What is the effect of state capacity on educational efficiency? And what are the major effects on the distribution of facilities? While state capacity has no role in determining the education expenses, what are the factors which determine the development of some quantitative educational indexes?

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Income Packaging Strategies of Economically Disconnected Women and the Implications for Social Policy and Practice

Andrea Hetling

Jinwoo Kwon

Elizabeth Mahn

Bloustein School of Planning and Public Policy
Rugters, The State University of New Jersey

Income packaging, or piecing together cash and non-cash resources from a variety of sources, is a common financial survival strategy among low-income women. This strategy is particularly important for economically disconnected women, who lack both employment income and public cash assistance receipt. Using data from the confidential Census Bureau versions of the Survey of Income and Program Participation, this study compares the use of public and private supports between disconnected and connected low-income women, controlling for differences in state welfare rules and county unemployment rates. Findings from bivariate comparisons and multilevel logistic regressions indicate that disconnected women utilize public non-cash supports at similar rates to connected women, but rely more heavily on private sources. Conclusions focus on the policy implications for outreach and program development.

Key words: Economically disconnected women, income packaging, low-income families, public cash assistance

The proportion of low-income mothers who report no employment earnings or public cash assistance income has grown notably since the implementation of the welfare reform legislation of 1996 (Loprest & Nichols, 2011). Studies show that significant numbers of Temporary Assistance for Needy Families (TANF) recipients leaving the program are not obtaining work, with estimates hovering around 40 percent (Acs & Loprest,

2004; Loprest & Zedlewski, 2006). These women, often referred to as economically disconnected, are of increasing concern to policymakers, practitioners, and advocates (Blank, 2007; Blank & Kovak, 2008; Hetling, 2011; Loprest, 2011; Moore, Wood, & Rangarajan, 2012; Ovwigho, Kolupanowich, Hetling, & Born, 2011; Turner, Danziger, & Seefeldt, 2006). Many are worried about the well-being of children in these families and the ability of mothers to provide financially without employment or public cash assistance—the two most common sources of regular cash income.

Although women who are disconnected from work and welfare have little or no formal measured income, studies on consumption poverty indicate that the extreme poor do survive, often relying on nontraditional income, not captured in formal measures, such as gifts or the use of debt (Meyer & Sullivan, 2003, 2006). A rich body of literature, guided by a number of key qualitative studies, provide an understanding of the income packaging strategies of low-income women, who often piece together cash and non-cash support from a variety of formal and informal sources (Edin & Lien, 1997; Miranne, 1998). Studies indicate that combining and supplementing low-wage work and public cash assistance receipt is a common survival strategy among the working poor and welfare recipients (Edin & Lein, 1997; Kalil & Ryan, 2010; Pyles, 2007). Research on disconnected women echoes these findings (Blank & Kovak, 2008; Loprest & Nichols, 2011; Seefeldt & Horowski, 2012). However, to date, literature on income packaging has not considered the different strategies among women in different circumstances and how state TANF policies may influence these approaches to economic survival.

The current research adds to our understanding of the economic survival strategies of disconnected women by investigating whether or not income-packaging strategies among disconnected women are similar to or distinct from those of low-income women connected through welfare or work. The study compares the sources of support of the two groups while controlling for the possible effects of state welfare policies and the local unemployment rate. An examination of the differences and similarities in sources of support is critical to designing programs and policies to better serve this at-risk group of women and connect them to services. On one hand,

if disconnected women are underutilizing certain supports, for example, aid from non-profit organizations, in comparison to connected women, better outreach may be warranted. On the other hand, if disconnected women are using more supports than connected women, these programs might be optimal venues to provide referrals to TANF agencies or job training programs appropriate for this group.

Rise of Economic Disconnection among Low-Income Women

The Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) of 1996 altered the approach the U.S. government takes towards assisting low-income families, replacing the previous entitlement program with Temporary Assistance for Needy Families (TANF). This new program changed the rules of participation, including the implementation of time limits, work requirements, and sanction rules for noncompliance. While initial data indicated success in moving families off assistance and into employment, later data indicate that lower numbers in terms of receipt have not correlated with significantly higher employment numbers or earnings (Hildebrandt & Stevens, 2009). Studies of welfare leavers show that former clients became disconnected from work as well as welfare (e.g., Wood & Rangarajan, 2003). This premature separation from assistance and failure to reconnect may be due to a variety of factors, including strict eligibility requirements, lack of transportation or access to the offices, the multiple visits and paperwork that must be completed, lack of information or misinformation, and social stigmas that surround public assistance (Currie, 2006; Wu & Eamon, 2007). Some have speculated that stricter welfare rules directly affected the rise in economic disconnection, as new rules, coupled with worsening economic circumstances, have increased the vulnerability of these women (Moore et al., 2012; Ovwigho et al., 2011).

Although the reasons for the increase in disconnected women are not fully understood, the rise in economic disconnection has been confirmed in numerous studies and with various national- and state-level datasets. Research has documented the rise in the proportion of disconnected women among low-income women from about one in ten in the

mid-nineties to about one-quarter from about 2005 till 2012 (Blank & Kovak, 2008; Loprest, 2003; Loprest & Nichols, 2011; Moore et al., 2012; Turner et al, 2006). Although exact estimates vary, the rise is universally demonstrated, and variation is attributed to methodological differences in data collection, such as variations in location, timing, and calendar year (Loprest, 2011). Moreover, women may cycle in and out of economic disconnection, and point-in-time studies may underestimate the extent of disconnection among low-income women (Marcenko, Hook, Romich, & Lee, 2012).

Income-Packaging by Disconnected Women and Sources of Support

By definition, economically disconnected women rely on very little or no formal cash income. One state level study found that the average income of disconnected women is less than $500 a month, whereas former TANF recipients who are employed have more than $2,000 a month (Moore et al., 2012). How this vulnerable population group maintains any level of well-being in light of having no traditional sources of income from formal employment or public cash assistance is thus a critical question.

The lack of formal cash income suggests that disconnected women rely heavily on family and friends for additional income or in-kind gifts as well as public non-cash assistance, child-care assistance, and other unspecified support (Edin & Lein, 1997; Moore et al., 2012). The use of public non-cash assistance, specifically Medicaid and Supplemental Nutrition Assistance Program (SNAP), is common (Blank & Kovak, 2008; Marcenko et al., 2012). Disconnected women often live with family or friends with either cheap rent or rent-free housing (Moore et al., 2012; Kalil & Ryan, 2010). Ovwigho and colleagues (2011) found a majority (57%) of chronically disconnected women report some income, whether from another member's earnings, child support, or social security insurance (SSI). Through interviews with 100 disconnected families, a 2003 Urban Institute report found that in-kind support like food, transportation, or child-care from family and friends as well as cash for food or rent is common, but that help is sometimes irregular (Zedlewski et al., 2003). Other studies indicate

that disconnected women sometimes work informally (Edin & Lein, 1997; Zedlewski et al., 2003). Informal work strategies can include both illegal means of income, such as selling drugs or sex, or legal means such as bartering or selling a service such as babysitting, pawning an item, or selling blood (Pyles, 2007).

Taken together, this research indicates that disconnected women, like low-income women in general, utilize a variety of methods to "get by." However, often these strategies are unreliable or not significant enough to support them and their children (Ovwigho et al., 2011). The larger body of research on the income packaging strategies of low-income women informs the newer research on disconnected women and provides details on possible sources of financial support. Considering the absence of formal cash income among disconnected women, we discuss three types of support: (1) public non-cash assistance; (2) help from family and friends; and (3) assistance from social service providers.

Receipt of Public Non-Cash Assistance

Public non-cash assistance programs, including vouchers and designated supports such as SNAP, health insurance programs, housing assistance, and child-care, would appear to be a potentially critical part of income packaging strategies for low-income women, and research supports this hypothesis. Social science research studies from the post-welfare reform era have shown a high reliance on these non-cash assistance programs, especially SNAP and other food subsidies, and Medicaid, among low-income mothers (Danziger, Corcoran, Danziger, & Heflin, 2000; Litt, Gaddis, Fletcher, & Winter, 2000). Approximately one in five low-income families use Medicaid (Wu & Eamon, 2007), and, in 2008, health care programs such as Medicaid and SCHIP were "the most widely used among unwed mothers" (Kalil & Ryan, 2010). More recent government data indicate that this reliance, particularly on food assistance, has been increasing since the Great Recession. For example, SNAP participation has increased by approximately seventy percent between 2007 and 2012, with roughly 46.6 million people, or 22.3 million households participating each month (Food and Nutrition Services, 2013).

In contrast to the high prevalence of food and medical assistance, public housing and child-care are less commonly used supports among low-income households. An estimated ten percent of low-income households use housing assistance (Wu & Eamon, 2007), but due to lack of supply, qualified individuals go without this support (Kalil & Ryan, 2010). Child-care assistance is another crucial, yet underutilized support, with estimates around thirty percent of eligible households utilizing the benefit (Johnson, Martin, & Brooks-Gunn, 2011). Moreover, studies have also shown a decrease in public non-food support in the past decades, as opposed to the documented increase in SNAP participation (Danziger, 2010).

Help from Family and Friends

Research indicates help from family and friends is an important source of support for low-income mothers (Danziger et al., 2000; Edin & Lein, 1997; Hollar, 2003; Litt et al., 2000). These private sources of support come in various forms including cash assistance, in-kind assistance, and instrumental assistance (Kalil & Ryan, 2010). Presents for children, household items, and money as a gift are the most prevalent forms of private support (Kalil & Ryan, 2010). Instrumental assistance, such as emergency child-care, transportation, and sometimes rent-free or reduced rent housing, is another important way family and friends provide support (Edin & Lein, 1997; Scott, London, & Hurst, 2005). Low-income mothers also sometimes receive money from their child's father, either through child support payments or direct cash to the mother, but these too can be sporadic and not a regular source of income (Edin & Lein, 1997). Although such gifts and help are often small in terms of cash, such support can mitigate the threat of homelessness and thus are critically important to family well-being (Harknett, 2006; Henly, Danziger, & Offer, 2005; Passero, Zax, & Zozus, 1991). Data also indicate that private help is particularly important to certain groups of at-risk women, including those with larger families, lower educational levels, and depressive symptoms, as well as those who report no public assistance (Harknett, 2006).

Support from Non-Profits and Social Service Providers

The last area which low-income and disconnected women may find assistance is from non-profits or other social service providers. Non-profits, charities, and social service providers have responded to many of the holes in the public safety net (Daponte, 2000; Lynn, 2002; Marwell, 2004). They often provide material assistance, such as job training, child-care, housing or shelter assistance, and food assistance programs. However, the role of non-profits has stayed stable for those experiencing material hardship, even though there has been an increase in need since the mid-1990s (Guo, 2010). Low-income women often fail to use non-profits due to various reasons, including that many specialize in serving the neediest populations (Guo, 2010; Kissane, 2003). Along with limited numbers of households receiving assistance from non-profits, few households received help from non-profits and government programs at the same time (Guo, 2010). Low-income households turn to non-profits and other social service providers when they do not qualify for government assistance or when government assistance and private support networks cannot meet their needs (Ahluwalia, Dodds, & Baligh, 1998; Edin & Lein, 1997; Wu & Eamon, 2007; Zedlewski et al., 2003). They have been particularly important to groups who are ineligible for public benefits, such as certain groups of immigrants (Moretti & Perloff, 2000).

Current Study

Although much research has focused on survival strategies of low-income women, and recently of disconnected women as well, questions on how the survival strategies of these two groups compare to each other remain. An understanding of the similarities or differences can help inform how programs could more effectively target vulnerable groups to deliver needed services. The analyses were guided by two research questions. First, what financial and in-kind supports are used by disconnected women in comparison to other low-income women? Second, what is the relationship between supports and economic disconnection, controlling for state TANF rules and the local unemployment rate?

Methods

Data Sources and Sample

Study variables came from three different data sources and were merged together to create a comprehensive analytical file. The main data source for the project was the restricted-use, confidential, micro-level version of three panels of the Survey of Income and Program Participation (SIPP): the 1996 panel (spanning 48 months with 12 waves), the 2001 panel (spanning 36 months with 9 waves), and the 2004 panel (spanning 30 months with 12 waves). Access to the data was provided by the New York Census Research Data Center (NYCRDC) at Baruch College, a secure laboratory, operated in partnership with the U.S. Census Bureau's Center for Economic Studies (CES). The research project was reviewed by both the RDC and the CES for feasibility and merit. The two lead researchers of the project obtained Special Sworn Status from the Census Bureau, and all analyses were conducted at the NYCRDC. All output went through a disclosure review process for public release to ensure confidentiality.

The SIPP provides a comprehensive picture of income and program participation among U.S. residents and, beginning with the 1996 redesign, over-samples families residing in high poverty concentration areas. The central focus of the data is economic and demographic, with substantial detail on income sources and amounts, employment, public assistance participation, family composition, and residential location. In addition to the core questions that are asked of SIPP members every four months (every wave), the survey includes topical modules asked once or twice over the course of the panel.

This project made extensive use of the adult well-being module, which includes variables measuring need and "who helped" with particular hardships. Specifically, a series of question sets, each addressing a particular household expense (such as rent or mortgage, utility bills, and medical care) asks first if the household experienced that need, second if the household paid for the need, and third who, if anyone, helped with the expense. Possible responses for the "who helped" questions are family member or relative, friend or neighbor, department of social service, church or nonprofit group, and other. The adult well-being module is asked in wave 8 of the

1996 and 2001 panels and during wave 5 of the 2004 panel. The study's sample comes from respondents to the adult well-being modules and includes mothers residing in households below 200 percent of the poverty line. The study universe was restricted to women who were between the ages of 18 and 54 at the start of the panel, who were the designated parent of at least one child, and who reported being never married, divorced, separated, or widowed. All individual level variables come from the SIPP.

In addition to the strong match between the SIPP data and the research questions, the ability to analyze the restricted-use, microdata version provided additional benefits. The RDC version of the SIPP includes codes for all states as well as county identification and thus enabled the merging of variables measuring state welfare rules and county unemployment rates into the analytical dataset. Although geographic information in the public-use SIPP data is available on the state level, some of the less populated states are grouped and coded together and county level identification is not available. Access to the RDC version, thus, allowed for ecological controls in the regression models, a critical aspect in investigating the circumstances of low-income families.

The second data source of the project was the Welfare Rules Database (WRD), a longitudinal database of state-specific TANF rules maintained by the Urban Institute and funded by the U.S. Department of Health and Human Services Administration for Children and Families and Assistant Secretary for Program Evaluation. The database contains information on TANF rules for all 50 states and DC as coded from state caseworker manuals and updates. The data are then reviewed and verified by state officials. The project used data from 1998, 2003, and 2005, to match the timing of the adult well-being modules of the three SIPP panels.

Lastly, county unemployment rates were taken from the Department of Labor, Local Area Unemployment Statistics. The variables were merged by county and year, specifically 1998, 2003, and 2005.

Key Measures

Economic disconnection. Sample members were divided into four analytical groups based on the amount of time that they

were economically disconnected during the panel. Economic disconnection was defined as the absence of TANF, employment income, and Supplemental Security Income (SSI), which are federal cash benefits for disabled adults and children who have limited income and resources. Those who reported at least one of these sources of income in all waves of the panel are in the connected group. At the other end of the spectrum, those who were without any of these sources in at least half of the waves were defined as long-term disconnected. Women who experienced disconnection for more than a quarter but less than half of the waves were grouped as medium-term disconnected, and those who were disconnected less than a quarter of the waves were termed short-term disconnected.

Private and public non-cash supports. A dichotomous variable indicating support from family, friends, or a church or non-profit group was created using a number of variables from the adult well-being module. First, three separate variables were created, one each for help from family, friends, or a church or non-profit group. All three variables included help received for rent or mortgage, eviction, utility payments, restoring utilities, or medical or dental visits in the past twelve months. Individuals who received help from one or more of the three private sources for any reason were coded as receiving private support.

Similarly, a variable measuring all types of public non-cash supports was created, based on a number of variables in the core questionnaire on the receipt of public benefits. The created variable is dichotomous and equals one if at least one person in the household received at least one type of public non-cash benefit. These benefits included: free or reduced lunch or breakfast; energy assistance; Women, Infants, and Children (WIC); SNAP; Medicaid; and housing assistance.

Analytic Strategy and Models

Research began with a descriptive examination of the use of supports by analytical group. This profile provides a critical overview of the experiences and differences among the groups without controlling for other factors. The bivariate analysis was used to inform model construction, but the findings themselves are also informative on their own in terms of policy implications and are described in the results section.

Logistic and multilevel regression models then examined separately the influence of being disconnected on type of supports and then the influence of support types on being disconnected. In both cases, the examination was first limited to the inclusion of variables on the individual level, and thus logistic models were employed. As the model became more complicated and state and county level variables were included, multilevel logistic models were utilized. Previous methods of combining variables at different levels have been shown to produce standard errors that are biased downward because often the errors across micro units with the same macro group are not random (Moulton, 1990). In multilevel modeling, the technique is designed to examine effects at multiple levels. The present analyses uses Maximum Likelihood estimations to produce efficient estimates (Hox, 2002; Luke, 2004). In this case, the model better examines the relative importance of state, county, and individual level effects.

Investigations first addressed how economic disconnection, and specifically the proportion of time one is disconnected, may influence one's use of private support and public noncash support. Two models were constructed and then applied to each outcome, private versus public supports, separately. Logistic regression models were based on variations of the following basic framework:

Support type [Logistic regression] =
$ß_o + ß_1 I_i + ß_2 F_i + ß_3 S_i + ß_4 U_i + ß_5 P_i + \varepsilon_i$

Where:
I = A vector of personal characteristics including disconnected status, race, age, marital status, education level, student status, and disability status;
F = A vector of family characteristics including number of children, metro residence, and household members;
S = a vector of variables that specify the state TANF rules;
U = county unemployment rate; and
P = panel dummy variables to control for changes in unobserved trends over time.

Individual and family level variables included both demographic characteristics as well as variables considered risk

factors for disconnection, such as disability status and low-education level. Three measures of state TANF rules were included in that vector. First, we include the average TANF grant for a family of three based on the assumption that grant amounts may affect decisions to apply for welfare. Second, disconnected women may be discouraged to apply for welfare based on diversion programs and strategies (Fender, McKernan, & Bernstein, 2002). We thus include a dummy variable measuring whether or not a state has a formal cash diversion program. Third, disconnected women may separate from the welfare program prematurely (without employment) based on how strict or lenient a state may be in terms of time limit and sanction rules and granting extensions or exemptions from certain requirements. Because there are a great number of rules related to exemptions and exceptions to rules, we employ the flexibility index designed by Fellowes and Rowe (2004). The index is made up of twelve related variables measuring state rules regarding work activity and sanction leniency (p. 371). Finally, the model includes the county unemployment rate, which may affect one's ability to find employment, and a control for the year of the panel.

The possibility that the types of supports available to women may influence economic disconnection was then examined using another series of regression models. First, we examined the effect of support types on economic disconnection without regards to the amount of time spent in the disconnected state. Second, we applied the same models to explain long-term disconnection as the dependent variable. In both cases, the modeling began with a null model with included only the types of support used and controls for panel year. The second model included the individual and family variables previously explained, and the final model, estimated with multi-level logistical regression, included the three state TANF rules and the county unemployment rate.

Results

Descriptive Portraits of Connected and Disconnected Women

Table 1 shows the characteristics of the 5,754 sample members as a whole as well as by the four analytic groups: long-term disconnection; medium-term disconnection; short-

term disconnection; and those who were connected in all waves. The mean age for participants was 31 years old at the beginning of the panel. A majority of participants was White (56.5%) and never married (52.7%), and these are fairly consistent when considering disconnected status. Forty percent of the sample members have a high school diploma or equivalent, and about 13 percent have a work-limiting disability. This

Table 1. Sample Description

	Full Sample	Long Term	Medium Term	Short Term	Connected
Average age at beginning of panel	31.43 (8.92)	32.8 (8.35)	30.93 (8.4)	31.67 (8.6)	31.16 (9.26)
Race					
White	58.5	61.8	57	58	58.3
Black	35.9	32.3	37.2	38	35.4
Latina	21.3	16.1	17.4	19.2	24.3
Other	5.6	6	5.9	3.9	6.1
Marital Status – Never Married	52.7	46.7	54.4	49.8	54.7
Education level					
Less than high school	22	22.2	23.8	20.8	22
High school grad or GED	39.6	40.3	39.6	39.7	39.4
At least some college	38.4	37.5	36.7	39.4	38.7
Work limiting disability	13.3	20.1	14.9	15	10.7
Number of children <18 in family	2.09 (1.81)	2.04 (1.10)	2.04 (1.10)	2.06 (1.18)	2.14 (1.21)
Metro residence	83.2	80.4	82.8	82.7	84.1
Full or part-time student	18.6	13.2	16.8	17	20.9
Lives alone	68.4	71.6	74.2	74.6	64.8
Resides with related family	22.8	22.5	13.3	16.7	31.1
Resides with unrelated household members	10.2	7.6	14.5	10.4	6.3
Public Assistance – Non-Cash Benefits					
Food Stamps	38.7	51.9	48.4	41.5	32.2
Medicaid	40	48.8	49.4	41.5	34.8
WIC	3.7	6.2	5.3	3.5	2.8
Energy assistance	5.7	7.9	7.3	6.7	4.8
Housing assistance	18.9	25.9	23.6	17.8	16.5
School lunch	67.2	68.9	62.9	65.9	68.5
School breakfast	42.1	47.6	42.2	41.1	41.1
Summary: any public non-cash assistance	82.9	87.1	83.4	82.5	82
Private Assistance					
Did not have ability to meet essential expenses	39.4	46	42.1	44.2	35.4
Any private assistance from family	6.9	12.6	11	6.7	4.6
Any private assistance from friends	2.1	3.9	2.7	1.9	1.7
Any private assistance from non-profit organizations	2.8	4.3	2.6	2.4	2.6
Summary: any private assistance	10.5	17.9	13.6	10.4	8
n – unweighed	5754	730	767	1179	3078
Proportion estimation – weighted by final person weight		12.09%	13.40%	21.21%	53.30%

percent ranges from 20 percent among long-term disconnected women to 10 percent of connected women, with about 15 percent of both medium-term and short-term disconnected women experiencing a work-limiting disability. The average number of children is two, and a large majority of mothers (83%) live in a metro area, whether or not they are disconnected for any period of time. A little less than 20 percent are full-time or part-time students.

Table 2a. Logistic and Multilevel Logistic Regression Models Explaining the Use of Private Non-Cash Supports (n = 5,754)

Variable	Use of Private Supports Model 1		Model 2	
Fixed Effects				
Disconnected status				
(comparison group = always connected)				
Fewer than 25%	1.19	(0.16)	1.21	(0.15)
Between 25% and 50%	1.57**	(0.22)	1.56**	(0.21)
More than 50%	2.05***	(0.28)	2.12***	(0.27)
Any Public Non-Cash Support	2.21***	(0.38)	2.27***	(0.37)
Any Private Support				
Race (comparison group = White)				
Black	0.89	(0.10)	0.95	(0.11)
Latina	0.71*	(0.10)	0.66**	(0.10)
Other race	0.77	(0.16)	0.96	(0.19)
Age	0.98*	(0.01)	0.98*	(0.01)
Never Married	0.89	(0.10)	0.84	(0.09)
Education				
(comparison group = HS grad or equivalent)				
Less Than High School	0.97	(0.13)	0.93	(0.12)
Some College	0.96	(0.10)	1.00	(0.11)
Work-limiting Disability	1.59***	(0.19)	1.49**	(0.18)
Number of Children Under 18 in Family	1.01	(0.04)	1.02	(0.04)
Metro Residence	0.85	(0.10)	0.97	(0.13)
Full-Time or Part-Time Student	0.89	(0.13)	0.94	(0.13)
Resides with Related Family	0.51***	(0.08)	0.54***	(0.08)
Resides with Unrelated Household Members	0.72*	(0.11)	0.74*	(0.11)
County Unemployment Rate			1.02	(0.02)
State Average TANF Benefit Amount			1.00	(0.00)
State Flexibility Index (0-12)			1.03	(0.03)
State Cash Diversion Program Exists			0.91	(0.11)
2001 SIPP panel (comparison group = 1996)	1.09	(0.14)	1.12	(0.15)
2004 SIPP panel (comparison group = 1996)	1.17	(0.14)	1.40**	(0.18)
Intercept	0.11***	(0.04)		
Random Effects				
Intercept for State Effects			0.18*	(0.10)
Intercept for County Effect			0.67**	(0.08)
n	5,754		5,754	
Pseudo R^2	0.044			
Wald Chi^2	134.78***		143.90***	

Living arrangements are examined in three categories: residing alone; residing with related family such as a parent, aunt, cousin or sister; and residing with unrelated household members, including cohabitation and living with friends. About 68 percent of the full sample lives alone, 23 percent reside with related family, and 10 percent reside with nonfamilial household members. Participants who were medium and short-term disconnected were more likely to live alone

Table 2b. Logistic and Multilevel Logistic Regression Models Explaining the Use of Public Non-Cash Supports (n = 5,754)

Variable	Use of Public Non-Cash Supports Model 1		Model 2	
Fixed Effects				
Disconnected status				
(comparison group = always connected)				
Fewer than 25%	0.98	(0.10)	0.96	(0.10)
Between 25% and 50%	0.94	(0.12)	1.00	(0.13)
More than 50%	1.16	(0.16)	1.13	(0.16)
Any Public Non-Cash Support				
Any Private Support	2.24***	(0.39)	2.27***	(0.37)
Race (comparison group = White)				
Black	2.24***	(0.24)	2.13***	(0.22)
Latina	1.92***	(0.23)	1.57***	(0.20)
Other race	1.72**	(0.34)	1.67**	(0.31)
Age	1.00	(0.01)	1.00	(0.01)
Never Married	1.38**	(0.15)	1.38**	(0.14)
Education				
(comparison group = HS grad or equivalent)				
Less Than High School	1.18	(0.15)	1.25	(0.15)
Some College	0.69***	(0.06)	0.70***	(0.06)
Work-limiting Disability	3.75***	(0.63)	3.58***	(0.57)
Number of Children Under 18 in Family	1.85***	(0.11)	1.88***	(0.09)
Metro Residence	0.57***	(0.07)	0.66**	(0.08)
Full-Time or Part-Time Student	1.33*	(0.16)	1.21	(0.14)
Resides with Related Family	0.48***	(0.05)	0.49***	(0.06)
Resides with Unrelated Household Members	0.98	(0.13)	0.99	(0.12)
County Unemployment Rate			1.12***	(0.03)
State Average TANF Benefit Amount			1.00	(0.00)
State Flexibility Index (0-12)			0.98	(0.02)
State Cash Diversion Program Exists			1.04	(0.11)
2001 SIPP panel (comparison group = 1996)	1.05	(0.11)	0.93	(0.10)
2004 SIPP panel (comparison group = 1996)	1.80***	(0.19)	1.77***	(0.19)
Intercept	1.23	(0.35)		
Random Effects				
Intercept for State Effects			0.21**	(0.08)
Intercept for County Effect			0.42**	(0.09)
n	5,754		5,754	
Pseudo R^2	0.125			
Wald Chi^2	398.06***		458.49***	

Notes: Models 1 and 3 are logisitic regression models with individual-level independent variables. Models 2 and 4 are mixed effect, multilevel models with county- and state-level independent variables added. The dependent variable for Models 1 and 2 is whether or not a sample member reported private help from family, friends, or a community group. The dependent variable for Models 3 and 4 is whether or not a woman reported public non-cash assistance. Odds ratios with robust standard errors in parentheses are reported. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

(74% for medium-term and 75% for short-term), 72% of long-term disconnected women lived alone, and 65% of connected women lived alone. Among those who lived with related family, connected women were most likely to live with family (31%), followed by long-term disconnected (23%), then short-term, and medium-term (17 and 13% respectively). Fifteen percent of medium-term disconnected women lived with nonfamilial household members, whereas only 10 percent of short-term and 8 percent of long-term lived with nonfamilial household members. Only six percent of connected women lived with nonfamilial household members.

Among the full sample, 83 percent of the participants relied on some form of public non-cash assistance. Slightly more long-term disconnected women used public non-cash assistance (87%), in comparison to 83 percent of medium and short-term disconnected women and 82 percent of connected women. Eleven percent of the full sample used private assistance, and disaggregating this, about one out of five (18%) long-term disconnected women used private assistance in comparison to 14 percent of medium-term disconnected women, and 10 percent of short-term disconnected women used private assistance. Only eight percent of connected women reported any form of private assistance.

Explaining Income Packaging Strategies by Disconnected Status

Use of private supports. The first two columns of Table 2 present the results of two logistic models with receipt of private help as the dependent variable. Model 1 demonstrates the odds that one will use private help, controlling only for individual and family level characteristics, and Model 2 includes state and county level variables as well. Model 1 indicates that five variables are statistically significant at the 0.01 level in explaining the use of private support. Medium and long-term disconnected women were more likely than connected women to report using private supports, with odds ratios of 1.57 and 2.12 respectively. Women were also about two times more likely to receive private help if they also were receiving public non-cash support. Disabled women had 1.6 times the odds of using private help, compared to those without a work-limiting disability. Finally, residing with related family decreased one's odds of using of private help. The addition of state level

variables and county unemployment in Model 2 produces very little change in the impact of individual variables, with all five variables leading to similar odds of seeking private help. Additionally, sample members of the 2004 panel were more likely to report private help than members of the 1996 panel, and Latinas are now less likely to use private support at a statistically significant level. None of the macro level variables are statistically significant. However, the random effects intercepts for the state and county levels are statistically significant, indicating that unmeasured characteristics on those levels are related to the dependent variable.

Use of public non-cash supports. Table 2 also presents the results of the two logistic models with the receipt of public non-cash assistance as the dependent variable, with Model 3 focused on the influence of individual level variables and Model 4 also including state and county level variables. Women who reported private help had more than two times the odds of using public non-cash support; this was true for both Models 3 and 4. Black and Latina participants were more likely to use public help than their White counterparts (more than 2 times more likely for Black participants and less than 2 times more likely for Latina participants). The addition of state level variables, however, decreased this slightly (to odds ratios of 2.13 and 1.57 respectively).

Sample members with some college education were significantly less likely than those with a high school diploma or equivalent to use public non-cash benefits in both models. A work-limiting disability increased the odds of using public help by almost four times (3.75 in Model 1 and 3.58 in Model 2). The number of children was also positively related to public non-cash benefit receipt with the odds of receipt increasing with each additional child. Women who lived in a metro area were less likely to use public non-cash benefits than women who did not. In both models, those who reside with related family are less likely to receive public non-cash benefits than those who lived alone. The 2004 panel members were 1.8 times more likely than the 1996 panel to seek public non-cash help in both models. Finally, as the unemployment rate rises, women are significantly more likely to use public non-cash help.

Table 3a. Logistic and Multilevel Logistic Regression Models Explaining Economic Disconnection (n = 5,754)

	Economic Disconnection		
	Model 1	Model 2	Model 3
Fixed Effects			
Any Public Help	0.84 (0.08)	0.83 (0.09)	0.85 (0.08)
Any Private Help	1.67*** (0.16)	1.45** (0.16)	1.51*** (0.16)
Race (comparison = White)			
Black		0.79* (0.07)	0.77** (0.07)
Latina		0.65*** (0.07)	0.67*** (0.08)
Other		0.86 (0.14)	0.98 (0.15)
Age		0.99** (0.01)	0.99** (0.00)
Never Married		0.80* (0.07)	0.85 (0.07)
Education			
Less Than High School		1.29* (0.14)	1.31** (0.13)
Some College		1.03 (0.09)	1.04 (0.08)
Work-limiting Disability		1.51*** (0.16)	1.57*** (0.15)
Number of Children		0.92* (0.03)	0.92* (0.03)
Metro Residence		1.01 (0.10)	0.99 (0.10)
Full Time or Part-Time Student		1.22 (0.14)	1.24* (0.13)
Resides with Related Family		0.27*** (0.04)	0.27*** (0.03)
Resides with Unrelated Household Members		2.25*** (0.23)	2.20*** (0.21)
2001 SIPP panel (comparison = 1996)	1.46*** (0.13)	1.66*** (0.16)	1.49*** (0.15)
2004 SIPP panel (comparison = 1996)	1.55*** (0.13)	1.73*** (0.16)	1.54*** (0.15)
County Unemployment Rate			0.99 (0.02)
State Average TANF Benefit Amount			1.00 (0.00)
State Flexibility Index (0-12)			1.01 (0.02)
State Cash Diversion Program Exists			1.10 (0.10)
Intercept	0.196*** (0.019)	0.447** (0.107)	
Random Effects			
Intercept for State Effects			0.140** (0.068)
Intercept for County Effect			0.268** (0.082)
Pseudo R^2	0.011	0.070	
Wald Chi^2	60.84***	304.92***	320.55***

Table 3b. Logistic and Multilevel Logistic Regression Models Explaining Economic Disconnection (n = 5,754)

	Long-Term Economic Disconnection		
	Model 1	Model 2	Model 3
Fixed Effects			
Any Public Help	1.27 (0.17)	1.18 (0.16)	1.15 (0.15)
Any Private Help	2.00*** (0.24)	1.78*** (0.22)	1.77*** (0.20)
Race (comparison = White)			
Black		0.83 (0.09)	0.78* (0.09)
Latina		0.70** (0.09)	0.69** (0.10)
Other		0.98 (0.18)	1.07 (0.19)
Age		1.00 (0.01)	1.00 (0.01)
Never Married		0.89 (0.10)	0.97 (0.10)
Education			
Less Than High School		1.18 (0.14)	1.22 (0.14)
Some College		0.88 (0.09)	0.89 (0.09)
Work-limiting Disability		1.53*** (0.18)	1.64*** (0.18)
Number of Children		1.02 (0.04)	1.03 (0.04)
Metro Residence		1.00 (0.11)	0.98 (0.11)
Full Time or Part-Time Student		1.01 (0.14)	1.00 (0.13)
Resides with Related Family		0.28*** (0.05)	0.26*** (0.04)
Resides with Unrelated Household Members		2.80*** (0.32)	2.56*** (0.27)
2001 SIPP panel (comparison = 1996)	1.79*** (0.22)	1.83*** (0.24)	1.66*** (0.22)
2004 SIPP panel (comparison = 1996)	2.48*** (0.28)	2.57*** (0.31)	2.39*** (0.29)
County Unemployment Rate			0.99 (0.02)
State Average TANF Benefit Amount			0.99* (0.00)
State Flexibility Index (0-12)			0.99 (0.02)
State Cash Diversion Program Exists			1.08 (0.12)
Intercept	0.058*** (0.009)	0.073*** (0.021)	
Random Effects			
Intercept for State Effects			0.196** (0.074)
Intercept for County Effect			0.291** (0138)
Pseudo R^2	0.028	0.086	
Wald Chi^2	113.97***	298.00***	308.43***

Notes: Models 1, 2, 4 and 5 are logistic regression models with individual level independent variables. Models 3 and 6 are mixed effect, multilevel models with county and state level independent variables included. The dependent variable in Models 1, 2, and 3 is whether or not a woman is economically disconnected, defined as reporting no TANF, SSI or earned income during any wave of the panel. The dependent variable for Models 4, 5, and 6 is whether or not a women is economically disconnected for more than half of the waves of the panel study. Odds ratios with robust standard errors in parentheses are reported. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Explaining Disconnection by Types of Supports

Because the direction of causation in the relationship between disconnection and income packaging strategies is not clear, we also investigated economic disconnection as the dependent variable. Table 3 presents the results of the six logistic models explaining economic disconnection as function of the type of support received. The first three models examine the influences on economic disconnection, regardless of the amount of time spent disconnected. The last three models examine long-term disconnection specifically.

Economic disconnection. In Table 3, we first examine whether or not types of support influence economic disconnection generally. Model 1, which controls only for types of supports received, indicates that those who receive any private help are 1.7 times more likely to be disconnected. In Model 2, where personal characteristics are taken into account, those who receive private help continue to be more likely to be disconnected, although less so with 1.45 the odds of those without private support. This increased risk remains constant in Model 3, which includes controls for macro level variables. In both Models 2 and 3, Latina participants are less likely to be disconnected for any period of time than their White counterparts. Disabled women were 1.5 times more likely to be disconnected than those without a disability were. Participants who resided with related family were less likely to be disconnected than those who lived alone (with odds ratio of 0.27 in Model 2 and Model 3), but those who lived with nonfamilial household members increased their likelihood of disconnection by more than two times in both models. In all three models, the likelihood of being disconnected is greater for women from the 2001 to 2004 panels compared with the 1996 panel. Finally, none of the state welfare variables or the county unemployment rate are statistically significant, but the significant random effects intercepts indicate that variation on those levels influences

disconnected status.

Long-term economic disconnection. The last three models in Table 3 present the results of the three logistic models with long-term economic disconnection as the dependent variable. In all three models, use of any private help increases the odds of long-term disconnection by two times, although Model 5 and 6 are slightly less (with approximate odds ratios of 1.8). Again, being disabled increases the odds of long-term disconnection, and controlling for macro level variables in Model 6 increases the ratio from 1.53 to 1.64. Similar to the models of general economic disconnection, participants who reside with related family are less likely to experience long-term economic disconnection than those living alone. Those residing with nonfamilial household members were almost three times more likely to experience long-term disconnection than those living alone in Model 5, but when state level variables were taken into consideration in Model 6, the odds ratio slightly falls to 2.56. Both the 2001 and 2004 panels showed a statistically significant increased likelihood for long-term economic disconnection in all three models. Similar to the results of Model 3, although the four macro level variables were not statistically significant, the significant random effects intercepts indicate that variation on those levels influences long-term disconnection.

Discussion

The project's estimates provide important insights into how disconnected women, an economically vulnerable population, maintain any level of well-being in light of having no cash income from formal employment or public assistance. Specifically, findings indicate the importance of help from private sources. The descriptive portrait shows that support from all three sources of private help, family, friends, and community groups, is more prevalent among economically disconnected women, especially those who are disconnected more than half of the time. Almost one out of every five long-term disconnected women in our sample used help from family, friends, or community agencies towards rent or mortgage, eviction prevention, utility payments, restoring utilities, or medical or dental visits in the previous year. Only one out of every twelve low-income connected women reported using such help.

Regression models further support the co-occurrence of economic disconnection and use of private help. Findings from the models explaining private supports indicate that medium and long-term disconnected women are more likely to turn to private help than their connected counterparts, even when controlling for other risk factors such as education level, disability, and number of children. When we examine the correlation in the reverse causal order, the models indicate that support from private sources (including family, friends, and non-profit agencies) is a significant predictor of disconnection, and that the impact is stronger when examining long-term economic disconnection. We cannot determine with our data whether economically disconnected women turn to family, friends and community groups after becoming disconnected or whether women who have access to private sources can more easily forgo TANF or employment income. However, since the variable measures assistance used for basic housing, utilities, and health care, the former scenario does seem more reasonable to us.

Dissimilarly, low-income women in our sample, regardless of connection status, used public non-cash supports at similar rates. These descriptive results are echoed in the regression findings. Disconnection is not related to an increased likelihood of receiving public non-cash supports, and the receipt of public non-cash benefits does not lead to becoming economically disconnected. Low-income women turn to governmental in-kind programs in similar ways. Thus, it is unlikely that becoming disconnected leads women to seek public non-cash assistance, such as SNAP or Medicaid.

Although economic disconnection leads to opposite risks in the receipt of private versus public supports, the two sources of help are related. We find that receiving public non-cash aid is a predictor of receiving private help and that receiving help from private sources is positively related to receiving public non-cash assistance—controlling for disconnection status. In other words, regardless of disconnection, a women who is receiving help from one source is more likely to also receive help from the other in comparison to someone not receiving any help. This is not universally true, however, as disconnected women are more likely to report private as opposed to public sources of help.

Although not the focus of our inquiry, results related to household composition reveal other nuances. Our analysis focused on disconnected single mothers in three types of household arrangements. Descriptively, we found that disconnected women were more likely to live alone than their connected counterparts. This statistic is important on its own, as it shows that some popular reports, which assume all disconnected women are cohabitating or sharing households, and thus do not comprise a vulnerable population, are incorrect.

Regression models provide results that are more complex and support the need for research on cohabitation, household resource sharing, and economic disconnection. Living with related family decreases the likelihood of both economic disconnection and reliance on other income packaging strategies, indicating that the disconnected mother and her children may be receiving the help they need from household members. It is also possible, however, that women who decide to live with relatives such as parents, aunts, siblings or cousins, have been deterred from other sources or are unaware of how to navigate the system and may be an extremely vulnerable group. Depending on the stability of the household arrangement, these families may be one step away from homelessness. Similar to women living with family, those living with nonfamilial household members have notably increased odds of economic disconnection and decreased odds of private support, although the latter is a weaker relationship. Unlike women living with family, those in unrelated households are as likely as those living alone to receive public non-cash assistance, most likely because they are eligible for certain programs. The stability of the living arrangement, which is not known in our data, is an open question regarding longer term well-being.

The project is limited by three critical characteristics of the data. First, our measurement of private supports likely underestimates the true use of help from private sources. The SIPP adult well-being module asked about specific large emergency needs and who helped in those circumstances, but did not ask about the use of food banks or clothing donations in a similar manner. Thus, the use of those types of help is not included in our measure. Second, the cross-sectional nature of the data makes conclusions about causality impossible. Because the

adult well-being module is asked only once during the panel, we were unable to examine whether becoming disconnected motivates women to find additional resources or whether having access to other resources influences decisions to not to pursue employment or welfare. Future research on the dynamics of disconnection considering the role of private help is particularly needed, as is additional research on a broader definition of private help. Third, the timing of the release of the SIPP modules limited us to the use of the 2004-2007 panel as the most recent. The 2008 SIPP panel was completed in December 2012 and released last year, after the completion of our project. Repeating our analyses with this latest panel is a logical next step in further investigating the survival strategies of families. Because TANF participation rates have not spiked during the Great Recession, continued research into the economically disconnected is critical. Our findings provide a strong base for such research.

Policy and Practice Implications

The project findings, although associative and not causative, do have strong policy and practice implications for efforts to connect women with the public benefits, both non-cash and cash programs, for which they are eligible and with employment. First, findings can be used to inform outreach efforts to connect more economically disconnected women to public non-cash assistance. Although disconnected women are not less likely to receive public non-cash assistance, they are not more likely either. With lower incomes, the logical assumption is that disconnected women are needier and should be more likely to receive public supports like SNAP and energy assistance. Perhaps sanctioned and diverted clients are not receiving the non-cash benefits for which they are untitled. Perhaps individuals who have met their lifetime limits of TANF receipt are not pursuing redetermination for other benefits. The strong association between economic disconnection and use of private assistance indicates that non-profits and community groups, along with family and friends, may be potential venues for outreach to disconnected women. Many non-profit service providers already have information on public benefits, and social workers and caseworkers at such agencies are

increasingly serving the multiple needs of individuals, not just the issue that brought them through their doors. Continued attention to holistic and multi-faceted interventions supports the inclusion of linkages to public agencies.

Second, findings can help inform policymakers and practitioners about ways to connect disconnected women to TANF if they are still eligible. For this purpose, public agencies, in addition to community groups, could serve as venues for outreach. More than four out of five disconnected women, regardless of the length of their disconnection spell, receive some type of pubic non-cash assistance. Caseworkers in these varied agencies should encourage eligible women to also apply for cash assistance. Over the past decade, a growing number of states have designed and implemented a common application for numerous public benefit programs. Such applications could have beneficial impacts on connections to both non-cash and cash assistance. Similarly, many states now have benefit eligibility tools available online. Such tools allow low-income individuals to learn about the array of public benefits and find out if they are eligible. These administrative developments are helpful for disconnected women who may not be aware of the different types of programs available.

Third, findings can be interpreted in light of potential connections to employment, the second avenue to exit economic disconnection. A central goal of welfare policies is to support recipients to become self-sufficient through work. The higher likelihood of disconnected women to access support outside of the public safety net also indicates a potential role of the nonprofit sector as either a potential partner for workforce development initiatives or at least a critical place for dissemination of information on such initiatives.

Finally, our findings highlight continuing challenges. Some disconnected women in our sample are without cash income and without public non-cash or private assistance. Although this is a very small group in our sample, further research on these vulnerable families is needed. Similarly, disconnected women residing with family are different from those living alone or with friends in that they are less likely to use both private and public supports. While it is possible these women do not need other help, it is also possible that they are unaware of other resources. Public education about the

above-mentioned eligibility screening tools may assist these women in discovering programs for which they are eligible. Finally, our findings indicate that 2001 and particularly 2004 sample members have increased odds of disconnection, with a higher risk of long-term disconnection. The 2004 sample members also have increased odds of using private help and public non-cash supports. We anticipate these trends continuing, and based on our research, emphasize the need for increasing attention to these issues.

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The Consolidation of the Secondary Financial Services Market

David Stoesz

University of Illinois–Springfield
Department of Social Work

Stagnant income and persistent debt have induced low- and middle-income households to rely on alternative financial services (AFS): buy-here-pay-here auto loans, check-cashers, payday loans, auto title loans, rent-to-own furniture and appliances, and pawnshops. A secondary financial services market has evolved to serve the secondary labor market, replete with trade associations as well as state and federal regulators. Mainstream financial institutions have marketed innovations, such as reloadable debit cards, to appeal to low- and middle-income consumers. High fees and interest rates of AFS products have fueled a volatile debate about the future of the secondary financial services market, with options including prohibition, regulation, and inclusion.

Key words: *debt, alternative financial services, AFS, secondary financial services, secondary labor market*

A tidal wave of debt has swept over the lower economic elevations of America, not only obliterating the prosperity of poor households that had struggled with declining incomes for decades, but more recently destabilizing a large swath of middle-income families that relied on credit to bolster family finances (Edsall, 2012). The Great Recession, a dramatic reversal of the fortunes of low- and middle-income families, caused working class families to resort to Alternative Financial Services (AFS) to maximize their increasingly tenuous resources; however, as the tsunami reached higher elevations, middle-income households turned to AFS, as well. When banks and credit unions failed to respond to the needs of increasingly desperate working families, struggling households resorted to a burgeoning network of buy-here-pay-here auto sales, payday and auto title lenders, check-cashers, rent-to-own vendors, and pawnshops.

Theory

That such vendors would evolve during a prolonged economic crisis is consistent with Robert Merton's (1957) observation that those of lower status create institutional arrangements when mainstream opportunity structures are not available. Practically speaking, AFS evolved to serve financially bereft households. In theoretical terms, a secondary financial services market, providing quick cash at relatively high fees and interest, had evolved parallel to a secondary labor market, consisting of low-wage, intermittent jobs without benefits or career trajectories.

The theoretical basis of AFS is largely derived from neoclassical economics, which presumes that people use information at hand in order to make rational choices about their well-being. Various factors interfere with this formulation, explaining the advent of AFS: people lack adequate information about products and make suboptimal decisions; vendors are not equally distributed geographically and they customize products to meet consumer preferences; and, consumers are creatures of habit, frequenting vendors when better choices are readily available (Thaler & Sunstein, 2008). Within a larger social context, these imperfections contribute to economic inequality, which is exacerbated by institutional dynamics: public schools fail to educate, employers discriminate against job applicants, and social programs provide inadequate benefits and services (Stiglitz, 2012). The interaction of these dynamics leaves certain rural and urban areas in chronic poverty (Jargowsky, 1997), and residents frequently resort to AFS.

Initially justified in order to reverse the ravages of the Great Depression, government has been actively involved in public policy, in the process affecting economic inequality (Noah, 2012). Since the 1980s, policies preferred by conservative Republicans have subverted the prosperity of low- and middle-income Americans, battening those with high incomes (Johnson & Kwak, 2012). Thus, dualism, a persistent feature of democratic-capitalist political economies, has become more pronounced. While the primary labor market has benefited from job security and financial products, the secondary labor market has experienced significant erosion in its economic

circumstances. This is evident not only with respect to income, but assets as well (Lerman & McKernan, 2008). Without adequate income to sustain an already precarious level of consumption, many working class families sought credit wherever it was available, finding AFS vendors receptive to their needs. The cost of AFS products was high, but the plight of many low-income people was urgent, and they had few options.

As the secondary financial services market expanded and diversified, it became embedded in lower-income urban and rural communities. Eventually, AFS vendors became a fixture in the lives of the working poor. At the same time, the high fees and interest rates of some products (such as payday loans, which carry an APR of 391 percent for $15 charged per $100 over two weeks) have provoked a volatile debate about reform of AFS. Innovation in the secondary financial services market evolved as technological developments, such as payroll direct deposit and reloadable debit cards, are marketed to consumers who find them more attractive than traditional financial products of mainstream financial institutions.

A burgeoning secondary financial services market would mature with the establishment of trade associations representing the interests of vendors. At the same time, fierce opposition would arise from nonprofit organizations that vehemently objected to the high APR of AFS products. The Consumer Financial Protection Bureau (CFPB), established in 2010, was designed to rein-in financial abuses from Wall Street to Main Street; however, its rocky start reflected the turbulence of the financial services markets. Ultimately, the future of the secondary financial services market will be determined by three quite disparate strategies of reform: prohibition, regulation, or inclusion.

Background

The working poor have long relied on financial services that have been separate from mainstream banking. As such, various financial products have evolved which have prompted state and federal regulation; regardless, low-income, minority families have found mainstream financial institutions chronically problematic with respect to their financial needs.

For example, the proliferation of salary lenders after the Civil War served as an impetus for state usury prohibitions, contributing to Progressive Era reforms and, ultimately, the regulatory regime of the New Deal (Longman & Boshara, 2009). Denied access to mainstream financial institutions, immigrants and freed slaves established their own savings institutions. Early in the 20th century, the credit abuse of poor immigrants prompted the Russell Sage Foundation to subsidize philanthropic pawnshops (known as remedial loan societies) in several large cities, of which only the Provident Loan Society still exists in New York City at five locations (Caskey, 1994).

In 1933 the Glass-Steagall Act authorized the newly established Federal Deposit Insurance Corporation (FDIC) to regulate savings institutions and limit interest rates for savings accounts as well. Decades later, the 1977 Community Reinvestment Act (CRA) prohibited "red-lining," the practice of denying mortgages and other loans to entire neighborhoods of consumers suspected of being high risk, and required banks to make credit available to poor families. Just as the CRA prompted banks to serve low-income, disproportionately minority families, stagflation of the mid-1970s pushed interest rates above traditional usury limits, prompting states to relax regulation of financial institutions. Soon, bi-partisan support grew for deregulating financial services altogether, liberal Democrats advocating for innovative financial products to bring the marginalized poor into the economic mainstream, and conservative Republicans seizing the opportunity to shed the burdensome regulations that had interfered with self-correcting financial markets. The resultant 1980 Depository Institutions Deregulatory and Monetary Control Act removed interest rate caps on loans, providing a fertile ground for expansion of vendors outside the financial mainstream (Bostic & Lee, 2009).

As nonmainstream financial providers expanded after the 1980s, introducing new product lines, their lexicon evolved accordingly. Initial reactions were negative, as the invocation of "predatory lender" by Bruce Marks when he challenged Boston's Fleet Bank for appending high fees and interest rates on loans to duped consumers in the early 1990s, attests (Rivlin, 2010). An early study described the activities of check-cashers and pawn lenders as "fringe banking," a British term coined

by economist Hyman Minsky (Caskey, 1994). Eventually, scholars proposed the term "alternative financial services" to differentiate pawnshops, payday lenders, check cashers, and rent-to-own stores from traditional financial institutions. A journalistic exposé freighted the fringe economy with terms such as "shadow banks," "financial shakedowns," and "shark bait" (Hudson, 1996), while an academic critique that included payday lenders, buy-here-pay-here auto sales, and subprime mortgages referred to lenders as the "fringe economy or predatory lending" (Karger, 2005). In 2009, the FDIC published its first assessments of Alternative Financial Services (AFS), and the term has since become widely accepted.

Declining Fortunes

What had been a relatively small fringe economy expanded exponentially during the final decades of the 20th century. A primary factor was the decline in discretionary income of working class families. "The average two-income family earns far more today than did the single breadwinner of a generation ago," observed then-Harvard professor Elizabeth Warren and her financial consultant daughter. "And yet, once they have paid the mortgage, the car payments, the taxes, the health insurance, and the day-care bills, today's dual-income families have *less* discretionary income—and less money to put away for a rainy day—than the single-income family of a generation ago" (Warren & Tyagi, 2003, p. 3).

The expansion of AFS paralleled the steady erosion of the income of the working poor. Between 1979 and 2011, the growth in household income of the bottom quintile of families was negative 0.4 percent and zero for the next lowest quintile. Falling family income followed the decline of good jobs—those paying the median wage of $18.50 in 1979 (in 2011 dollars) coupled with employer-provided health insurance and a company pension—from 37.4 percent in 1979 to 27.7 percent in 2011, a drop of 25.9 percent. Meanwhile, from 1979 to 2011 wages fell 4.3 percent for the lowest decile of workers and increased only 1.3 percent for the second decile. The proportion of workers earning poverty-level wages remained virtually unchanged despite the economic expansion of the 1990s, 29.9 percent in

1973 dropping to 28.0 percent in 2011. The underemployment rate, historically higher for African Americans and Hispanics, compared to Whites, doubled from 2008 to 2010, reaching 25 percent. By 2010, the number of unemployed, those working part-time but wanting full-time work, and workers marginally attached to the labor force exceeded 25 million (Economic Policy Institute, 2012). Not only did the lowest forty percent of families absorb significant income losses during the Great Recession, but they also continued to lose income after the recovery began.

Under optimal circumstances, households can rely on assets to buffer income shocks; however, few low-income families have sufficient reserves to sustain themselves for three months at the federal poverty level. Before the Great Recession, such "asset poverty" was extensive: between 1996 and 2001, the average family in the lowest quartile of households claimed assets valued at $0 and for the bottom half only $31. Fully 84.5 percent of families in the bottom third of the income distribution claimed such small reserves as to be asset poor (McKernan, Ratcliffe & Vinopal, 2009). During the 2000s, many low-income families went into debt, some spectacularly so. In 2001, the mean net worth of households at or below the 25th percentile was $100, but by 2010, it was *negative* $12,800. During this period, the mean net worth of households between the 25th and 49.9th percentile dropped from $54,400 to $35,600 (Federal Reserve, 2012). Predictably, the financial prospects of lower income families worsened during the Great Recession. In 2009, the average wealth of the lowest quintile of families was negative $27,000, while that of the second lowest quintile was only $5,000. Between 1983 and 2010 the net worth of the lowest 40 percent of households declined 1.95 percent, leaving them with few resources to address routine bills, let alone expense shocks (Economic Policy Institute, 2012).

The Great Recession effectively erased the asset gains of minority households. Between 2005 and 2009, median wealth of White households fell 16 percent, but 53 percent for African-American families and 66 percent for Hispanics. Minority families not only lost financial ground, but many found themselves in debt: almost one-third of Black households (35 percent) and Hispanic households (31 percent) had zero or negative net

worth in 2009, compared with 15 percent of White households, a significant increase since 2005, when 29 percent of Blacks, 23 percent of Hispanics, and 11 percent of White households reported zero or negative wealth. Put another way, in 2009 24 percent of African-American households and 24 percent of Hispanic households had no assets other than a vehicle (Taylor, Kochar, Fry, Valasco, & Motel, 2011, pp. 1, 23).

Table 1. Share of Debtors with Any Payment 60 Days or More Past Due, Percentile

Family Income	2001	2010
Less than 20	13.4	21.2
20 to 39.9	11.7	15.2
40 to 59.9	7.9	10.2
60 to 79.9	4.0	8.8
80 to 89.9	2.6	5.4
90 to 100	1.3	2.1
Family Net Worth		
Less than 25	17.8	22.2
25 to 49.9	7.1	13.3
50 to 74.9	3.6	6.8
75 to 89.9	.7	2.0
90 to 100	.3	1.2

Source: Federal Reserve Board, Survey of Consumer Finances, 2012.

From 2001 to 2010, faltering income and eroding assets in relation to household expenses left consumers in debt, struggling to pay bills on time. While more than one in ten low-income and low-wealth households had missed a debt payment beyond two months in 2001, the percent had increased significantly by 2010. More and more families were falling further behind in debt (Federal Reserve, 2012).

The Great Recession also retarded upward mobility among minority families, which had lagged previously. A pre-recession report on mobility sponsored by prominent policy institutes across the ideological spectrum concluded,

> It is fairly hard for children born in the bottom fifth to escape from the bottom: 42 percent remain there and another 42 percent end up in either the low-middle or middle fifth. Only 17 percent of those born to parents in the bottom quintile climb to one of the top two income groups. (Isaacs, 2006a, p. 5)

Many minority children actually experienced downward mobility. Of Black children with middle class parents, 45 percent fell to the bottom of the income distribution, compared to 16 percent of White children. Poor Black children fared the worst: 54 percent of children in families in the bottom quintile remained there, compared to 31 percent of White children (Isaacs, 2006b). The recession further slowed the upward mobility of minorities. A post-recession analysis of economic mobility concluded that one-fourth of middle class children had fallen out of the middle class as adults, a prospect that affected 38 percent of African-American men (Acs, 2011).

Banking Defections

While the economic travails of the working poor became more acute, mainstream financial institutions were less accessible to them. Between 1975 and 1995 the number of banks and savings institutions serving communities with upper incomes increased from 9,251 to 15,646, while those serving neighborhoods with lower incomes decreased from 2,164 to 1,719 (Avery, Bostic, Calem, & Canner, 1997). Karger (2005) observed:

> The consolidation in the banking industry over the past 20 years has reduced the number of banks in low-income neighborhoods, increased the focus of banks on corporate and high-income customers, and limited banks' interest in serving consumers with small accounts or less-than-perfect credit. (p. 12).

Bank deregulation, in other words, left large numbers of poor Americans without convenient banking institutions for essential financial services, a vacuum that AFS would quickly fill. "Check-cashing stores and pawnshops and payday lending stores, those are the poor man's institutions," proclaimed former pro-football player and ad man for Advance America,

Willie Green:

> You go to any poor Black person, and I guarantee you, they've borrowed money from a payday person, a title loan person, or a pawnshop. That's what you do if you don't have the luxury of going into a bank and borrowing money. (quoted in Rivlin, 2010, p. 256)

As banks and savings associations retreated from low-income areas, a significant number of consumers became "unbanked" because they did not have an account with a bank or credit union or "underbanked" because they had such an account, but used AFS as well. In part, not having a formal relationship with mainstream financial institutions was due to bad experiences. During a five-year period, 73 percent of payday consumers had loan applications refused or limited by mainstream financial organizations. Subsequently, 67.7 percent did not apply for loans from banks or credit unions because they expected the application to be rejected (Elliehausen, 2006). By the late 2000s, the number of unbanked consumers lacking a savings or checking account totaled 7.7 million households or 9 million Americans; underbanked consumers who had a savings or checking account but relied on AFS represented 17.9 percent of households, or 21 million Americans. Access to financial services fell disproportionately on racial and minority groups. While 21.7 percent of African Americans and 19.3 percent of Latinos were unbanked, those underbanked were 31.6 percent and 24.0 percent respectively, rates significantly higher than the general population. The Federal Deposit Insurance Corporation (FDIC) concluded, "overall, almost 54 percent of black households, 44.5 percent of American Indian/Alaskan households, and 43.3 percent of Hispanic households are either unbanked or underbanked" (2009, pp. 3-4). Even if they held accounts with mainstream financial institutions, many lower income families relied on AFS as well, especially minority households.

The defection of consumers from mainstream financial institutions is evident in data collected by the Survey of Consumer Finances. In 1989, 18.7 percent of respondents had a checking account. By 2010, the percentage had dropped to 9.6 percent. Over a decade, consumers voiced different reasons for

not having checking accounts, as seen in the following tables. Conspicuous changes include the percent of consumers who do not write enough checks to make a checking account worthwhile and the increase in those who do not like banks, over one-fourth of respondents (Federal Reserve, 2012).

Table 2. Reasons for Not Having a Checking Account, Percent

Reason	2001	2010
Do not write enough checks to make it worthwhile	28.5	20.3
Minimum balance too high	6.5	7.4
Do not like dealing with banks	22.6	27.8
Service charges too high	10.2	10.6
Cannot manage or balance a checking account	6.6	4.7
Do not have enough money	14.0	10.3
Credit problems	3.6	4.2
Do not need/want an account	5.1	7.3
Other	2.8	7.4

Source: Federal Reserve Board, Survey of Consumer Finances, 2012.

Table 3. Select Populations by Banking Status

Population	% Unbanked	% Underbanked	% Fully Banked
All Households	8.2	20.1	68.8
Blacks	21.4	33.9	41.6
Hispanics	20.1	28.6	48.7
Foreign-born noncitizens	22.2	28.9	45.8
Unemployed	22.5	28.0	47.5
Income below $15,000	28.2	21.6	47.6
Unmarried	19.1	29.5	48.8
Under age 24	17.4	31.0	49.7

Source: Federal Deposit Insurance Corporation, 2012.

By 2012, many consumers had begun to use AFS. While a majority of the population had a financial relationship with

a bank or credit union, many demographic groups either engaged with AFS or lacked *any* relationship with mainstream financial institutions.

The Rise of Alternative Financial Services

Declining fortunes with respect to income and assets eroded the already fragile finances of working poor families. A survey of the unemployed showed that many resorted to borrowing to meet routine expenses but all too often found that inadequate; as a result debt accumulated. Researchers from Rutgers University found that 56 percent of the unemployed borrowed money from family and friends to cover expenses in 2010; 45 percent increased credit card debt, but 25 percent missed credit card payments. While 24 percent missed a mortgage or rent payment, 8 percent declared bankruptcy (Borie-Holtz, Van Horn, & Zukin, 2010, p. 12).

Mounting stress on family finances increased the demand for credit in low- and moderate-income households. As their economic prospects dwindled and households struggled to pay routine bills and faced unexpected expense shocks, a growing number of families needed quick access to short-term credit to keep their foundering economic boats afloat. In 2010, the FINRA Investor Education Foundation published the first of three studies of financial capability which included several AFS products: auto title loans, payday loans, an advance on a tax refund, pawn, and rent-to-own. "Non-bank methods of borrowing" were higher among the minority poor who were younger and less-educated. While Blacks and Latinos were equally likely to take out an auto title loan, African Americans were more likely to frequent a pawnshop while Latinos were more likely to resort to payday lending. Almost one-fourth of respondents, 23 percent, had used one of these AFS products within the past five years, and utilization was higher for the unbanked, 44 percent, than those who had bank accounts, 20 percent (FINRA Foundation, 2010, pp. 6-7).

Similarly, a survey of Latino households in Los Angeles conducted by the Pew Health Group revealed that many households resorted to AFS: 37 percent of those with a bank account and 74 percent of the unbanked. Families found AFS

providers accessible geographically and during evening and weekend hours. Many found AFS a convenient way to pay monthly bills. Researchers concluded that Hispanic households represented a sizeable financial market that was served by AFS providers (Tellalian, Tseng, & Eleni, 2010).

In 2010, the Center for Financial Services Innovation (CSFI) surveyed 170 providers of financial products (32 percent nonprofits, 17 percent banks, 12 percent credit unions, 11 percent vendors, 8 percent prepaid card vendors, and 7 percent check cashers/payday lenders) and reported that 87 percent of those serving the *under*banked expected services to expand, including 94 percent of commercial providers. The portrait that emerged from the CFSI survey was one in which varied organizations—for-profit and nonprofit, mainstream and AFS—met a growing need for immediate, short-term loans. "Although the danger of using credit products to excess is undeniable, consumers need access to appropriate forms and amounts of credit in order to smooth income and pay for emergencies," observed CFSI analysts. "In fact, well-structured credit is essential to support a household's ability to save and build a robust credit history, and to facilitate crucial investments that can provide a foundation for other wealth-building activities" (Center for Financial Services Innovation, 2011).

A subsequent CFSI analysis of small-dollar credit borrowers suggested four primary reasons for resorting to AFS: (1) confrontation with expense shocks, leaving 47 percent of borrowers to take out one or two loans per year; (2) erratic cash flow, accounting for borrowing smaller amounts, with 42 percent taking out six or more loans annually, while 16 percent take out more than 12 loans annually; (3) insufficient income, prompting borrowers to take out loans to meet routine expenses, accounting for smaller loans, with 77 percent of loans less than $500; and (4) planned purchases for a car or appliance, accounting for one or two loans per year, but at amounts that exceeded $1,000 (Bianchi & Levy, 2013). CFSI research of borrowers' perceptions are supported by researchers from the Pew Charitable Trusts, who reported that 56 percent of consumers found payday loans a source of relief, as opposed to 31 percent who said payday loans were a source of anxiety. Yet, urgency plays a role in borrowing: 37 percent of respondents stated

they would have sought a payday loan under any conditions offered (Pew Charitable Trusts, 2013, pp. 21, 41). As consumer demand for credit expanded, working families resorted to various strategies to address static income and deteriorating assets, sometimes under acute financial distress.

By the end of the 2000s, AFS represented a significant market in financial services, generating over $319 billion annually by providing financial services to those who are excluded from, or elected to avoid, mainstream financial services.

Table 4. Primary Sectors of the Secondary Financial Services Market

Sector	Volume ($Billions)	Percent
Buy-Here-Pay-Here Auto Loans	80	24.9
Check Cashing	58	18.1
Payday Loans	48	15.0
Overseas Wire Remittances	46	14.3
Open-Loop Prepaid Cards	39	12.1
Refund Anticipation Loans	26	8.1
Money Orders	17	5.3
Rent-to-Own Transactions	7	2.2

Source: (Bradley, Burhouse, Gratton & Miller, 2009, p. 39)

Such growth was evidence that AFS was responding to consumer demand by hiring courteous staff that arranged quick transactions through hours extended into the evenings and weekends (Servon, 2013). The proliferation of payday lending, by way of illustration, has been attributed to its appeal to consumers who have had negative experiences with banks. Scanning the interior of a payday loan store, a journalist observed, "It's like banking turned upside down. Poor customers are commodities, deposits are irrelevant, bad credit makes for a good loan candidate and recessions can be boom times" (McGray, 2008). In a presentation to the FDIC, the Financial Service Centers of America (FiSCA) described how its members responded to customers by including access to services at times and locations that are convenient to them, and that suit non-traditional work schedules that leave little free time.

> They need the services to be provided in languages they can understand—frequently more than just English and Spanish—by staff that makes them feel comfortable and that reflects the culture, customs and colors of the neighborhood. They need products and services tailored to their unique needs, preferences and economic circumstances, rather than being served "stripped-down" versions of what is designed for more affluent consumers. (FiSCA, 2007, p. 2)

In this regard, FiSCA reported in 2006 that 75 percent of consumers rated the value of its financial products as "excellent" or "very good," virtually the same level of customer satisfaction in 2000. Similarly, 78 percent of consumers rated service quality as "excellent" or "very good," a slight decrease from 81 percent in 2000 (Cirillo, 2006). Studies such as this are conducted on a sample of customers who use financial services at stores that subscribe to FiSCA's "codes of conduct" that prescribe best practices for member vendors (FiSCA, 2013), a condition of membership, so consumer perceptions may be different at non-FiSCA member stores.

The establishment of trade associations reflected the maturation of AFS. The Financial Service Centers of America (FiSCA) was established in 1987 and represents vendors of several products: check cashing, money transfers, bill paying, money orders, and payday loans. Initially representing check-cashers, FiSCA has expanded to other lines of financial services and now represents 7,000 providers serving 30 million consumers annually. Joseph Doyle, FiSCA's Chairman, noted the reason why the organization has grown:

> Our customers appreciate the convenient access and high quality services we offer. We fit into their busy lives, with most FiSCA member stores open six or seven days a week. Almost all of our members are open hours later than banks and credit unions; some even stay open 24 hours a day. Consumers are very willing to pay reasonable fees for this type of convenience and recognize that we offer good value. In many cases it is less expensive to use one of our outlets than to use a bank. In fact, 60 percent of FiSCA member customers

> have a traditional savings or checking account at a bank or credit union, yet choose to conduct their financial transactions at our member locations (Doyle, 2013, p. 1).

In 1999 the Community Financial Services Association of America (CFSA) was established as a membership organization of payday lenders. In April 2001, CFSA collaborated with the McDonough School of Business at Georgetown University in a survey of payday customers, which revealed that most were workers supporting young families and who possessed a checking account (Elliehausen & Lawrence, 2001). Subsequently, one of the researchers of this study moved to the Board of Governors of the Federal Reserve System and authored a January 2009 report on payday lending, which showed that most borrowers used loans for emergencies and were quite satisfied with the product (Elliehausen, 2009). CFSA promoted "best practices" among members, including the offer to customers of an "extended payment plan" through which borrowers are offered more time to pay off a loan (CFSA, 2009).

Conclusion

This installment, the first of a two-part series, chronicles the evolution of AFS in response to the deteriorating financial circumstances of working poor households. Already tenuous, as measured by income and assets, the prosperity of low-income families plummeted during the Great Recession, with the impact especially damaging for minority households. In order to sustain an increasingly precarious standard of living, families resorted to AFS. In response to rising consumer demand, AFS vendors formed trade associations to defend the industry, market their financial products, and develop model business practices. The second installment proposes AFS as reflective of a secondary financial services market that complements the secondary labor market, explores the controversy around "predatory lending" as well as regulatory strategies, and details the rapid innovation of financial products designed for the working poor. Community-based financial services are proposed as a strategy to provide constructive financial products to low-income families.

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The Impact of Youth Debt on College Graduation

Min Zhan

School of Social Work
University of Illinois at Urbana-Champaign

This study examines the associations between educational loans and credit card debt with the possibility of college graduation among a group of youth who enrolled in college. It further investigates whether the associations differ by levels of parental assets. Results indicate that, after parental assets and other variables are considered, educational loans are positively related to college graduation; however, there is evidence that educational loans above $10,000 reduce the probability of college graduation. Parental assets are positively linked to youth's college graduation, and the relationship between educational loans and college graduation is stronger among youth whose families have lower levels of financial assets. Credit card debt is positively related to college graduation only among families with modest financial assets. Policy implications are discussed.

Key words: *Educational loans, college graduation, credit card debt, household assets, net worth*

With college cost being one of the most recognized barriers to college access and success, especially for low-income and minority families (Long & Riley, 2007), families have increasingly relied on debt to finance their children's higher education. For example, about two-thirds of college graduates in 2008 completed their degrees by taking out some type of loan (Lewin, 2009). As of 2010, the average amount of debt for a Bachelor degree graduate from a four-year public college is $12,300 (College Board, 2011). Several factors have contributed to the increasing use of loans as a way for financing college education. College costs have risen sharply over the last decade (College Board, 2008), and increases in college tuition continue to outpace that of family income (The National Center for Public Policy and Higher Education, 2008); as a result, many

families' income and savings are insufficient to cover this escalating cost. In the meantime, financial aid policy has shifted from need-based aid toward merit-based aid and educational tax credits (Long & Riley, 2007), and federal loans and private loans are becoming more accessible to youth and their families (College Board, 2009). As a result, taking loans has become the "norm" for many families to cover college costs.

Another trend since the 1990s is the deregulation of financial markets, which has resulted in the accessibility of credit cards to populations who have not had access before, including young adults (Kamenetz, 2006). For example, findings from a recent national survey by Sallie Mae (2009) indicate that both credit card ownership and credit card balances have risen sharply during recent years among college students. Furthermore, a larger proportion of college students also rely on credit cards for paying direct educational expenses, including textbooks, school supplies, and tuition (Sallie Mae, 2009).

While a growing body of research has examined the relationships between household financial assets and youth savings with children's college education (see Elliott, Destin, & Friedline, 2011), little attention has been paid to how negative assets (i.e., debt) are associated with college education. Given the rise in household indebtedness (Dynan & Kohn, 2007) and its increasing role in financing college education, it is important to examine the impact of debt as an independent indicator on college education.

This research examines the associations between youth debt (educational loans and credit card debt) and attainment of bachelor's degrees (referred to as "college completion or graduation" in this study), in the context of parental financial assets. It expands on emerging studies in this area in two important ways. First, while studies have examined the relationships between educational loans and college graduation (e.g., Dwyer, McCloud, & Hodson, 2012; Kim, 2007) in the context of the college student's family income, family assets have not been considered. Scholars suggest that concepts of income and assets are related but distinct (Oliver & Shapiro, 1995; Sherraden, 1991), with asset inequality being more skewed than income inequality (Wolff, 2006). In addition, financial assets may play a more important role in children's

college education than income (Elliott et al., 2011). Given these considerations, it is necessary to examine the relationship between youth debt and college graduation in the context of family financial assets.

Second, this study extends previous analyses by examining the impact of both educational loans and youth credit card debt. Including credit card debt is necessary given its increasing use to meet financial needs of college education. Furthermore, these two types of debt may have different impacts because they are taken on through different processes and also have different requirements regarding repayment. For example, educational loans may produce less stress for college students during their college years because monthly payments are not demanded for educational loans. Also, while educational loans are viewed as an investment in human capital, the influence of credit card debt could be more complicated (Dwyer, McCloud, & Hodson, 2011) due to the fact that it could also be used for other forms of "investment" (e.g., buying clothes for social activities). In order to better understand the relationships between debts and college education, it is worthwhile to explore to their different forms and functions.

Previous Scholarship

Theoretical Assumptions

There are two primary theoretical assumptions that underlie this study: (1) the effects of debt are nonlinear, i.e., a point is reached where positive effects turn negative; and (2) debt may have differential effects on college graduation based on different family economic circumstances.

Nonlinear relationships of debt and college graduation. Educational loans and credit card debt are two types of unsecured debt. Unsecured debt, which is usually incurred when the current consumption of a family exceeds current available income and assets, could have dual effects on financing youth's education (Gruber, 2001; Nam & Huang, 2009). Families and youth with debt have access to credit markets, which can provide necessary resources for youth's education in times of economic difficulties (Mayer & Jencks, 1989; Sullivan, 2005). More specifically, access to credit could increase the

opportunity for a child to enroll in and graduate from college, compared to those without access to such resources. In addition, the ability to borrow might reduce the need for youth to work long hours to support their college education, thus increasing their chances of remaining in school.

Debt may also have positive attitudinal and psychological effects. Studies have found that access to loans may help reduce anxiety and stress during economically challenging times (Drentea, 2000). Dwyer, McCloud, and Hodson (2011) found that both education and credit-card debt are positively linked to mastery and self-esteem of youth, especially among youth from low- and middle-income families. It may be that debt as an investment in status attainment helps foster the sense of capacity to control one's circumstances, as well as feelings of self-worth (Mirowsky & Ross, 2007). This attitudinal and emotional impact may, in turn, affect youth's college graduation. In sum, educational loans and other debt may help increase the chance of college degree attainment, if it is a rational investment that will pay off in the future (Bowen, Chingos, & McPherson, 2009; Frank, 1999).

Despite the potential positive impact of debt on college education, researchers also indicate that heavier debt could have diminishing or even negative effects on college education. Families and youth with large amounts of debt might find it difficult to save as well as to secure additional loans and/or invest in the future, thus limiting potential resources for continuing education. Large debt burdens could also harm physical and mental health (Drentea & Lavrakas, 2000; Jenkins et al., 2008). Heavy debt is often associated with financial stress, which may lead to the feeling of being out of control, and reduced capacities for future planning and orientation. Drentea (2000) further suggests that young people experience more debt stress and anxiety than older groups. For college students, the stress could be stronger due to their limited resources and their inexperience in managing finances (Christie & Munro, 2003). More specifically, a heavy debt load may decrease the likelihood of graduation for college students, because of anxiety about repayment and reluctance or inability to secure additional loans (Dwyer et al., 2011).

Differential impact of debt. The aforementioned effects of youth debt on college graduation may vary by levels of

economic capacities (e.g., income and assets) of their parents. Knowing whether or not additional resources are available to help them pay back debt impacts youth's perception of the debt. For example, the study by Christie & Munro (2003) indicates that parents play a critical role in their children's decisions on how to finance their education. For low-income youth, debt might be the only resource available; but for others, it is possibly one of a set of resources available because they hopefully will have more income and wealth from their parents to shelter the effects of debt. Students from higher income families are more likely to have confidence that investments in college are worthwhile, while low-income students are more likely to perceive risks, recognizing the financial challenges that their parents faced in supporting them. Also, during economic crisis, the vulnerability of low-income families will increase (Sullivan, 2005). Youth debt could have a stronger impact on the college graduation of low-income youth because they are the primary resources to finance their education; on the other hand, heavy debt might have more negative impact on their education by increasing stress.

Research

Household liabilities and children's education. While emerging studies have examined how household assets and youth savings impact college education (Elliott et al., 2011), the relationships between household and youth debt with college success has received little attention. Limited research on debt and youth academic achievement finds that unsecured debt (including credit cards, student loans, medical or legal bills, and personal loans) is negatively related to reading and math scores for preschool-aged children and to math scores of school-aged children (Williams, 2007; Yeung & Conley, 2008). Nam and Huang (2009) indicate a more complicated relationship between negative liquid assets (i.e., unsecured debt) and children's educational attainment. They report that children from families where debt exceeds savings (i.e., negative liquid assets) are more likely to graduate from high school compared to those from families with no liquid assets. But children from families with negative liquid assets are no different in terms of college attendance and are less likely to graduate from college. These results indicate that unsecured debt may have

short-term positive implications but negative long-term implications for children's education. Two recent studies by Zhan and Sherraden (2011a, 2011b) indicate that household unsecured debt is negatively related to college attendance and graduation among African American and Latino children, partly due to the high debt-to-income ratio in these families.

Educational loans and college education. Studies consistently indicate that educational loans have positive effects on college enrollment (Espenshade & Radford, 2009), especially for those from lower-income families (Baum & McPherson, 2008; Heller, 2008), by providing these students with necessary financial resources to attend college. However, the relationship between educational loans and college persistence and completion are mixed (Hossler, Ziskin, Kim, Cekic, & Gross, 2008), perhaps partly because these studies include different study samples, e.g., college students from different family backgrounds or attending different types of institutions. While some studies find that debt increases the likelihood of college graduation (e.g., Bowen et al., 2009; Choy, 1998; Cofer & Somers, 2000; Eyermann, 1999; Lam, 1999; St. John, Starkey, Paulsen, & Mbaduagha, 1995), other researchers indicate that educational loans are not related or even negatively related to the chance of college graduation, especially among disadvantaged students (Education Resources Institute and the Institute for Higher Education Policy, 1995; Institute for Higher Education Policy, 1999; Ishitani, 2006; Kim, 2007; Knight & Arnold, 2000; St. John, Andrieu, Oescher, & Starkey, 1994; U.S. General Accounting Office, 1994, 1995).

Despite these inconsistent findings, the studies overall suggest that loans are more likely to have negative impact among disadvantaged families. For example, Kim's (2007) study finds that higher student loan debt in the first year of college is negatively related to degree completion only among low-income and African American students. Similarly, Paulsen and St. John (2002) indicate that loans only have negative effects on within-year persistence for low-income and lower-middle-income families. These findings seem to suggest that parental resources may help reduce the risks associated with debt, such as stress of feeling unable to pay off the loans. Students from lower-income families without much parental

resources to buffer against the risks thus tend to worry more about the burden of repayment. Studies also indicate that loans have a stronger impact for students at public universities. For example, St. John, Oescher, and Andrieu (1992) report that having loans had negative associations with returning for spring semester for students attending public colleges, but no relations with those attending private colleges. Alon (2007) similarly finds that debt has little effect on college completion among a group of students at elite private colleges. This might be partly due to the fact that students from lower-income families, who are more likely to be affected by loans as mentioned above, are more likely to enroll in public universities.

Some studies suggest that the impact of educational loans is not linear. For example, a recent study by Dwyer, McCloud, and Hodson (2012) indicates that educational loans, as a special resource for making investments in education, have a positive impact in college completion, but only to some extent. Heavy debt (beyond $10,000) reduces the chances of college attainment for college students from the bottom 75% of the income quartile in their study sample of youth who attended public universities. This finding is consistent with the aforementioned theoretical assumption that students from lower-income families are more vulnerable to heavy debt due to the lack of backup parental resources.

As the previously presented scholarship suggests, this study is motivated by two hypotheses: first, having educational loans and credit card debt increases graduation rates, but the positive impact will diminish at high levels of loans and debt; and second, the impact of educational loans and credit card debt differs by levels of financial family assets.

Data and Methods

Data and Sample

Data for this study are drawn from the National Longitudinal Survey of Youth, Young Adult sample (NLSY79-YA). In 1979, 12,686 individuals between 14 and 22 years of age, including an oversample of minority and economically disadvantaged White youth, comprised the original NLSY. From 1979 through 1994, respondents were interviewed

annually, then biennially thereafter (Center for Human Resources Research, 2006). Beginning in 1994, the 15- through 20-year-old adolescent children (referred to by the NLSY as "young adults") of the female respondents have been assessed biennially with a survey that includes questions related to their schooling, labor market experience, education, physical and mental health, relationships, and fertility.

The study sample includes the young adults whose first-year college enrollment was between 2000 and 2004. Their college graduation status is measured in survey year 2008, which allows at least 4 years for these students to finish college. The young adults who were still enrolled in college in 2008 were deleted from the sample. Data related to parental education, income, and assets are taken from the NLSY main file, and all other variables in the study are from NLSY-YA data. After excluding cases that have a missing value for any of the variables in the analysis, the final sample includes 1,047 young adults.

Measures

Youth debt. Youth debt is measured with the amount of cumulative debt, i.e., the total amount of debt over the course of a youth's college enrollment. This focal variable includes two measures: the total dollar amount of educational loans and the total dollar amount of credit card debt during the period a youth is enrolled in college. Two questions in the data are asked on educational loans: (1) Did you receive a loan to cover any of the costs for this year's college expenses?; and (2) What is the amount owed on the loan(s)? A similar two-question sequence is asked on credit card debt: (1) Do you owe over $500 to any stores, doctors, hospitals, banks, or anyone else?; and (2) Rounding to the nearest dollar, how much do you owe altogether on your credit cards?

According to the distribution of the variable, educational loans are recoded into four categories: no educational loans; educational loans less than $5,000; educational loans between $5,000 and $10,000; and educational loans $10,000 or over. Credit card debt is recoded into three categories: no credit card balances; credit card balance less than $5,000; and credit card balances of $5,000 or above.

College graduation. The dependent variable, whether or not a youth completed a bachelor's degree (i.e., 16 or more years of schooling) as of 2008, is measured with a dummy variable (yes = 1, no = 0).

Parental assets. A youth's parental financial assets are measured with his/her parent's household net worth in the year when he or she first enrolled in college. This variable is recoded into three categories according to distribution: negative or zero net worth; positive net worth less than $50,000; and net worth $50,000 or above. These three categories are referred as "no net worth," "low net worth," and "high net worth" in analyses.

Control variables. Because of their potential influence on college graduation, several demographic, social, and economic variables of parents and youth are included as control variables in the analysis. Inclusion of these variables helps rule out omitted variable bias and possible alternative explanations of variance in the dependent variable.

The demographic controls of youth include age, gender, race/ethnicity, marital status, and parental status during college enrollment. Race is dummy coded (White, African American, and Hispanic), where White is the reference group in the regression analyses. Marital status is dummy-coded into two groups: ever married during enrollment (coded 1) and unmarried during enrollment (coded as 0). Similarly, parental status is measured with whether a youth had any child(ren) during the enrollment period (1 = yes, 0 = no). A youth's academic performance in high school is measured with his/her GPA in the last year of high school, i.e., whether a youth was an A/A- student or not with 1 = yes and 0 = no. Whether a youth enrolled as a full-time or part-time college student is also controlled (1 = full-time enrollment and 0 = part-time enrollment). Since only a small proportion of youth in the sample attended private college (about 3%), this variable is not included in regression analysis.

Parental controls include mother's educational status as of the year that the youth first enrolled in college, and poverty status of the youth's family. Mothers' education is measured with whether a mother ever attended or completed a college degree (i.e., at least 13 years of school completed), with 1 = yes and 0 = no. Family poverty status is measured with whether a family ever lived in poverty while the youth was enrolled in college (1 = yes, 0 = no).

Analysis

A logistic regression was conducted on college graduation to examine associations between educational loans and credit card debt with a student's probability of graduating from college. To investigate whether the associations between loans/debt and youth's college graduation differ by the three levels of their family assets (no net worth, low net worth, and high net worth), separate logistic regression analyses were conducted with the sub-samples of each of these three groups.

Results

Sample Characteristics

Table 1 details weighted descriptive statistics of the study sample, as well as those by different levels of parental net worth. Of the 1,047 youth in the sample, about 18% were African American, 8% were Hispanic, and 74% were White. Their average age as of 2008 was 26. About 12% were married, and 14% had at least one child during college enrollment. About 31% of youth had a GPA of A or A- in their last year of high school. As expected, most of them (84%) enrolled full-time in public universities (95%). As of 2008, only about 37% of youth in the study sample had completed a Bachelor's degree. Regarding their parental/family characteristics, 18% of youth were from families who lived in poverty at some point during their first year of college enrollment (i.e., between 2000 and 2004), and about 27% of them were from families with negative or zero net worth; the median value of net worth was about $5,000 among the families with positive net worth. About 47% of youth's mothers attended at least some college, but only 15% had a Bachelor's degree or higher.

About 43% of the sample had educational loans, and 56% had credit card balances during college enrollment. Among those who had educational loans, the median loan value was $5,000 (mean value of $7,756); and among those who had credit card debt, the median debt value was $1,700 (mean value of $3,764).

Table 1: Sample Characteristics (Weighted)

Variables	Full Sample (N = 1047)	Negative/ Zero Net Worth (N = 288)	Net Worth < $50,000 (N = 384)	Net Worth ⩾$50,000 (N = 375)
Youth Characteristics				
Age (2008)	26	26	26	25
Gender Female	56%	53%	61%	54%
Race/ethnicity				
White	74%	65%	64%	87%
African-American	18%	25%	28%	7%
Hispanic	8%	10%	8%	6%
Marital status during enrollment				
Married	12%	13%	15%	10%
Parental status during enrollment				
Having kids	14%	16%	21%	8%
High School GPA				
A/A	31%	23%	28%	37%
Institutional Characteristics				
Public university	95%	98%	97%	93%
Enrollment Status				
Full-time students	84%	77%	78%	90%
Educational status (2008)				
Having Bachelor's Degree	37%	22%	29%	51%
*Educational loans				
Having educational loans	43%	39%	46%	44%
Amount of educational loans	7756 (5000)	8304 (5000)	6384 (4400)	8839 (6000)
*Credit card debt				
Having credit card debt	56%	55%	59%	56%
Amount of credit card debt	3764 (1700)	4270 (2000)	3692 (1900)	3456 (1324)
Family Characteristics				
Mother's education				
Attended college or above	47%	43%	43%	51%
Poverty status				
Living in poverty	18%	35%	27%	5%
Household Net Worth				
Negative or zero	27%	100%	0	0
Low net worth	37%	0	100%	0
High net worth	36%	0	0	100%

*For the amount of educational loans and credit card debt, medians are reported in parentheses

Table 1 also shows differences in sample characteristics by parental financial assets: negative or zero net worth (27%); positive net worth lower than $50,000 ("low net worth"; 37%); and net worth equal to or above $50,000 ("high net worth"; 36%). Compared to youth whose families had net worth of $50,000 or above, those from families with negative/zero or positive net worth lower than $5,000 were more likely to be African American and also were more likely to be married and to have children while they were enrolled in college. Youth from families with no or low financial assets were less likely to be A/A- students in high school, and they were also less likely to graduate from college. It is not surprising that youth from families with no or low asset accumulation were more likely to live in poverty, and their mothers were less likely to have attended college themselves.

Regarding the prevalence and amounts of educational loans, youth from families with positive net worth below $50,000 were most likely to owe educational loans (46%), followed by those from families with net worth of $50,000 or above (44%), and those from families with negative or zero assets (39%). The pattern of the prevalence of credit card debt follows the pattern of educational loans, with the students from families with positive net worth of less than $50,000 being most likely to hold credit card debt (59%), followed by those from families with net worth of $50,000 or above (56%) and those from negative/zero asset families (55%). The finding of students from families with low to modest amount of assets being mostly likely to take out loans/debt probably indicates that this group of students is less likely to qualify for student financial aid compared to those with zero/negative family assets. However, among the borrowers, the median amount of loans and credit card balances of youth from families with negative/zero assets was higher than those with positive family assets of less than $5,000.

Educational Loans, Credit Card Debt, and Children's College Graduation

Table 2 presents the results from logistic regressions on college graduation. After controlling for other variables in the model, students with educational loans of $10,000 or above

Table 2. Unstandardized Coefficients and Odds Ratio from Logistic Regression: Models of Children's College Graduation

Independent & Control Variables	Coefficients (Odds Ratio)
Youth Characteristics	
Age	0.21*** (1.23)
Gender	
Female	0.27 (1.31)
Race/Ethnicity	
(White)	
African American	-0.49* (0.61)
Hispanics	-0.63** (0.53)
Marital Status	
Married	-0.99 (0.82)
Parent Status	
Having children	-1.43*** (0.24)
High School GPA	
A/A- Student	1.12*** (3.05)
Enrollment Status	
Full-Time Students	1.78*** (5.91)
Family Characteristics	
Mother's Education	
Mother Attended College	0.35* (1.42)
Poverty Status	
Living in Poverty	-0.09 (0.91)
Household Assets	
(Negative or Zero Net Worth)	
Low Net Worth (< $50,000)	0.20 (1.22)
High Net Worth (⩾ $50,000)	0.81*** (2.24)
Educational Loans and Credit Card Debt	
Educational Loans	
(High Loans ⩾ $10,000)	
No Loans	-1.62*** (0.20)
Low Loans (< $5,000)	-0.28 (0.76)
Middle Loans (Between $5,000 and $10,000)	0.45 (1.57)
Credit Card Debt	
(High Debt ⩾ $5,000)	
No Debt	-0.45 (0.64)
Low Debt (< $5,000)	-0.24 (0.79)
X^2	301.97***
df	17
N	1047

Note: Categories in parentheses are reference groups.
* p<.05** p<.01***p<.001

were more likely to graduate from college than those without such loans, but the possibility of their college graduation was not statistically different from that of students with loans of less than $10,000. Interestingly, the students who received loans of $10,000 or above were less likely to graduate compared to those who received loans of between $5,000 and $10,000 (although the relationship was not statistically significant). Therefore, it appears that having educational loans helped increase the probability of college graduation, but heavier loans might not help or may even undercut the chance of graduation.

Regarding the impact of credit card debt, the graduation rate of students with higher amounts of debt ($5,000 or more) was not statistically different from the graduation rate of those without credit card debt or those with credit card debt of less than $5,000. Further analysis indicates that before educational loans were entered into the model, the students with credit card debt of $5000 or above were more likely to graduate than those without such debt. Thus, it appears that the impact of credit card debt was "overshadowed" by that of educational loans. As mentioned earlier in the paper, the fact that credit cards could be used to pay for other expenses such as clothes and social activities may help explain their weaker impact on graduation than that of educational loans.

The findings among the control variables are as expected. Minority students and those with children in the household during enrollment were less likely to graduate. On the other hand, the students with high school GPA of A/A-, those who enrolled full-time in college, as well as those whose mothers attended/graduated from college and with higher family assets were more likely to graduate.

Separate Analyses by Levels of Parental Net Worth

To further examine whether the associations of educational loans and credit card debt with college graduation varied by parental assets, these relationships were examined separately by three different levels of family net worth: negative or zero net worth; positive net worth of less than $50,000; and net worth of more than $50,000 (Table 3).

Results indicate that, across all three groups, students with loans above $10,000 were more likely to graduate from college compared to those without loans, but the impact of

Table 3. Logistic Regression Models of College Graduation by Family Assets

	Model 1 (Negative or No Net Worth)	Model 2 (Net Worth below or at $50,000)	Model 3 (Net Worth Above $50,000)
Youth Characteristics			
Age	0.41*** (1.51)	0.14* (1.15)	0.23** (1.27)
Gender			
Female	0.50 (1.65)	0.99** (2.68)	-0.06 (0.94)
Race/Ethnicity			
(White)			
African American	-0.36 (0.70)	-1.06** (0.35)	-0.39 (0.67)
Hispanics	-0.56 (0.57)	-0.57 (0.57)	-0.73* (0.48)
Marital Status			
Married	-0.76 (0.47)	-0.62 (0.54)	0.37 (1.45)
Parent Status			
Having kid(s)	-1.87* (0.15)	-0.87* (0.42)	-2.42*** (0.09)
High School GPA			
A/A- Student	0.83 (2.30)	0.76* (2.13)	1.31*** (3.71)
Enrollment Status			
Full-Time Students	0.72 (2.04)	2.47*** (11.8)	1.91*** (6.76)
Family Characteristics			
Mother's Education			
Attended College	0.42 (1.52)	0.27 (1.31)	0.12 (1.12)
Poverty Status			
Living in Poverty	0.17 (1.19)	-0.09 (0.91)	-1.19 (0.30)
Educational Loans and Credit Card Debt			
Educational Loans			
(High Loans > = 10,000)			
No Loans	-2.45*** (0.08)	-2.03*** (0.13)	-0.83* (0.44)
Low Loans (< $5,000)	-0.61 (0.54)	-0.39 (0.67)	-0.19 (0.83)
Middle Loans ($5,000-$10,000)	-0.20 (0.82)	0.06 (1.06)	1.07* (2.91)
Credit Card Debt			
(High Debt ⩾ $5,000)			
No Debt	0.19 (1.22)	-1.08* (0.34)	-0.25 (0.78)
Low Debt < $5,000	-0.05 (0.95)	-0.09 (0.91)	-0.48 (0.62)
X^2	96.38***	112.67***	120.16***
df	15	15	15
N	288	384	375

Note: Categories in parentheses are reference groups.* p<.05** p<.01***p<.001

educational loans was stronger among students from families with negative/zero assets or a lower amount of positive assets.

More specifically, among students from families with negative or zero net worth, those having loans of $10,000 or above were about 12 times more likely to graduate from college than those without loans; among students from families with net worth of less than $50,000, those having loans of $10,000 or above were 8 times more likely to graduate from college than those without loans; and among those with net worth of more than $50,000 those having loans of $10,000 or above were 2 times more likely to graduate from college than those without loans. The stronger impact of educational loans among lower-income students is consistent with previous findings, possibly due to the fact that loans are primary resources for their college education. However, compared to those with loans of $5,000 and $10,000, the positive impact of educational loans $10,000 or above diminished (among the low and middle asset groups) or became negative (among the high asset group), supporting the nonlinear assumption of loans.

After controlling for educational loans and other variables in the model, amount of credit card debt was only related to the probability of students from families with positive net worth below $50,000. This was possibly because this group of students had more credit card debt than other two groups.

Among the control variables, having children during enrollment was negatively related to college graduation for all three groups, which indicates that students who were parents may have faced unique challenges. Race/ethnicity was not related to college graduation among college students whose parents had negative or zero net worth, suggesting that racial disparities in youth's college graduation in the full sample may be explained by differences in parental assets.

Discussions and Conclusions

This study examines the extent to which educational loans and credit card debt are related to college graduation among a sample of youth who enrolled in college between 2000 and 2004 and who are from relatively disadvantaged backgrounds. Findings indicate that only about 37% of the students graduated from college, and the graduation rate was even lower among those from families with negative/zero net worth or lower levels of family assets (i.e., family net worth was lower

than $50,000). Among students whose parental net worth was above $50,000, the graduation rate was 51%. Results also indicate that a large proportion of youth had educational loans (43%) and credit card balances (56%) during their college enrollment, which supports the notion that these two types of loans were prevalent among college students from less advantaged families.

Regression analyses investigated two major research questions. First, the relationships of educational loans and credit card debt with college graduation rates were explored. Results support the hypothesis that the association between educational loans and college graduation is nonlinear, i.e., educational loans were positively related to college graduation, but only up to a point (in this analysis, around $10,000). The graduation rate among students who received educational loans of $10,000 or above was not different from the graduation rate among those who received loans of between $5,000 and $10,000. In other words, while lower levels of loans help college graduation by providing necessary resources, this positive impact is diminishing as loan amounts increase, possibly due to the stress associated with larger amounts of debt (e.g., Drentea & Lavrakas, 2000; Dwyer et al., 2012).

However, the impact of credit card debt on possibility of graduation is not statistically significant in the regression analysis of the full sample (Table 2). The weaker influence of credit card debt on college graduation could be due to differences in loan repayment and utilization. Different from educational loans, monthly repayment is required for credit card debt, and it may also be associated with high interest rates; therefore, credit card debt can produce more stress for borrowers than educational loans. Furthermore, while educational loans can only be used for educational expenses, credit cards can be used for other purposes, such as clothing and recreational activities.

Second, regression analyses also investigated whether the impact of educational loans and credit card debt on college graduation differs by levels of family financial assets. Results from subsample analysis (Table 3) indicate that while the nonlinear association holds for all three asset groups, educational loans seem to have a stronger positive impact for students from families with negative/zero or lower levels of financial assets (less than $50,000), compared to those from families

with assets above $50,000. This is consistent with previous literature indicating that educational loans might matter more for students from more disadvantaged backgrounds, because loans might be the primary financial resource on which they rely to complete college (e.g., Christie & Munro, 2003; Dwyer et al., 2012).

It appears that credit card debt helps college graduation only among the students whose families with positive net worth of below $50,000, after controlling for educational loans and other variables in the model. What could help explain this finding? Among the three asset groups, this group of students may have the most need to rely on debt to finance their college expenses because their family assets are less than the higher assets group; but in the meantime, they might be less likely to qualify for certain types of need-based financial aid than those with negative/zero family assets. This is reflected in the highest amount of educational loans and credit card debt of this group (see Table 1).

Several findings among the control variables are worth mentioning. Parental net worth was a strong positive predictor of college graduation. More specifically, students whose family net worth was $50,000 or above were more than two times more likely to graduate from college compared to the students whose families had negative or zero net worth. But the graduation rate of students whose parental net worth was positive but below $50,000 was not different from the graduation rate of students whose families had negative/zero net worth. This result indicates the "threshold effects" of family assets on college education, i.e., assets need to reach a "threshold" amount to have a positive impact. Among other control groups, high school GPA was positively related to college graduation; thus, academic readiness matters. Presence of children in the household during college enrollment and being a minority student were negatively related to college graduation, indicating that these students might need additional help to finish college.

Limitations

A few limitations of this study should be noted, and these, in turn, point to useful directions for future research. First, longer-term impacts of educational loans, such as graduate

school attendance and post-collegiate career choices, need to be examined. Previous studies (e.g., Nam & Huang, 2009) indicate that unsecured debt might have different short-term vs. long-term impacts on college education. This differential impact needs to be evaluated for educational loans and credit card debt, especially since college students are often burdened with educational loans and other types of debt upon graduation (Lewin, 2009; Steele & Baum, 2009), and such debt burden might have an impact on many other important decisions after college (e.g., purchase of a home) (Long & Riley, 2007). While limited research has examined the effect of educational debt on post-graduation plans (Monks, 2001) or job decisions (Minicozzi, 2005), such impact has not been examined in the context of family economic circumstances of college students/graduates.

Second, further analyses need to investigate the mechanisms (both financial and attitudinal) through which educational loans and credit card debt influence college graduation. Such analyses also could help understand differential impact of loans/debt on college graduation for youth from different family backgrounds, including families with different levels of financial assets accumulation.

Implications

With the soaring cost of college education, it has become more daunting for college students and their families, especially those with limited economic resources, to pay for their college education. The current study, consistent with previous research, indicates that a large proportion of college students rely on educational loans and credit card debt to pay for college. While this study indicates that educational loans increase the probability of college graduation for college students, there is also evidence that large loans ($10,000 or above) might undermine their graduation possibilities. Thus, addressing unmet financial needs for college students through additional educational loans and other debt is counterproductive, especially also given the consideration of the long-term negative impact of educational loans on the financial health of borrowers (e.g., Elliott & Nam, 2013; Hiltonsmith, 2013).

Therefore, instead of focusing more on loans and debt as a way to finance college education, a helpful approach could

be enhancing opportunities for students and their families to prepare early on financially for their college education and to be self-reliant. One such strategy is to include financial asset accumulation as a long-term investment strategy to enhance college access and graduation and to help reduce the debt burden, especially for those from families with limited income and financial assets. Some examples in this regard include college savings plan, or 529 plans, a broadly available and promising vehicle to facilitate college savings (Lassar, Clancy, & McClure, 2011), as well as Child Development Accounts, incentivized accounts that encourage households to save for children's higher education (Beverly, Elliott, & Sherraden, 2013). Consistent with findings from emerging research that examines the effects of household assets and youth savings on college education, this study indicates that parental assets are a strong predictor of college graduation. Perhaps more importantly, since studies have suggested that the benefits of assets accumulation on education could be long-term and go beyond economic benefits (Elliott et al., 2011), an asset-based approach to financial aid has the potential to improve college graduation rates, especially for those from low-income and asset-poor families.

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Deputized Brokers: A Technique for a Case Study of Conservative Think Tanks in 1990s Welfare Reform

SERGIO ROMERO

Boise State University

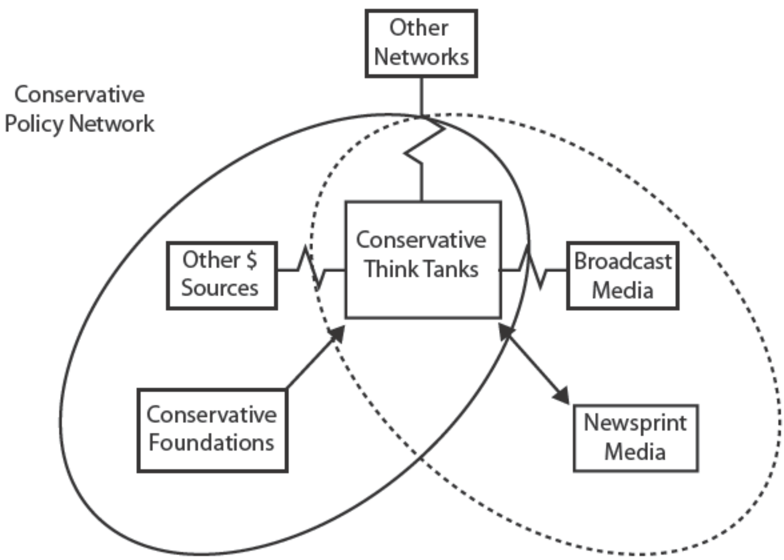
This study proposes a novel analytical technique in a case study of think tank brokerage. As brokers, think tanks structurally link foundations and media, yet they do so as representatives of a policy network consisting of corporate funders and affiliated think tanks. Print media sought their policy analysis regarding the welfare system and prescriptions for reform. Network and content methods are the bases for the presentation of the technique. The coupling of results from each of the technique's components shows how resources tie actors, as well as how their conversion from one form to another is the basis for a newfound understanding of structural brokerage. Taken together, the findings demonstrate the significance of representative brokerage that deepens the meaning of the policy advocacy mission of these organizations.

Key words: *brokerage; social network analysis; content analysis; conservative think tanks; welfare reform*

In recent decades, social scientists have examined the role of policy-planning organizations in the policy process. Interest ranges from think tanks' relationship to the state (Abelson, 1996; McGann & Weaver, 2000; Ricci, 1993), influence with the media (Abelson, 1992), interlocks with the corporate community (Burris, 1992; Moore, Sobieraj, Whitt, Mayorova, & Beaulieu, 2002), consensus-building roles (Burris, 2008; Carroll & Carson, 2003), policy-motivated funding support (Callahan, 1999; Colwell, 1993; Covington, 1997; Lagemann, 1999; Messer-Davidow, 1993; Roelofs, 2003; Saloma, 1984), and the agenda-setting activities of think tanks in policy development (see Burch, 1997; Callahan, 1999; Covington, 1997; Jenkins & Shumate, 1985; McDonald, 2008; Messer-Davidow, 1993; Peschek, 1987; Ricci, 1993; Rich, 2004; Svihula & Estes, 2008;

Smith, 1991). Think tanks engage in timely analysis of legislation, sponsor conferences highlighting their policy preferences, publish their findings for mass audiences, serve as a gateway to federal civil service employment, and provide policy expertise to media and legislators alike (Burch, 1997; Domhoff, 2010; Dye, 2001; McCright & Dunlap, 2003). Their role in this process is often cited as influential to legislative outcomes, compared with other policy interest groups (Domhoff, 2010; McGann & Weaver, 2000; Peschek, 1987; Union of Concerned Scientists, 2007). However, systematic analysis of their structural role is absent. The interrelationship of think tanks with foundations and media mitigated by the resources and context of their exchange are considered here. The research on think tanks has used descriptive analyses as the methodological approach of choice. While this inclination is understandable for an organizational actor new to policy development, the accessibility of network studies challenges this traditional approach. This study re-explores the context of think tanks' resource-based ties from these valuable studies to consider a different approach toward their structural role.

Figure 1. Conservative Think Tank Network Brokerage



Critical to the representation and articulation of interests

at the state level is the appearance of think tanks as neutral, nonaligned policy organizations. Their tax-exempt status underscores this structural façade. However, as research has demonstrated, these organizations are anything but impartial to the "stability and reproduction of a system shaped by capitalist social relations" (Peschek, 1987, p. 216; see also Burris, 2008; Carroll & Carson, 2003). They are entrusted as deputies of a network's corporate interests (Gramsci, 1971, p. 6) that carry forward the general policy preferences of their corporate benefactors through several pipelines, including media. Prior research has examined their reliance upon (Abelson, 1992) as well as impact on the media (Dolny, 1996, 1997, 1998; Rich, 2001). For example, news bureaus on the East Coast and in the Midwest seek last-minute comment from think tanks located on the West Coast before print deadlines (Katz, 2009, pp. 12-13). This study examines the structural, intermediary location between funding sources and transmitters of policy analysis (see Figure 1), which is operationalized here as brokerage.

The ties that connect think tanks and media are derived from dual interests by both. Print media, for example, turn to authoritative sources to clarify complex, technical matters for their storylines and sometimes provide a forum in the op-ed section for individual analysts to champion policy matters. The think tanks sampled in this paper leverage this need for expertise by advocating their policy analysis. For example, the Heritage Foundation allocated 13% of its budget in the 1990s to marketing, including nearly half a million dollars for consultants to assist them in these efforts (Georges, 1995). The president of Heritage stated they "stress an efficient, effective delivery system. Production is one side; *marketing is equally important*" (emphasis added) (Covington, 1997, p. 14). The president of the American Enterprise Institute (AEI) similarly declared:

> I make no bones about marketing… We pay as much attention to the dissemination of the product as we do the content. We're probably the first major think tank to get into the electronic media. We hire ghost writers for scholars to produce op-ed articles that are sent to the one hundred and one cooperating newspapers—three pieces every two weeks. (p. 20)

The newsprint media citations referenced in this case study are a consequence of concerted efforts by these organizations to market themselves as credible sources of policy expertise (Ricci, 1993; Rich, 2004).

The present study seeks to broaden the research on think tanks by introducing a novel analytical technique that, if parsed, would appear as two distinct cases. Consisting of both network and content analyses, the technique's quantitative and qualitative structure is applied to a case study of conservative think tanks that participated in the development of welfare reform in the 1990s. Alone, each of these methods shed light on the network characteristics and semantic content of the think tanks' relationships with foundations and media. These relationships are determined by the resource substance that establishes their ties: funding (i.e., capital) that connects foundations and think tanks; and policy analysis (i.e., information) linking think tanks to media. Knowledge of the above linkages is not new. The objective of this study's analytical technique is to operationalize brokerage that recognizes mixed resource types in the process of connecting structurally distinct groups of actors. The empirical research on brokerage is generally focused on the study of persons and a singular resource—usually information. To proceed with the investigation, I pose two levels of questions, the first concerning each method:

> At the network level, how is structural equivalence ascertained, and what does this indicate about a think tank's similarity and dissimilarity with its peers?
>
> At the semantic level, what are the policy criticisms and reform prescriptions, and what does their frequency of appearance suggest?

This study's mixed methods approach presents an opportunity to peer into brokerage, beyond observing how brokers link otherwise unconnected actors (for which they are known). The second set of hypotheses concerns the implications of combining these methods:

> How similarly does network equivalence correspond with media impact?

How is the resource structure of capital and information an indicator of brokerage?

The point of the study is to present a systematic analysis of think tanks that incorporates a broader understanding of structural brokerage in social network analysis (e.g., Burt, 2005; Gould & Fernandez, 1989; Marsden, 1982; Rydgren, 2005) at the organizational level (Fernandez & Gould, 1994; Knoke, 2009).

The social network analysis measures employed for the politically conservative policy network are drawn from financial ties between think tanks and private foundations that fund them. The procedures systematize the descriptive analysis of relational ties found in much of the literature regarding these organizations (see Roelofs, 2003; Saloma, 1984; Stefancic & Delgado, 1996). The dispensation of general operating grants for policy analysis by foundations sampled in this paper is not a common practice in the mainstream of private foundations (Colwell, 1993; Covington, 1997; Krehely, House, & Kernan, 2004; Saloma, 1984; Stefancic & Delgado, 1996). This operational strategy portends a practice critical to the outcomes of think tank activities. As noted by other scholars, this type of resource commitment permits think tanks to shift organizational resources on an as-needed basis toward policy issues that may suddenly warrant their attention (Krehely et al., 2004; Rich, 2004). The absence of project-specific grants that constrain an organization's activities expands the autonomy of think tanks to engage in creative advocacy of the network's policy preferences.

Foundations are generally regarded as passive institutions barred from directly engaging with the political process (e.g., campaign donations, lobbying, etc.). Yet, their bystander role does not mean they don't exert influence regarding think tank activities. For instance, according to Covington (1997), "in 1986, Olin and Smith Richardson foundations withdrew their support from [AEI] because of substantive disagreement with certain of its policies" leading to the resignation of its president (p. 15). Krehely et al. (2004) noted that conservative foundations have a high degree of interaction with grant recipients "meeting with them at least once formally during the year,

and several additional times informally at various conferences, retreats and meetings" (pp. 55-56). The structure of grant money identified in this study involves an exchange relationship where one actor provides a valuable and needed resource (money) to another in return for the latter's tacit conformity (Knoke, 1993). The competitive nature of fundraising-dependent non-profit organizations reinforces the general interests of the funding party, in this case a category of philanthropies that prioritize support for policy analysis in their funding missions (Covington, 1997; Saloma, 1984). By combining content analysis of media ties with network measures, the politically conservative think tanks assume a structural role as the deputy of the foundations' general policy preferences.

Brokerage

Brokerage refers to strategic actors that control or coordinate the flow of network resources between clusters of actors (Marsden, 1982). Brokers facilitate the exchange of resources derived from bridging structural holes across networks (Burt, 2005). The holes or gaps enable them to function as a resource bridge between actors and the networks they represent. Brokers may accrue benefits (e.g., status, promotion, experience, commissions, etc.) as a consequence of influencing resource flows.

Brokerage demonstrates a distinct capability of linking otherwise disconnected actors (Gould & Fernandez, 1989; Marsden, 1982). Thus, brokers are visionaries of resource transactions that might otherwise be unfulfilled. In a sense, they take advantage of opportunities either ignored or addressed on a limited basis. They manifest social capital by "detecting and developing rewarding opportunities" generated from ties —strong and weak, close and distant—to actors, social networks, or other social structures (Burt, 2005, p. 18; Everett & Borgatti, 2005). Social capital theory casts light on characteristics of broker advantage, especially for self-interested purposes. A recent study of organizational social capital found that possession of it by corporate alliances was key to facilitating (as well as limiting) opportunities in a multi-industry system (Knoke, 2009).

Generally, brokerage is measured with betweenness centrality, a derivative measure in social network analysis.

Betweenness refers to an ego's intermediary location between alters in a network. The alters depend on the ego's betweenness to connect them to distant alters (Scott, 2000). Betweenness centrality "recognizes that intermediate actors can control the messages passing through indirect channels" assumed to take place within a relatively restricted network of exchanges (Marsden, 1982, p. 205). This position confers a certain degree of power. Sociograms in network visualization software (such as Netdraw) illustrate an actor's betweenness network location which network scores alone are incapable of displaying (Scott, 2000).

In Figure 1, conservative think tanks are positioned between structurally distant actors. This enables the ego grouping (i.e., conservative think tanks) to directly transmit resource-influenced policy interests to alters of significance (e.g., media) that could otherwise be channeled through indirect, circuitous routes by remote actors. For example, practices think tanks frequently engage in for their constituents such as emails, workshops, conferences, or publications would yield limited policy diffusion. Though these practices may percolate to a mass audience, they may not be as effective in reaching it as broadly or efficiently as through the media, especially with hot-button legislation. The streamlining of that process has potential benefits. Knoke (1990) suggested that "as the number of ties between actors decreases, power accruing to any one broker rises" (p. 144).

A recent essay by Everett and Borgatti (2005) proposes an extension of the betweenness centrality concept to the supra-individual level by considering a set of actors' attributes for analysis. They contend that attributes such as ethnicity, age, or occupation may be used as a source for group-level centrality measurement. The operationalizing of this concept in this manner encourages problematizing brokerage beyond persons. Their approach extends our understanding of brokerage, but nevertheless is limited to mediating roles *within* a network, where a singular resource is assumed to be transmitted. This is consistent with the literature. The current paper's technique sketches a structural brokerage role that integrates two seemingly distinct networks differentiated by the resource types. The conservative policy network is the core of the think tanks' identity, but the media associated network is the

recipient of the base network's interests. Hence information, not money, is the transmitted resource. Though not examined with traditional network measures, the latter network completes the picture of the think tanks' structural role.

Furthermore, the empirical research takes for granted the resource type, typically information, as the medium of exchange in brokers' activities. The control of sought-after knowledge may translate into advantages for the intermediate holder of it. This applies to capital. Brokers, conscious or not, manipulate this exchange by virtue of their structural location (Marsden, 1982). Thus, their role is dependent upon the patterns of relations between actors with whom they connect (Wasserman & Faust, 1994). Extant research also recognizes a broker's resource utility to determine the activity role of the think tank (see ideal types in Gould & Fernandez, 1989). The present study considers brokers that traverse their core membership network to connect with organizational actors vis-à-vis the resources they exchange, which forms another network. I posit the two methods side-by-side.

The theoretical model of brokerage for this paper's analysis is based on Gould and Fernandez's (1989) concepts of information transaction brokers. Brokers may perform any one or combination of brokerage functions, but according to the authors, each transaction is exclusive to an ideal type, including:

> Coordinator: broker and actors are connected to similar group;
> Cosmopolitan: actors being connected belong to the same group, but broker is outsider;
> Representative: initiator of resource and broker belong to same group, but resource passes through broker as it leaves the group;
> Gatekeeper: broker is the recipient of external resources and in the position to redistribute these (or not) to co-members; and
> Liaison: broker and connecting actors each belong to disparate groups.

For simplicity's sake, conservative think tanks in this paper are viewed as performing a representative broker function. They carry forward the general policy preferences of their corporate benefactors in their policy-related activities (Domhoff,

2010). The financial relationship between these actors is described in much of the literature as an ideological policy network (e.g., Burris, 2008; Saloma, 1984). Trends in funding patterns, descriptions of policy philosophies, and identification of similar policy goals underscore such networks (e.g., Arnove, 1980; Krehely et al., 2004; Saloma, 1984). Vasi (2011), however, argues that if two sub-groups comprising a network are ideologically compatible, the representative and gatekeeper brokers dissolve (i.e., miscible) into each other as one ideal type, or representative brokerage. While the policy goals of the private foundations and think tanks in this paper's sample are compatible (e.g., support of free-market principles; conflict with the reach of the welfare state; etc.), think tank brokerage is not miscible. These organizations have distinct functions which are reinforced by tax law. Moreover, think tanks are not recipients of external funds that they redistribute to foundations or think tanks in the policy network, as the gatekeeper role would suggest.

As mentioned previously, conservative think tanks are explicit about the bridge they engineer to disseminate their policy preferences. Burt (2005), however, contends brokers do not optimize their access to structural holes. In other words, they do not necessarily set out to be brokers. "People vary in their ability to detect holes in social structure … and inaccurately diagnose the value of their network" (p. 28). The target audience for think tank policy analysis is lawmakers, but perhaps their policy advocacy facilitated a rethinking of the relationship bridge to media as a by-product of this goal (Burt, 2005). As Burt and others (Marsden, 1982) have shown, brokers emerge organically, based in part on actors' needs in a network.

Data and Methods

The primary unit of analysis for this study is the think tanks from which the resource-based ties to foundations and print media are constructed. First, a purposive sample of eleven conservative foundations were identified reputationally from "actors widely believed by knowledgeable observers to have the actual or potential power to 'move and shake' the system" (Knoke, 1993, p. 30; also see Campbell, 2000). Reputational sampling is problematic, but it sufficed to

demonstrate the technique. Studies of philanthropic foundations that program monies for policy analysis identify them in a variety of ways, including samples derived: with a minimum asset level ($10 million) and a minimum annual percentage of grants (5%) awarded toward public policy analysis (Colwell, 1993, pp. 10-11); annual grant-making totaling over a million dollars (Covington, 1997; Howell, 1995; Saloma, 1984); or through snowball sampling (Allen, 1992; Stefancic & Delgado, 1996). Their identified reputation in the literature then led to an examination of mission statements outlining their general policy principles located on their websites or in annual reports. The mission statements reflect their political philosophies regarding the function of the welfare state and economy. The group of conservative foundations identified include: Bradley Foundation (BF); Carthage Foundation (CF); Castle Rock Foundation (CRF); Adolph Coors Foundation (ACF); Earhart Foundation (EF); JM Foundation (JMF); Philip M. McKenna Foundation (PMF); John M. Olin Foundation (JOF); Smith Richardson Foundation, Inc. (SRF); Scaife Family Foundation (SFF); and Sarah Scaife Foundation (SSF).

Second, conservative think tanks identified in this article for years 1992 to 1994 were also subjected to the reputational criteria. The literature on these organizations identifies as few as a handful to as many as one hundred and eight conservative think tanks (Allen, 1992; Callahan, 1999; Covington, 1997; Howell, 1995; Ricci, 1993; Rich, 2004; Saloma, 1984; Smith, 1991; Stefancic & Delgado, 1996; Stoesz, 1987). For example, Covington (1997) identified the top eighteen grant-receiving think tanks between 1992 and 1994. Five of the six think tanks that I sample appear consistently in the top tier of those most frequently cited by media (Dolny, 1996, 1997, 1998). We can reasonably expect these organizations to express similar policy preferences with major pieces of legislation, especially in regards to reforms in the social welfare state that call for a 'limited government, personal responsibility, and free enterprise.' The differences in policy prescription reflect reform disagreements but are not cleavers of a fundamental philosophy as it regards the welfare state or economy. Further examination of welfare-related policy areas on their websites, such as federal government deregulation of health and human services, were indicators of their policy preference vis-à-vis welfare reform.

The content analysis is the qualitative aspect of the paper's technique. The sample of think tanks for this paper's technique is not meant to be exhaustive. The focus is not exclusive to the top reputable organizations nor to frequency of media citations regarding welfare reform or the welfare state. Rather, the focus is on how to demonstrate one half of the technique. Three of the six think tanks have national and international policy scopes, and the other half tend to restrict themselves to domestic and/or regional issues.

The sample of think tanks consisting of the paper's conservative policy network include: American Enterprise Institute (AEI); Cato Institute; Heritage Foundation; Hudson Institute; Manhattan Institute for Policy Research; and National Center for Policy Analysis (NCPA). The first three are located in Washington D.C. The Manhattan Institute is located in New York City, the Hudson Institute in Wisconsin, and NCPA in Texas. Although it would be ideal to have data from a larger sample of think tanks and more newspaper articles over more years, the presentation of this paper's technique is a useful first step.

Network Analysis

The ties connecting think tanks with conservative foundations are motivated by philosophies and established through money. I apply network analysis on two grounds: (1) to discern relationships of mutual interest where one set of actors (i.e., foundations) provides resources to another group of actors (i.e., think tanks) to buttress the latter's activities (Domhoff, 2010; Knoke, 1993; Krehely et al., 2004); and (2) to explore the extent to which policy network equivalence is similar to their frequency of media citations. The former investigates characteristics in the network and the latter examines whether the patterning of network similarities is comparable to their appearance in print media. Media coverage is a means for foundations to monitor the success of grant-receiving think tanks (Krehely et al., 2004). The network relationships are examined vis-à-vis structural equivalence and relational network measures.

The UCINET 6 software program (Borgatti, Everett, & Freeman, 2002) was used to render scores and mapping from sociomatrices representing the think tanks' financial ties to

foundations. Three measures in network analysis calculate structural similarity in membership and relational characteristics: affiliation, density, and cluster analyses. Affiliation analysis measures how think tanks are connected with each other as a result of receiving grants from a set of foundations. Density measures the proportion of actual ties to the maximum possible relations (Scott, 2000). To what extent do think tank ties with foundations represent network cohesion? Cluster analysis is a procedure for identifying subsets of actors based on their structural similarities. Think tanks may be similar (or dissimilar) to one another in terms of their network ties (direct and indirect) determined by their grant-receiving patterns. Thus, clusters are contingent on the density levels found (Scott, 2000).

This paper assumes that grant-receipt ties are expressions of trust (Krehely et al., 2004; McPherson, Smith-Lovin, & Cook, 2001). It considers Knoke and Laumann's (1982) concept of a policy domain whose organizational members are recognized by "specifying a substantively defined criterion of mutual relevance or common orientation … concerned with formulating, advocating, and selecting courses of action" to analyze problems associated with the policy (p. 256). The policy domain's time frame for this study is 1992 through 1994. The time frame represents a brief period in the run-up to welfare reform enacted in 1996. As Withorn (1998) and others point out, welfare reform was a path-breaking policy that galvanized various segments of conservatism (O'Connor, 2001; Piven, 2004; Williams, 1997), including the sample of think tanks and foundations in this paper.

Content Analysis

The second step of the paper's technique is an analysis of the network's policy preferences represented by what think tanks articulate and what is attributed to them. What do they convey, in what frequency, and what are the implications of both? Articles from U.S.-based dailies containing references or op-ed articles by conservative think tank representatives were searched. Keywords—welfare, welfare reform, dependency, and poverty—were searched alongside the names of each organization. For example, claims decrying the wastefulness of the federal government's social spending were located along with similar assertions about the government spending

trillions on programs since the War on Poverty was declared in 1965. Much of the coding depended on a latent semantic analysis of themes that relied on a reading of works by authors self-identified as conservatives, such as George Gilder (1981), Charles Murray (1984), Lawrence Mead (1986) and Marvin Olasky (1995) on the social welfare state and welfare reform.

I coded for two conceptually broad themes that took one of two shapes: criticism of the welfare system (including the role of the state and its policies) and policy reform prescriptions. These dichotomous categories are a partition of what appeared after sub-categories were constructed. Ten percent of the newspaper articles (i.e., 23 of 230) were sampled. This procedure drew eight sub-categories, later clarified with a thorough examination of all the newspaper articles. A total of 594 content units were gleaned from the universe of articles obtained electronically through searches in Academic Universe (Lexis/Nexis) and ProQuest Newstand from 53 of the most important newspapers available in the United States.

Table 1. Think Tank Affiliations, Aggregate (3 years)

	HF	AEI	CATO	MI	HI	NCPA
HF	9	8	4	7	6	7
AEI	8	10	5	8	7	7
CATO	4	5	5	5	5	4
MI	7	8	5	9	8	7
HI	6	7	5	8	8	6
NCPA	7	7	4	7	6	8

Key: HF=Heritage Foundation; AEI=American Enterprise Institute; CATO=Cato Institute; MI=Manhattan Institute; HI=Hudson Institute; NCPA=National Center for Policy Analysis

Findings

Network Analysis Results

The first research question directs our attention to structural similarities. The affiliation ties representing think tank membership with foundations was aggregated for years 1992 to 1994 (see Table 1). The row-by-column cells for each think tank to itself represent the cumulative number of

foundations from which it received grant awards over this period. The American Enterprise Institute (AEI) obtained foundation monies from ten of the eleven possible foundations. Manhattan and Heritage received the second most grants from nine foundations. The adjacent row-by-column cells indicate the overlap that a think tank has with its network colleagues. Again, by way of example, Heritage and AEI shared eight foundations from which they received grants.

Density analysis paints a picture of the degree to which foundations and think tanks intermingle, suggesting network cohesion. For this reason, matrices in each year were coded in binary form representing either the presence or absence of a tie. A perfect score of 1 means all possible links are filled, while 0 indicates no linkage. Density for 1992 was .590. In 1993 it was .545, and in 1994 it yielded .393. The aggregated density of the overall network (11 foundations by 6 think tanks) is .510 for the three years of grant analysis. This score indicates that at least fifty-one percent of all possible grant donations from every foundation were distributed to every think tank, thus constituting a network.

Table 2. Hierarchical Think Tank Clusters, Aggregate (3 years)

	CATO	HF	AEI	MI	HI	NCPA
45.00			X	X		
41.00			X	X	X	
34.07		X	X	X	X	
26.23		X	X	X	X	X
19.13	X	X	X	X	X	X

Key: HF=Heritage Foundation; AEI=American Enterprise Institute; CATO=Cato Institute; MI=Manhattan Institute; HI=Hudson Institute; NCPA=National Center for Policy Analysis

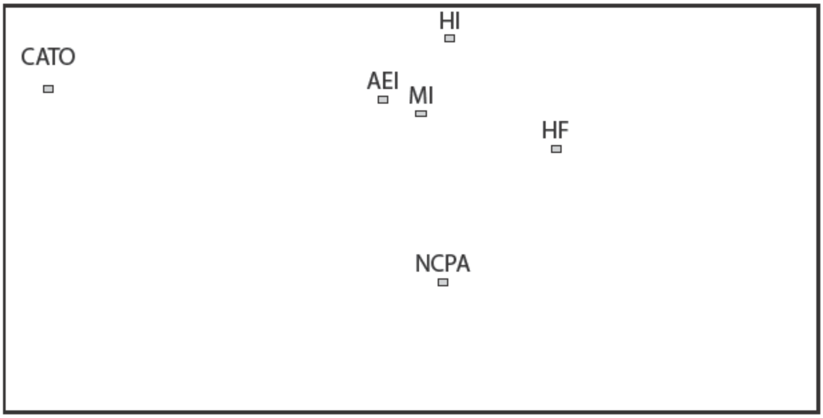
I now turn to cluster analysis to represent sub-groups or clusters based on similar characteristics of grant-receipt. Following Johnson's (1967) hierarchal clustering, I ranked the most similar think tanks near the top, followed by groupings of increasingly heterogeneous actors at each level below. The scores represent discrete thresholds that indicate the average level of actor similarities for that cluster (see Table 2). At each

level from the top, the measure adds an actor (or more) to an already existing cluster, to form a new cluster, so that the average level of similarity within all clusters is maximized. The analysis proceeds until all actors are exhausted.

The results indicate AEI and Manhattan shared the most similar characteristics linking them to foundations (see Table 2). Their grouping as a cluster in the network vis-à-vis other think tanks tells us that over the three-year period AEI and Manhattan courted similar foundations. The succeeding cluster incorporates the Hudson Institute but has less similar network characteristics. Every ensuing cluster devolves in similarity, as indicated by the proximity scores in the left hand column.

An added illustration of think tank similarities is seen in Figure 2. The multidimensional scaling graph is a representation of their spatial setting relative to structural similarities. The cluster represented by AEI and Manhattan is orbited by Hudson and to a lesser extent Heritage and so forth. The visualization depicts their structural equivalence.

Figure 2. Multidimensional Scale of Think Tanks, Aggregate (3 years)



Key: HF=Heritage Foundation; AEI=American Enterprise Institute; CATO=Cato Institute; MI=Manhattan Institute; HI=Hudson Institute; NCPA=National Center for Policy Analysis

Content Analysis Results

The second research question turns towards a representation of manifest and latent meanings of the think tanks' policy preferences. A combined total of 594 thematic content units

regarding welfare reform issues were identified from a universe of 230 newspapers articles between 1992 and 1994. Two broad thematic categories were underscored by the eight primary themes that emerged upon closer semantic inspection of the articles (see Table 3). The first category contends the welfare system is a pernicious social policy that: (a) is costly, inefficient, and harmful because it is administered by the federal government; (b) has far-reaching consequences, including adverse effects on the welfare participants' participation in the labor force, child-bearing and -rearing, and marriage stability; (c) doesn't alleviate poverty nor dissuade the poor from relying on general assistance; (d) misrepresents real poverty and minimizes abundant prosperity; and (e) relies on liberals' misguided assumptions about the state and the poor.

Table 3. The Conservative Policy Network's Claims of Welfare Reform, 1992-1994

Theme	Description	N	%
Thematic Category One: Pernicious Welfare System			
1	Criticism of Welfare Programs/State	117	20
2	Pernicious Social Effects of Welfare	190	32
3	Criticism of Liberal Support for Welfare	29	5
4	Poor are Better Off	47	8
Total:		383	65
Thematic Category Two: Welfare Reform Prescription			
5	Welfare Reform Goals	87	14
6	Welfare Reform Objectives	93	16
7	Welfare Reform Predictions	20	3
8	Private Sector Alternative	11	2
Total		211	35
Totals		594	100

The results indicate that the social effects of the welfare system have the highest thematic content units, followed by criticism of the welfare system and welfare reform objectives and goals. Parsing all of the content units year by year saw a steady increase between 1992 and 1993 from one hundred

twenty-four to one hundred forty-nine recorded references. There was a dramatic increase in 1994, with three hundred twenty-one content units seen in nearly all of the thematic classifications led by theme two, with one hundred twenty-two references (38%). Themes two and five also had the highest increases in 1994, escalating forty-two percent and forty percent from the year before. Themes four and eight each decreased. The assertion that the poor live better (theme four) was an unanticipated theme that contained forty-seven references between 1992 and 1993. but dropped to three references in 1994.

There were a wide variety of claims about the inadequacy of the welfare system in category one. For example, Michael Tanner (1994) at CATO asserted the federal government had "spent more than $3.5 trillion on social-welfare programs since the Great Society of the 1960s. Yet the poverty rate today is higher than when we began" (p. 12A). According to William J. Bennett (1992), fellow at Hudson and Heritage, "Americans have developed an unhealthy reliance on, and unrealistic expectations about, what the federal government will do for them. We have to begin to alter people's assumptions about the federal government's role" (p. A17). David Murray (1994) at Heritage equated welfare participation with marriage, stating, "In America, we are pursuing the dangerous course of replacing families with the indifferent welfare state, now the official pater of vast numbers of children. Welfare mothers are marrying the state, as it were…" (p. 18).

Disputing official poverty statistics and assumptions about the poor, Robert Rector at Heritage claimed, "For most Americans, poverty means destitution, an inability to provide a family with nutritious food, clothing and reasonable shelter. Only a small number … fit that description" (Ross, 1993, p. 22). The net effect of misleading poverty figures by the Census Bureau that inflate government spending, argued Rector, is "millions of children who grow up without fathers, adults who lack the work ethic and the dignity it provides, and entire generations robbed of real dreams and hopes for the future" (Rector, 1992, p. A10). Underscoring an assumption about the pernicious effects of the welfare system, Walter Olson (1992) of the Manhattan Institute claimed, "almost everyone who gets a job in this country escapes poverty. Yet poor adults are

working much less than they used to, and most do not work at all. The problem is absence from the labor force…" (p. A14). In a review of a book by Myron Magnet of the Manhattan Institute, the columnist George Will summarized the thesis of the book in the following manner:

> Since the 1960s such central institutions as the law, universities, public schools, the welfare and mental health systems have been permeated with [liberal] 1960s values. Often the changes have been driven by a perverse premise—that the social order is an infringement on freedom rather than freedom's foundation. (1993, p. C7)

The second thematic category shifts towards policy prescriptions. Welfare reform goals and objectives comprise the primary thrust in this section. For example, Charles Murray (1993), fellow at AEI in the 1990s, proposed ending all support to single mothers stating, "The AFDC (Aid to Families with Dependent Children) payment goes to zero. Single mothers are not eligible for subsidized housing or for food stamps" (p. A14) in an editorial that garnered the attention of Congress and the White House. Rector (1994) argued in an op-ed that the general goals of welfare reform should be the elimination of "illegitimacy, divorce and non-work" (p. 7B).

Policy proposals included such recommendations as devolving the federal government's role to the states, requiring work and education for program participation, and displacing the state with the private sector. Charles Finn, Jr., of the Hudson Institute, stated "nobody in Washington should tell people at home what to do or how to do it," (cited in Walters, 1994, p. 1) implying that states understood their population's needs better than an intrusive federal government. Arguing about the primacy of the free market, Burton Yale Pines, Vice President at Heritage, said "it is economic growth that makes it possible for living standards to increase for nearly every American. It is growth that defeats poverty. Reagan reminded America that government cannot create economic growth and that government generally is the enemy of economic growth" (cited in Thomas, 1994, p. G-04). The NCPA suggested a transfer of the welfare system's administration to the private sector (Fund, 1994).

Discussion

At the outset of this study I claimed that its purpose was to re-explore the descriptive research approach taken in work about think tanks in a systematic manner. Their structural role is operationalized as brokerage with an analytical technique instigated by a case study of conservative think tanks that participated in 1990s welfare reform. The technique was devised from knowledge of these actors' resource induced ties derived from their media-related policy advocacy and relationship to private financing. Thus two sets of questions were asked. The first set dealt with each of the methodological components: the relational and affiliational characteristics of the think tanks and a semantic interpretation and frequency count of their policy preferences in print media. Each of these paints a fractured picture of their activities. The second set of questions concerns the implications for integrating each method and is, in a sense, the core of the study's focus. The resource types—bookmarked on the receiving and diffusion ends—that tied these brokers to peripheral yet integral organizations motivated the third and fourth research questions. It is the second set I discuss below.

Structural Equivalence and its Qualitative Cousin

The standard network analysis procedures of the technique illustrate the social context of think tank relations and affiliation emanating from financial ties. Other network measures could be substituted to demonstrate the existence of a network. However, the third research question suggests that the affiliation and cluster measures derived from dependence on donor money may influence what policy issues they consider and how they articulate prescriptions of them. Preference for the dominance of the private sector over an intrusive welfare state and its policies, like general cash assistance (i.e., welfare), is evident in both the foundations' mission statements and think tanks' media advocacy. The autonomous implication of general operating grants, however, does not diminish the need to satisfy the intent of institutional donors. The structural equivalence findings point to a competitive relationship (Knoke & Yang, 2008) between think tanks as a result of their similar ties to foundations. As non-profits, they try to garner as many financial donations as possible from these and

other like-minded sources. We may speculate that the public disclosure of grant recipients in either foundation reports or their IRS 990-PF tax filings "encourages [think tanks] to model their beliefs and behaviors after one another" (Knoke, 1990, p. 11). Looking at Table 1 suggests all but CATO are aggressive in their fundraising strategies towards the set of foundations in the network. However, as media reports have pointed out, CATO derives significant amounts of resources from one of its founding and still active board members, the billionaire Charles G. Koch, thus their relatively lower structural equivalence scores.

Turning to the media advocacy results, we find how the think tanks collectively put their stamp on welfare reform. It would be presumptuous to equate network results and frequency of media appearances as compatible measures. Nevertheless, the premise of this study's brokerage analysis rests on the proposition that a key resource (i.e., policy analysis) that these organizations manifest is a consequence of its network representative role. Combining any quantitative measure with a qualitative one raises the question of compatibility. Let's look at AEI by way of example. It was the organization most connected to foundations through grants in all three years (see Table 1), but was referenced by print media the second most during the three-year period. Does this mean it had the second most effect among the sampled think tanks towards the development of welfare reform? A closer inspection of its policy proposals suggests it may have been the most influential think tank with welfare reform. AEI's Charles Murray, a leading voice of conservative thought on welfare reform, was praised by President Clinton for arguing that unwed births were a social problem made worse by the welfare system (Bennett & Wehner, 1994). Many scholars concluded that President Clinton assimilated many of the assumptions put forth by conservative commentators on welfare reform, as evidenced by the provisions of the bill he signed in 1996 (e.g., Goldberg & Collins, 2001).

In another example regarding to the third research question, CATO had the lowest affiliated score in the policy network, but had the third highest occurrence of media citations for 1994. Perhaps CATO turned toward welfare reform analysis with more resources after the Clinton administration's

national health care initiative, a policy this organization was highly critical of, was perceived as declining in public support (Rushefsky & Patel, 1997). Furthermore, when we compare actors in the densest cluster, consisting of AEI, Manhattan, and Hudson, we find only AEI with a significant amount of media references. Yet, Manhattan and Hudson were early advocates of devolving the federal government's role onto the states, an idea that was incorporated in the form of block grants found in the final bill. This funding mechanism permitted each state to dispense general assistance based on participation criteria and time-limits that they determined. Perhaps the proposal to devolve the state's role was a foregone conclusion to the outcome of welfare reform and more did not need to be articulated; this may have resulted in higher media frequency counts for these proponents, had it been otherwise.

Herein lays the utility of the qualitative aspect of the technique that complicates how compatible it is with its network cousin. It is through content analysis that the think tanks' policy preferences are identified. This does two things. First, it systematizes the think tanks' collective leanings on a policy issue by identifying, grouping, and calculating macro- and meso-level themes. I arrived at two macro-level themes consisting of the problematic features of existing welfare policy and reform prescriptions. The sub-categories in each articulate the collective stamp these actors put on welfare reform. Second, this method further identifies the thematic foci for each of these actors over a three-year period as they articulated it. I was able to identify who said what and compare them to claims-making in the narrative literature (e.g., Reese, 2005). The former is encapsulated in Table 3 and the latter in the descriptive results shown above.

A surprising finding in the results yet not addressed in the literature was the claim that the poor are materially privileged, thus welfare programs are unnecessary (Table 3, Theme 4). It was a compelling argument buttressed with data about material comfort (e.g., TV sets and microwaves owned per capita) the poor enjoy today relative to the past. Though flawed in their assumptions and analysis, this claim underscores the long-standing myth that state relief indulges an indolent, materially privileged class that should be employed.

Most of the think tanks' print media advocacy described a pernicious welfare system. Criticism of welfare programs

(Theme 1) coupled with assertions about the social damage it inflicts (Theme 2) were the overall top claims. This is fitting with a study by McCright and Dunlap (2000) that analyzed the significance of conservative forces' counter-claims to recast the scientific consensus over global climate change. By not only casting doubt but also redirecting the terms of policy debate to include their policy views, these organizations were able to insert themselves as legitimate alternative policy authorities, despite being an insignificant minority within the scientific community (McCright & Dunlap, 2010). In a similar fashion, the results in Table 1 demonstrate the significance of persistent claims-making about the deficits of the welfare system years before welfare reform was enacted. Welfare reform had previously taken place in 1988, and it included provisions about work participation, education, and greater local control with which conservative policy analysts appeared content. Yet welfare reform was resurrected in 1992, and conservative think tanks took a vociferous stance about the welfare state's destabilizing effect on individual liberty. Perhaps forging a consensus about this argument unlocked the box of provisions in the 1996 law advocated by conservative think tanks.

The newer prescriptions, minor by comparison, were no less significant. Many of the provisions that conservative think tanks advocated for (Table 3, Them 6)—devolution of program administration to states; replacement of previous entitlement features with a block grant program to states; lifetime participation limits; work requirements; family caps; and participation restrictions for immigrants—were codified in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, or welfare reform. Further investigation of similar data from 1995 and 1996 is needed to determine how claims-making of welfare system deficits and prescriptions to remedy them correspond with each other over time.

Brokerage Reconsidered

The fourth research question focused on the interplay of mixed resources in brokerage. The illustration of the conservative think tanks' structural location in Figure 1 identifies the two distinct groupings of peripheral actors—foundations and print media—that think tanks connect. But these ties are not restricted to a single or communication-based tie, as the

brokerage literature generally assumes. This study delves deeper into the representational structure of conservative think tank brokerage in pursuit of a public forum for the policy preferences of its benefactors. In doing so, these representative actors bridge the structural hole Burt (2005) regards as a basis of brokerage, taking advantage of media's search for policy expertise on complicated matters (Abelson, 1992; Katz, 2009). Thus, structural advantage is levied by think tanks in the process of identifying and matching the interests of peripheral actors.

The study's analytical technique recognizes the implicit resource transformation of capital into information. The nominally unrestricted structure of general operating grants and the funding patterns established by the foundations enables think tanks to fashion their policy analysis within the ideological contours associated with their benefactors' policy philosophies. The resource conversion is suited for the financially dependent think tanks. Their non-profit status limits their revenue generating activities. Smaller think tanks, like the NCPA, depend on as much as fifty-two percent of their funding from foundations, while the more diversified organizations, like Heritage and AEI, rely on twenty to twenty-two percent of their budgets from this source. Thus, foundation grants are indispensable. Therefore, the development and dissemination of think tank policy analysis is contingent on these resources. Foundations can monitor the amount and quality of press coverage their grant recipients receive. All of the think tanks in the case study, like many of their peers, tout their media appearances on their websites. The analytical technique captures the relational and resource bases of their brokerage.

The intellectual opinion role of academics, writers, policymakers, and other authorities in media is well established. The marketing commitments of conservative think tanks merely exploit this in a concerted manner. But two additional factors require further examination. First, think tank policy analysts are free from many, not all, of the institutional and resource constraints imposed on many of these aforementioned opinion leaders. This is critical to understanding the time, energy, and creative inputs in the development and dissemination of policy analysis when constraints are removed or minimized. While Burt (2005) and others regard brokerage as circumstantial,

there may be work-place or network characteristics that have a higher propensity for brokerage development. Networks are where action takes place. Identifying characteristics of these environment producing networks may yield some answers as to why brokerage occurs among some peers and not others who participate in the same industry. We should not take it as a given that brokerage just happens. Second, a neutral, non-partisan façade may correspond with brokerage. For example, the policy analyses of conservative think tanks in the case study generally align with the Republican Party platform, though their 501 © 3 status prevents them from lobbying and other political activities that are not educational in nature. Notwithstanding their legal status, think tanks or other policy brokers may exploit niche contexts with media and the public alike as neutral third-parties distant from partisan interests of either major political party. Perhaps actors' impartial status is more likely to correspond with their intermediary location as resource interlocutors, but further analysis is needed.

Conclusion

Scholars of elite think tanks have examined their involvement in the policy arena in various ways. The mission of think tanks in general is to alter the policy landscape. Their relationships with legislators and governing bodies, the media, and their funders work towards that end. The ways in which they knead these relationships have important implications for how policy preferences are disseminated to and received by scores of constituents. For instance, the debate over climate change and the validity of scientific claims regarding it are a function of the input by conservative think tanks (McCright & Dunlap, 2003). A systematic understanding of these relationships is necessary for these and other organizational actors as it relates to their structural roles.

This paper introduced a novel analytical technique that extends our understanding of brokerage. Question four suggests that brokerage is determined by resource types and the context of their resource-based relationships. It is composed of a dual formulation of methods at the relational and semantic levels that examine the social structure of resource-based relationships. The context of these relationships is interpreted as a

representative type of broker. The nature of the foundations' funding commitment as an expression of trust, structurally delegates think tanks to articulate a policy stance. The content analysis results indicate two things: directly, the policy preferences of conservative think tanks as expressed in Table 3; indirectly, ties to media as result of media's coverage with these organization's policy preferences.

The present study advances the theoretical and methodological approaches to brokerage by outlining its quantitative and qualitative properties. What is the resource content of brokerage? While this article analyzes the mediating role of organizational actors in relation to disparate actors, its approach can be replicated for persons in a restricted network when both events and persons or organizations are represented. But the study's analytical technique is inhibited by constraints that content analysis imposes. Mining the qualitative data is time consuming. The larger the sample, the greater the room for error. Nevertheless, researchers can continue investigating brokerage dynamics that traverse networks to connect with external environments. We need better mapping of brokers' mediating role between distinct and seemingly unconnected entities to understand, for instance, issues of power as it relates to resource conversion, control, and diffusion.

A concomitant interest in social networks and globalization will certainly generate questions about the form and content of roles that tie distant actors. Are their differences between brokers in the for-profit and nonprofit private sector? Are they more prevalent in the public sector? How does brokerage in marketing compare with brokerage of an espionage nature? How do state actors function as brokers for the private sector, as research seems to suggest they do for multinational corporations? Are non-governmental organizations brokers for justice? Research questions such as these necessitate a theoretical and methodological approach along the lines of this paper's technique to understand that the most visible actors in any sector are not necessarily the most significant ones to facilitating or constraining the flow of resources to dependent actors.

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Book Reviews

Thomas Piketty, *Capital in the Twenty-First Century.* Harvard University Press (2014). Translated by Arthur Goldhammer. $39.95 (hardcover), 696 pages.

Thomas Piketty's book is a critique of mainstream economics but is particularly addressed to the work of Simon Kuznetz and subsequent related work that argued that income inequality is reduced with industrialization. Of course, the title gives away the audacious challenge to the work of Karl Marx. This is a unique and ambitious book that has received great attention in academic economics as well as in the popular press.

After an introduction, the book is presented in three sections. Part one is essentially addressed to economists who are interested in returns to labor and capital as factors of production. Piketty and his colleagues have amassed an enormous amount of national data on income and wealth in industrialized countries and have made estimates for less developed economies. This is a great contribution to the study of political economy, with the caveat (pointed out by Piketty) that such data are deeply influenced by social and political conditions as well as interpretation. The critical message of this part of the book is that there is no inherent tendency in capitalism toward equality; rather, Piketty argues that the evidence he and his colleagues have gathered indicates that inequality is likely to increase with economic growth.

The next part of the book addresses what Piketty calls "individual" income disparity. These chapters treat inequality in labor incomes as well as inequality of incomes resulting from returns on capital. The inclusion of investment in residential housing confuses this discussion. Piketty conflates income distribution with social and/or political notions of class.

In the third section of the book, Piketty discusses global inequality. His contribution to social criticism is to disabuse us of the importance of "merit" for income in the long run.

Although the data are thin for the less industrially developed countries, he reiterates the conclusion that there is no innate tendency in globalization of capitalism toward equality with growth.

Finally, Piketty comes up with policies on a global level to deal with inequality. This involves discussion of progressive income taxes, wealth or inheritance taxes and the "austerity" promoted by global financial institutions. The tendency of capitalist development to intensify inequality requires global solutions. Although he argues for the need to understand economic development with a political, institutional and historical orientation, the proposals he discusses seem utopian given the current (im)balance of political forces.

I have been so influenced by the study of epidemiology that I am shocked by the cavalier use of statistics by economists. Epidemiologists are very careful—perhaps too cautious —in their use of the word "cause." Economists run long series of data that are admittedly patched together and make grandiose statements—the self-described Queen of the social sciences is a harlot for politics. Piketty is not naïve about the social/political nature of economic data, yet he proceeds to use such data to make statements of historical proportions. He proposes a global system of taxation and yet ignores the most basic issues—the collapse of labor unions and labor politics. Others have pointed out his paucity of knowledge of the development the U.S. welfare state.

What is good about Piketty is that he writes about inequality not just of income but also of wealth. Occupy Wall Street put such issues on the contemporary political map, but Piketty fails to give the grassroots movement its earned credit. Rather, he devotes some small attention to the usual economist's hair-splitting over dubious data. (Is it really the 99% or not?)

Piketty shows that there is no necessary trend toward more equitable distribution of income. That is important because it re-emphasizes the importance of political action. But he really offers no help on what to do or how to it.

Charles Levenstein, Emeritus, Department of Work & Environment, University of Massachusetts Lowell

Sheila D. Collins and Gertrude Schaffner Goldberg (Eds.), *When Government Helped: Learning from the Successes and Failures of the New Deal*. Oxford University Press (2014). $39.95 paperback, 360 pages.

In 2008 did we elect another Franklin Roosevelt or another Herbert Hoover? This wonderfully comprehensive analysis of the New Deal's responses to the Great Depression and the responses of the Obama Administration to The Great Recession addresses that question. It offers detailed comparisons of the two administrations on banking, jobs, agriculture, the environment, labor, social movements, welfare, culture, and general political economy. It documents the similarities and differences in the contexts within each had to operate: the political skills of the president, the available channels of communication and his ability to use them, the strength and composition of his party, the interest groups and social movements aiding and opposing him, and other environmental, cultural, and international factors that each faced.

Several common themes emerge. One was Roosevelt's superior ability to explain to the electorate what was happening to them, what his policies were intended to accomplish, and to do so with language that identified with traditional American values. Sheila Collins concludes that the most important difference between the two presidents was that Roosevelt had a broader vision of a new age that required the redefinition of old American ideals like "liberty," "security," and "freedom." Obama's "soaring rhetoric" was no substitute for the ability to articulate policy in ways that would "forge alliances and win over adversaries."

Another theme was Roosevelt's crucial vision of the interrelationships of problems, another point made by Collins, which allowed him to devise policies to combat economic, social, and ecological disasters simultaneously. The Civilian Conservation Corps rescued a hoard of desperate, aimless young men by putting them to work rescuing a ravaged landscape and turning it into splendid recreational opportunities, all the while supporting their starving families back home. The Tennessee Valley Authority similarly stopped deforestation and erosion, prevented disastrous flooding, improved

commercial navigation, and electrified vast rural areas. Obama's Affordable Care Act may one day come close to matching the multiple impacts of these policies, but his stimulus effort fell far short.

A third theme was the utility of radical movements to Roosevelt's left. Gertrude Goldberg shows how these multiple groups of dissenters—jobless veterans, unemployed workers, blacks, tenant farmers, elders, and "levelers" like Huey Long and Father Coughlin—struck enough fear in the hearts of New Deal opponents that if they did not accept Roosevelt's "slightly-left-of-center" programs, they might get something far worse. Richard McIntyre argues that Roosevelt not only used the militants and radicals to further his agenda, but also controlled their influence within the collective bargaining process that his legislation had made legal. McIntyre sees the Communist-led unions as the most effective at resisting management and sees the current sorry state of unions as beginning with the purge of the radicals from the New Deal "system." Obama, of course, cannot be blamed for not having enough enemies on the left to frighten the right into compromise. He might, however, have gotten farther by paying more attention to advocates of "the public option" in health reform and less to placating Republicans.

The greatest contrast between presidents is in the area of job creation. The New Deal spawned a dozen programs that created public jobs: huge infrastructure projects; small repair projects; programs for artists, archeologists, draftsmen, totem-pole carvers, and all sorts for white-collar workers. Roosevelt ignored the Republican mantra of supply-side economics and put large amounts of money into the demand side. Investors invest and businesses hire when people buy their goods and services, not when they are offered tax breaks. And it worked. The effects of these public works programs on the economy could be seen both when they were initiated and when they were, twice, temporarily cut back. The second withdrawal in 1937 triggered a recession that set back recovery several years. Philip Harvey tells this story very well. He shows how direct job creation is cheaper and more efficient than stimulating or cajoling the private sector. In contrast, Obama, as Timothy Canova notes, did not believe that the private sector could

create jobs. In this he is clearly a Hooverite. And his pitiful stimulus effort showed it. Canova connects this failure of jobs creation to the backlash of the 2010 midterm elections. Had he attacked and defeated unemployment first, argues Goldberg, his reform of health care might have had more enthusiastic support.

Though I have emphasized Roosevelt's successes, this book is no hagiography. It is as alert to the failures of the New Deal as to Obama's missed opportunities. There is still time to learn from both.

Robert D. Leighninger, Jr., University of California, Berkeley

Steve Early, *Save Our Unions*. Monthly Review Press (2013). $19.95 (paperback), 344 pages.

Save Our Unions is a sprawling collection of essays, covering everything from the Bread and Roses strike of 1912 to the current struggles of the British Labour Party. The text includes movie and book reviews, as well as journalistic accounts of many contemporary U.S. labor struggles, and even author Steve Early's personal experience over many years of working for the Communication Workers of America (CWA). The book will offer practitioners a wealth of details with strategic implications for ongoing efforts. Academics will find hints of theory throughout, and a series of cases with implications for long-standing debates in labor and social movement studies.

The seven thematic sections are bookended by an introduction and conclusion that contain a positive assessment of Sol Roselli's National Union of Healthcare Workers (NUHW). The union was formed in the midst of a an intra-Service Employees International Union (SEIU) conflict that came to the surface in early 2009 when the SEIU International Union placed Roselli's massive California-based SEIU Local union under trusteeship in a successful effort to remove him from power. Indeed Early's assessment of the conflict is woven throughout the book, and anyone curious to understand the recent labor movement civil wars—about which the author has written extensively in his book *The Civil Wars in US Labor*—will be thoroughly engaged.

The first section of *Save Our Unions* addresses several cases

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of intra-union movements for greater democracy, including Teamsters for a Democratic Union and Minors for Democracy, analyzing the successes and failures of these projects in useful detail. Section two provides an account of the labor movement's failure to come to the rescue of the Professional Air Traffic Controllers Organization (PATCO) in their infamous defeat at the hands of Ronald Reagan and goes on to assess the prospects for the strike's revival today. The third section covers two seemingly disparate topics: salting—that is, union activists who get rank and file jobs in order to organize—and global campaigns that involve strategies developed in coordination with unions in other countries. Both tactics, Early argues, require "organizing for the long haul."

The subsequent section critically analyzes the labor movement's relationship to the Affordable Care Act (ACA) and healthcare reform more generally. In the fifth section, Early draws on his extensive organizing experience with the CWA to offer a detailed assessment of organized labor's current prospects in the telecom industry. Section six opens with a nod to the sociologist C. Wright Mills (who is mentioned in passing several times throughout *Save Our Unions*), drawing on his early writing, when Mills still believed in the transformative potential of organized labor. The section assesses labor leaders past and present from William "Wimpy" Winpisinger of the International Association of Machinists (IAM) to Mary Kay Henry of SEIU. The seventh and final section offers a compelling general analysis of the exceptionally progressive Vermont, as well as an up-to-date assessment of the state's success in moving forward "single payer" healthcare legislation, even as the insurance-friendly ACA continues to roll out at the national level.

Though there is no single unifying argument to *Save Our Unions*, certain themes emerge throughout, namely the importance of internal union democracy, the centrality of slow-building, one-on-one organizing, and the key role of militant leaders and a politically independent left in the labor movement's fortunes. Early offers those interested in the U.S. labor movement a rare combination of insider detail and critical distance. And while much academic theory leans on the language of structure to explain movement outcomes, the agency

of labor activists and, to some extent, powerful business interests, are laid bare in the text. Early is particularly concerned with the role of labor leaders and activists in the decline of the labor movement and in its potential for revival. Yet the story of the past decades is as much one of tragically brilliant business-side strategists as it is of failed labor leadership. Early mentions a number of clever business-side maneuverers—such as Verizon's success in the early 2000s at slipping out of a CWA-won neutrality agreement, which was supposed to have made new organizing easier and more direct for many workers on the east coast—but a comprehensive effort to 'save our unions' would benefit from understanding these efforts in even greater detail.

In short, *Save Our Unions* is a book filled with a diverse array of first-hand and secondary source labor movement analysis that will be of interest both to practitioners and academics, particularly scholars of labor relations and social movements.

Luke Elliott-Negri, Graduate Center,
City University of New York

Leslie Irvine, *My Dog Always Eats First: Homeless People and Their Animals.* Lynne Rienner (2013). $55.00 (hardcover), 140 pages.

In the United States, the sociological study of homelessness and the homeless has a rich history, beginning with Nels Anderson's seminal work in the 1920s. In the 1980s, we saw a resurgence of interest in the topic as homelessness became a recognized social problem for the first time and again during our latest recession in the late 2000s. There has always been, however, a lack of research on the specific subpopulation of the homeless who have animals. Leslie Irvine, sociologist and self-proclaimed humaniac, addresses this important subpopulation in her book, *My Dog Always Eats First: Homeless People and Their Animals*.

Irvine collected stories from homeless persons with animals in four locations across the nation. From that experience she developed a typology of homeless persons with animals roughly based on Snow and Anderson's (1993)

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typology. The book dispels common beliefs about how the homeless provide for their animals and reveals the variety of ways in which the homeless resist critiques from the domiciled public. Further, the work contributes to our overall understanding of human–animal relationships and identity work.

She begins the text with a personal encounter that will resonate with many domiciled animal lovers and turns out to be a common experience for homeless persons with companion animals. Her informants shared story after story of the domiciled insinuating, if not outright stating, that homeless persons do not deserve and cannot properly care for an animal. The homeless emphatically disagree and resist these critiques in ways that reassert their personal worth. The name of Irvine's book stems from this very issue and creatively illustrates that many homeless go to great lengths to provide for their animal friends, family members, protectors, life-changers, and lifesavers.

The main body of the book centers around the roles homeless persons assign to their animals and how the stories her informants share about their profound relationships with their animals serve as self-stories revealing the human's worth and goodness. The language the homeless use to assign roles to their animals will not be foreign to the domiciled, but Irvine depicts deeper relationships between her informants and their animals than the ones typically experienced by those in the housed community. Throughout the work, Irvine exposes how through the personal stories about caring for their animals and their animals' loyalty to and love for them, the tellers also construct positive identities for themselves as good and deserving.

Beyond the contribution to our knowledge about this hidden population, a strength of this book is its implications for research and policy and, in particular, Irvine's suggestions for changes in housing policy. Animal welfare and homeless advocates have long noted the need for pet-friendly housing, and Irvine suggests a reachable goal of developing research-based techniques to assess an animal's fitness for a property rather than instituting a sweeping no pets policy. A weakness of the work is its lack of actionable steps that regular folk can take to help this population or affect change.

Whether or not one is familiar with sociology, the book

is an easy read for anyone interested in the topic. As well as giving the reader access to the voices of a marginalized and hidden population, Irvine provides a thorough review of the relevant literature and key sociological concepts throughout the book. It is useful for homeless and animal welfare practitioners, researchers, students, and as a text in many different sociology courses, including courses on qualitative research, identity, animal-human relationships, as well as homelessness, among others.

Tiffany A. Parsons, University of West Georgia

Peter Bernard Ladkin, Christoph Goeker, and Bernd Sieker (Eds.), *The Fukushima Dai-Ichi Accident.* Lit Verlag (2013). $59.95 (paperback), 291 pages.

The crisis at the Fukushima Dai-Ichi nuclear power plant in Japan, which began in March of 2011 after a major earthquake and tsunami severely damaged the plant, highlights the threats created for societies by the technologies they rely on and raises questions about both how to make and who should make societies' technological decisions. The edited volume under review here explores the Fukushima nuclear accident from the mixed perspectives of system safety engineers and sociologists who study risk and organizations. The book originated from a workshop in Bielefeld, Germany that was held in August 2011 to discuss the accident and what can be learned from it about how societies handle risky technologies and disasters.

Following a short introduction, the first chapter, by Ladkin, a safety engineer who is the lead editor and who spearheaded the workshop, gives an overview of the accident. The second chapter, also by Ladkin, discusses the Fukushima accident in the context of hazard analysis, exploring the extent to which the accident could have been anticipated. The third chapter, by Sieker, also an engineer, discusses the physics of nuclear power plants and what happened in the Fukushima plant. These first three chapters present the technical side of the accident and the ways engineers assess and analyze risks and hazards.

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Chapters four through nine present comments from a

social science perspective. Chapter four, by Lee Clarke, which discusses how warnings about risk are presented and received (and mostly ignored), is a particularly interesting, and rather witty, chapter. Chapter five by John Downer discusses how accidents like the one at Fukushima are rationalized in a way that characterizes them as anomalous, which serves to avoid the troubling implications such accidents raise about the safety of and future risks presented by technologies. Chapter six is by Charles Perrow, one of the leading sociological experts on risk, technology, and organizations, who authored the influential *Normal Accidents*, a highly important book on the risks associated with complex systems, which has a particular focus on nuclear power plants, with a careful examination of the Three Mile Island accident. Perrow is the star of the book, having predicted in print in 2007 that an accident much like what actually happened at Fukushima was a genuine possibility, a fact Ladkin rightly highlights in the introduction. Perrow's chapter discusses how, despite its especially high consequences, the Fukushima accident is a common-place type of disaster in contexts where energy, economic power, and political power are highly concentrated, and considers the implications of regulatory failure, warning systems, and accident preparedness. Chapters seven through nine are very short (two to three page) essays comparing the context of the recent earthquake and tsunami to ones past in Japan (chapter seven, by Stephen Moseley), the differences between Japanese and Western styles of decision-making and communication in emergency management (chapter eight, by Stefan Strohschneider), and the importance of information infrastructures for handling socio-technological systems, particularly in a crisis (chapter nine by Volkmar Pipek and Gunnar Stevens).

The final chapter, which at 130 pages takes up more than half the book, is not a chapter in the traditional sense, being a ponderous series of comments that Ladkin sent to an e-mail list set up to discuss the Fukushima crisis immediately after it began. Many of these comments are interesting and informative, but the totality of them makes for tiresome reading. The chapter appears to have been included more to bulk up the book than due to careful consideration of what readers are likely to find helpful and engaging.

The authors of the chapters in this book are truly outstanding scholars, whose expertise, intellectual prowess, and wisdom about disasters such as that which occurred at Fukushima cannot be questioned. However, the book as a whole is not of especially high quality, and I suspect that few readers will find it of great value. Despite the excellence of the authors, the chapters themselves are of uneven quality, and for the most part are not top-notch, clearly showing that they descend from quickly written (although thoughtful) talks, rather than being designed as analytic, scholarly papers from the start. I have no doubt that the workshop from which this volume stems was exciting and lively, and it would have been wonderful to hear the great minds there present their worthy insights so soon after the disaster, but a great workshop rarely leads to a great edited volume, as this book demonstrates.

Richard York, Department of Sociology, University of Oregon

Matt Taibbi, *The Divide: American Injustice in the Age of the Wealth Gap*. Spiegel & Grau (2014). $27 (hardcover), $17 (paperback), 416 pages.

Matt Taibbi is a journalist and a contributing editor of *Rolling Stone Magazine* and known for hard-hitting investigative reporting. In this book, he presents stark contrasts between the harsh scrutiny and punishment of the poor—disproportionately Black, Hispanic and immigrant—with that of the big banks and financial services corporations and their executives responsible for the financial meltdown of 2008.

In the last several years, there has been considerable scholarly attention to the enormous growth of the prison population in the U.S. and the reasons for it: finite sentencing, 3-strikes laws, disparate treatment of Whites and Blacks convicted of drug offenses, inadequately funded and therefore over-burdened public defense lawyers, the reliance on plea bargains resulting in imprisonment, and overly aggressive police scrutiny and arrest policies focused especially on poor minority young men. What Taibbi contributes to this literature is his skill in describing the fate of those millions of little guys who are caught up and punished in our criminal justice systems. He

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Richard York, Department of Sociology, University of Oregon

Matt Taibbi, *The Divide: American Injustice in the Age of the Wealth Gap*. Spiegel & Grau (2014). $27 (hardcover), $17 (paperback), 416 pages.

Matt Taibbi is a journalist and a contributing editor of *Rolling Stone Magazine* and known for hard-hitting investigative reporting. In this book, he presents stark contrasts between the harsh scrutiny and punishment of the poor—disproportionately Black, Hispanic and immigrant—with that of the big banks and financial services corporations and their executives responsible for the financial meltdown of 2008.

In the last several years, there has been considerable scholarly attention to the enormous growth of the prison population in the U.S. and the reasons for it: finite sentencing, 3-strikes laws, disparate treatment of Whites and Blacks convicted of drug offenses, inadequately funded and therefore over-burdened public defense lawyers, the reliance on plea bargains resulting in imprisonment, and overly aggressive police scrutiny and arrest policies focused especially on poor minority young men. What Taibbi contributes to this literature is his skill in describing the fate of those millions of little guys who are caught up and punished in our criminal justice systems. He

observes the police in action, relaying the actual experiences of individuals' arrest and prison histories (chapter 3), visits and reports on jails, interviews the confined and those who visit them, talks with undocumented immigrants about their terrifying experiences in detention and deportation (chapters 5 & 6), and he describes how public assistance recipients and applicants have been subjected to what he appropriately calls illegal searches of their living spaces and property (chapter 7).

Taibbi intersperses information about specific administrative and judicial policies and their impact on arrest practices, paying particular attention to the abusive practices of the New York City Police Department (arrest quotas and promotions tied to numbers of arrests, e.g.) and the lack of due process procedures for immigrants. He focuses on two specific aspects of our deportation policies that connect to the interests of corporations. The first, the 287(g) immigration "Secure Communities" rule, deputizes all law enforcement officers to become deportation officials; in Georgia, the mandate to arrest and process for deportation any undocumented immigrant ticketed for any infraction (e.g., driving with a broken taillight) was relaxed when owners of chicken processing plants complained that they were losing valuable employees. The other is the federal government's reliance on private prisons—where there has been enormous growth in numbers and profits—to house detainees, each of whom can cost as much as $166/day. Private prisons are also used by some states. Taibbi reports that the revenues of the Correction Corporation of America (one of the largest) rose from $300 million in 2000 to $1.7 billion in 2011 (p. 214).

A major thrust of the book is to document, by comparison, how lightly those at the top of the large banks and hedge funds have been treated. The inner deal-makings of the banks and mortgage financers are described in Chapter 4, but perhaps the most interesting—and to this reader novel—information is provided in the first two chapters where Taibbi lays out the legal reasoning that has led, if anything, to fines rather than jail time for those responsible for the recent financial crisis. He presents a fascinating history of the doctrine of "Collateral Consequences," written in 1999 by Eric Holder, then a relatively low level U.S. Justice Department lawyer in

the Clinton administration and now the U.S. Attorney General. The most salient aspect of the memo is its instruction that a prosecutor can choose not to charge a corporation or one of its executives criminally if s/he concludes that a conviction would have substantial, punitive impacts on its employees, directors or shareholders (p. 17). It is this mode of legal thinking, less used (surprisingly) by the Bush Justice Department, which has led to the consequence that, to date, not one high level banker has been convicted criminally—they have all been "too big to jail." Instead, the corporations have negotiated civilly to pay fines that appear, to the general public, to be substantial but in reality are minimal compared to the huge profits that the corporations continue to make.

The scholar accustomed to reading well-referenced material will be frustrated by this book, and Taibbi does little by the way of acknowledging legal scholars whose views differ from his. But those who have been alarmed over the divergent paths of the rich and poor and their manifestation in the justice system will find this easily read book informative and stimulating.

Marguerite Rosenthal, Emerita, Social Work,
Salem State University

Corresponding Authors

Mackenzi Huyser
Department of Social Work
Trinity Christian College
6601 West College Dr.
Palos Heights, IL 60463
mackenzi.huyser@trnty.edu

Seon Mi Kim
Ramapo College of New Jersey
School of Social Science and Human Services
skim14@ramapo.edu

Andrea Hetling
Bloustein School of Planning and Public Policy
Rutgers, The State University of New Jersey
33 Livingston Ave., Room 542
New Brunswick, NJ 08901
ahetling@rutgers.edu

Min Zhan
School of Social Work
University of Illinois at
Urbana-Champaign
1010 West Nevada Street
Urbana, IL 61801
mzhan@illinois.edu

Larry Ortiz
Department of Social Work and Social Research
Loma Linda University
Loma Linda, CA 92350
larryortiz@llu.edu

Masoumeh Qarakhani
Department of Sociology
Institute for Social and Cultural Studies
No.124, First Golestan St.,
Pasdaran St., Tehran, Iran
qarakanim@gmail.com

David Stoesz
Director of Social Work
University of Illinois–Springfield
dstoe2@uis.edu.

Sergio Romero
Department of Sociology
Boise State University
1987 Cesar Chavez Lane
Boise, ID 83725-1945
sergioromero@boisestate.edu

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Jennifer Zelnick
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