

The rediscovery of character: private virtue and public policy

JAMES Q. WILSON

THE most important change in how one defines the public interest that I have witnessed—and experienced—over the last twenty years has been a deepening concern for the development of character in the citizenry. An obvious indication of this shift has been the rise of such social issues as abortion and school prayer. A less obvious but I think more important change has been the growing awareness that a variety of public problems can only be understood—and perhaps addressed—if they are seen as arising out of a defect in character formation.

The Public Interest began publication at about the time that economics was becoming the preferred mode of policy analysis. Its very first issue contained an article by Daniel Patrick Moynihan hailing the triumph of macroeconomics: “Men are learning how to make an industrial economy work” as evidenced by the impressive ability of economists not only to predict economic events accurately but to control them by, for example, delivering on the promise of full employment. Six months later I published an essay suggesting that poverty be dealt with by direct income transfers in the form of a negative income tax or family allowances. In the next issue, James Tobin made a full-scale proposal for a negative income tax and Virginia Held welcomed program planning and budgeting to Washington

as a means for rationalizing the allocative decisions of government, a topic enlarged upon the following year by a leading practitioner of applied economics, William Gorham. Meanwhile, Thomas C. Schelling had published a brilliant economic analysis of organized crime and Christopher Jencks a call for a voucher system that would allow parents to choose among public and private purveyors of education. In a later issue, Gordon Tullock explained the rise in crime as a consequence of individuals responding rationally to an increase in the net benefit of criminality.

There were criticisms of some of these views. Alvin L. Schorr, James C. Vadakian, and Nathan Glazer published essays in 1966, 1968, and 1969 attacking aspects of the negative income tax, and Aaron Wildavsky expressed his skepticism about program budgeting. But the criticisms themselves often accepted the economic assumptions of those being criticized. Schorr, for example, argued that the negative income tax was unworkable because it did not resolve the conflict between having a strong work incentive (and thus too small a payment to many needy individuals) and providing an adequate payment to the needy (and thus weakening the work incentive and making the total cost politically unacceptable). Schorr proposed instead a system of children's allowances and improved social security coverage, but he did not dissent from the view that the only thing wrong with poor people was that they did not have enough money and the conviction that they had a "right" to enough. Tobin was quick to point out that he and Schorr were on the same side, differing only in minor details.

A central assumption of economics is that "tastes" (which include what non-economists would call values and beliefs, as well as interests) can be taken as given and are not problematic. All that is interesting in human behavior is how it changes in response to changes in the costs and benefits of alternative courses of action. All that is necessary in public policy is to arrange the incentives confronting voters, citizens, firms, bureaucrats, and politicians so that they will behave in a socially optimal way. An optimal policy involves an efficient allocation—one that purchases the greatest amount of some good for a given cost, or minimizes the cost of a given amount of some good.

This view so accords with common sense in countless aspects of ordinary life that, for many purposes, its value is beyond dispute. Moreover, enough political decisions are manifestly so inefficient or rely so excessively on issuing commands (instead of arranging incentives) that very little harm and much good can be done by urging

public officials to “think economically” about public policy. But over the last two decades, this nation has come face to face with problems that do not seem to respond, or respond enough, to changes in incentives. They do not respond, it seems, because the people whose behavior we wish to change do not have the right “tastes” or discount the future too heavily. To put it plainly, they lack character. Consider four areas of public policy: schooling, welfare, public finance, and crime.

Schooling

Nothing better illustrates the changes in how we think about policy than the problem of finding ways to improve educational attainment and student conduct in the schools. One of the first reports of the 1966 study on education by James Coleman and his associates appeared in this magazine. As every expert on schooling knows, that massive survey of public schools found that differences in the objective inputs to such schools—pupil-teacher ratios, the number of books in the library, per pupil expenditures, the age and quality of buildings—had no independent effect on student achievement as measured by standardized tests of verbal ability.

But as many scholars have forgotten, the Coleman Report also found that educational achievement was profoundly affected by the family background and peer-group environment of the pupil. And those who did notice this finding understandably despaired of devising a program that would improve the child’s family background or social environment. Soon, many specialists had concluded that schools could make no difference in a child’s life prospects, and so the burden of enhancing those prospects would have to fall on other measures. (To Christopher Jencks, the inability of the schools to reduce social inequality was an argument for socialism.)

Parents, of course, acted as if the Coleman Report had never been written. They sought, often at great expense, communities that had good schools, never doubting for a moment that they could tell the difference between good ones and bad ones or that this difference in school quality would make a difference in their child’s education. The search for good schools in the face of evidence that there was no objective basis for that search seemed paradoxical, even irrational.

In 1979, however, Michael Rutter and his colleagues in England published a study that provided support for parental understanding by building on the neglected insights of the Coleman Report. In *Fifteen Thousand Hours*, the Rutter group reported what they learned

from following a large number of children from a working-class section of inner London as they moved through a dozen non-selective schools in their community. Like Coleman before him, Rutter found that the objective features of the schools made little difference; like almost every other scholar, he found that differences in verbal intelligence at age ten were the best single predictor of educational attainment in the high school years. But unlike Coleman, he looked at differences in that attainment across schools, holding individual ability constant. Rutter found that the schools in inner London had very different effects on their pupils, not only in educational achievement but also in attendance, classroom behavior, and even delinquency. Some schools did a better job than others in teaching children and managing their behavior.

The more effective schools had two distinctive characteristics. First, they had a more balanced mix of children—that is, they contained a substantial number of children of at least average intellectual ability. By contrast, schools that were less effective had a disproportionate number of low-ability students. If you are a pupil of below average ability, you do better, both academically and behaviorally, if you attend a school with a large number of students who are somewhat abler than you. The intellectual abilities of the students, it turned out, were far more important than their ethnic or class characteristics in producing this desirable balance.

Second, the more effective schools had a distinctive ethos: an emphasis on academic achievement, the regular assignment of homework, the consistent and fair use of rewards (especially praise) to enforce generally agreed-upon standards of conduct, and energetic teacher involvement in directing classroom work. Subsequent research by others has generally confirmed the Rutter account, so much so that educational specialists are increasingly discussing what has come to be known as the “effective schools” model.

What is striking about the desirable school ethos is that it so obviously resembles what almost every developmental psychologist describes as the desirable family ethos. Parents who are warm and caring but who also use discipline in a fair and consistent manner are those parents who, other things being equal, are least likely to produce delinquent offspring. A decent family is one that instills a decent character in its children; a good school is one that takes up and continues in a constructive manner this development of character.

Teaching students with the right mix of abilities and in an atmosphere based on the appropriate classroom ethos may be easier in private than in public schools, a fact which helps explain why Cole-

man (joined now by Thomas Hoffer and Sally Kilgore) was able to suggest in the 1982 book, *High School Achievement*, that private and parochial high schools may do somewhat better than public ones in improving the vocabulary and mathematical skills of students and that this private-school advantage may be largely the result of the better behavior of children in those classrooms. In the authors' words, "achievement and discipline are intimately intertwined." Public schools that combine academic demands and high disciplinary standards produce greater educational achievement than public schools that do not. As it turns out, private and parochial schools are better able to sustain these desirable habits of work behavior—this greater display of good character—than are public ones.

Welfare

Besides the Coleman Report, another famous document appeared at about the time this magazine was launched—the Moynihan Report on the problems of the black family (officially, the U.S. Department of Labor document entitled *The Negro Family: The Case for National Action*). The storm of controversy that report elicited is well-known. Despite Moynihan's efforts to keep the issue alive by publishing in these pages several essays on the welfare problem in America, the entire subject of single-parent families in particular and black families in general became an occasion for the exchange of mutual recriminations instead of a topic of scientific inquiry and policy entrepreneurship. Serious scholarly work, if it existed at all, was driven underground, and policymakers were at pains to avoid the matter except, occasionally, under the guise of "welfare reform" which meant (if you were a liberal) raising the level of benefits or (if you were a conservative) cutting them. By the end of the 1960s, almost everybody in Washington had in this sense become a conservative; welfare reform, as Moynihan remarked, was dead.

Twenty years after the Moynihan Report, Moynihan himself could deliver at Harvard a lecture in which he repeated the observations he had made in 1965, but this time to an enthusiastic audience and widespread praise in the liberal media. At the same time, Glenn C. Loury, a black economist, could publish in these pages an essay in which he observed that almost everything Moynihan had said in 1965 had proved true except in one sense—today, single-parent families are twice as common as they were when Moynihan first called the matter to public attention. The very title of Loury's essay suggested how times had changed: Whereas leaders once spoke of "welfare reform" as if it were a problem of finding the

most cost-effective way to distribute aid to needy families, Loury was now prepared to speak of it as "The Moral Quandary of the Black Community."

Two decades that could have been devoted to thought and experimentation had been frittered away. We are no closer today than we were in 1965 to understanding why black children are usually raised by one parent rather than by two or exactly what consequences, beyond the obvious fact that such families are very likely to be poor, follows from this pattern of family life. To the extent the matter was addressed at all, it was usually done by assuming that welfare payments provided an incentive for families to dissolve. To deal with this, some people embraced the negative income tax (or as President Nixon rechristened it, the Family Assistance Plan) because it would provide benefits to all poor families, broken or not, and thus remove incentive for dissolution.

There were good reasons to be somewhat skeptical of that view. If the system of payments under the program for Aid to Families of Dependent Children (AFDC) was to blame for the rise in single-parent families, why did the rise occur so dramatically among blacks but not to nearly the same extent among whites? If AFDC provided an incentive for men to beget children without assuming responsibility for supporting them, why was the illegitimacy rate rising even in states that did not require the father to be absent from the home for the family to obtain assistance? If AFDC created so perverse a set of incentives, why did these incentives have so large an effect in the 1960s and 1970s (when single-parent families were increasing by leaps and bounds) and so little, if any, such effect in the 1940s and 1950s (when such families scarcely increased at all)? And if AFDC were the culprit, how is it that poor, single-parent families rose in number during a decade (the 1970s) when the value of AFDC benefits in real dollars was declining?

Behavior does change with changes in incentives. The results of the negative income tax experiments certainly show that. In the Seattle and Denver experiments, the rate of family dissolution was much higher among families who received the guaranteed annual income than among similar families who did not—36 percent higher in the case of whites, 42 percent higher in the case of blacks. Men getting the cash benefits reduced their hours of work by 9 percent, women by 20 percent, and young males without families by 43 percent.

Charles Murray, whose 1984 book, *Losing Ground*, has done so much to focus attention on the problem of welfare, generally en-

dorses the economic explanation for the decline of two-parent families. The evidence from the negative income tax experiments is certainly consistent with his view, and he makes a good case that the liberalization of welfare eligibility rules in the 1960s contributed to the sudden increase in the AFDC caseload. But as he is the first to admit, the data do not exist to offer a fully tested explanation of the rise of single-parent families; the best he can do is to offer a mental experiment showing how young, poor men and women might rationally respond to the alternative benefits of work for a two-parent family and welfare payments for a one-parent one. He rejects the notion that character, the *Zeitgeist*, or cultural differences are necessary to an explanation. But he cannot show that young, poor men and women in fact responded to AFDC as he assumes they did, nor can he explain the racial differences in rates or the rise in caseloads at a time of declining benefits. He notes an alternative explanation that cannot be ruled out: During the 1960s, a large number of persons who once thought of being on welfare as a temporary and rather embarrassing expedient came to regard it as a right that they would not be deterred from exercising. The result of that change can be measured: Whereas in 1967, 63 percent of the persons eligible for AFDC were on the rolls, by 1970 91 percent were.

In short, the character of a significant number of persons changed. To the extent one thinks that change was fundamentally wrong, then, as Loury has put it, the change creates a moral problem. What does one do about such a moral problem? Lawrence Mead has suggested invigorating the work requirement associated with welfare, so that anyone exercising a "right" to welfare will come to understand that there is a corresponding obligation. Murray has proposed altering the incentives by increasing the difficulty of getting welfare or the shame of having it or so as to provide positive rewards for not having children, at least out of wedlock. But nobody has yet come to grips with how one might test a way of using either obligations or incentives to alter character so that people who once thought it good to sire or bear illegitimate children will now think it wrong.

Public finance

We have a vast and rising governmental deficit. Amidst the debate about how one might best reduce that deficit (or more typically, reduce the rate of increase in it), scarcely anyone asks why we have not always had huge deficits.

If you believe that voters and politicians seek rationally to maxi-

mize their self-interest, then it would certainly be in the interest of most people to transfer wealth from future generations to present ones. If you want the federal government to provide you with some benefit and you cannot persuade other voters to pay for your benefit with higher taxes, then you should be willing to have the government borrow to pay for that benefit. Since every voter has something he would like from the government, each has an incentive to obtain that benefit with funds to be repaid by future generations. There are, of course, some constraints on unlimited debt financing. Accumulated debt charges from past generations must be financed by this generation, and if these charges are heavy there may well develop some apprehension about adding to them. If some units of government default on their loans, there are immediate economic consequences. But these constraints are not strong enough to inhibit more than marginally the rational desire to let one's grandchildren pay (in inflation-devalued dollars) the cost of present indulgences.

That being so, why is it that large deficits, except in wartime, have been a feature of public finance only in the past few decades? What kept voters and politicians from buying on credit heavily and continuously beginning with the first days of the republic?

James M. Buchanan, in his 1984 presidential address to the Western Economic Association, has offered one explanation for this paradox. He has suggested that public finance was once subject to a moral constraint—namely, that it was right to pay as you go and accumulate capital and wrong to borrow heavily and squander capital. Max Weber, of course, had earlier argued that essential to the rise of capitalism was a widely shared belief (he ascribed it to Protestantism) in the moral propriety of deferring present consumption for future benefits. Buchanan has recast this somewhat: He argues that a Victorian morality inhibited Anglo-American democracies from giving in to their selfish desire to beggar their children.

Viewed in this way, John Maynard Keynes was not simply an important economist, he was a moral revolutionary. He subjected to rational analysis the conventional restraints on deficit financing, not in order to show that debt was always good but to prove that it was not necessarily bad. Deficit financing should be judged, he argued, by its practical effect, not by its moral quality.

Buchanan is a free-market economist, and thus a member of a group not ordinarily given to explaining behavior in any terms other than the pursuit of self-interest narrowly defined. This fact makes all the more significant his argument that economic analysts must understand "how morals impact on choice, and especially how an

erosion of moral precepts can modify the established functioning of economic and political institutions.”

A rejoinder can be made to the Buchanan explanation of deficit financing. Much of the accumulated debt is a legacy of having fought wars, a legacy that can be justified on both rational and moral grounds (who wishes to lose a war, or to leave for one's children a Europe dominated by Hitler?). Another part of the debt exists because leaders miscalculated the true costs of desirable programs. According to projections made in 1965, Medicare was supposed to cost less than \$9 billion a year in 1990; in 1985, the bill was already running in excess of \$70 billion a year. Military pensions seemed the right thing to do when men were being called to service; only in retrospect is their total cost appreciated. The Reagan tax cuts were not designed to impose heavy debts on our children but to stimulate investment and economic growth; only later did it become obvious that they have contributed far more to the deficit than to economic growth. The various subsidies given to special interest groups for long seemed like a small price to pay for insuring the support of a heterogeneous people for a distant government; no one could have foreseen their cumulative burden.

No doubt there is some truth in the proposition that our current level of debt is the result of miscalculation and good intentions gone awry. But what strengthens Buchanan's argument, I believe, is the direction of these miscalculations (if that is what they were) and the nature of these good intentions. In almost every instance, leaders proposing a new policy erred in the direction of understating rather than overstating future costs; in almost every instance, evidence of a good intention was taken to be government action rather than inaction. Whether one wishes to call it a shift in moral values or not, one must be struck by the systematic and consistent bias in how we debated public programs beginning in the 1930s but especially in the 1960s. It is hard to remember it now, but there once was a time, lasting from 1789 to well into the 1950s, when the debate over almost any new proposal was about whether it was *legitimate* for the government to do this at all. These were certainly the terms in which Social Security, civil rights, Medicare, and government regulation of business were first addressed. By the 1960s, the debate was much different: how much should we spend (not, should we spend anything at all); how can a policy be made cost-effective (not, should we have such a policy in the first place). The character of public discourse changed and I suspect in ways that suggest a change in the nature of public character.

Crime

I have written more about crime than any other policy issue, and so my remarks on our changing understanding of this problem are to a large degree remarks about changes in my own way of thinking about it. On no subject have the methods of economics and policy analysis had greater or more salutary effect than on scholarly discussions of criminal justice. For purposes of designing public policies, it has proved useful to think of would-be offenders as mostly young males who compare the net benefits of crime with those of work and leisure. Such thinking, and the rather considerable body of evidence that supports it, leads us to expect that changes in the net benefits of crime affect the level of crime in society. To the extent that policymakers and criminologists have become less hostile to the idea of altering behavior by altering its consequences, progress has been made. Even if the amount by which crime is reduced by these measures is modest (as I think in a free society it will be), the pursuit of these policies conforms more fully than does the rehabilitative idea to our concept of justice—namely, that each person should receive his due.

But long-term changes in crime rates exceed anything that can be explained by either rational calculation or the varying proportion of young males in the population. Very little in either contemporary economics or conventional criminology equips us to understand the decline in reported crime rates during the second half of the nineteenth century and the first part of the twentieth despite rapid industrialization and urbanization, a large influx of poor immigrants, the growing ethnic heterogeneity of society, and widening class cleavages. Very little in the customary language of policy analysis helps us explain why Japan should have such abnormally low crime rates despite high population densities, a history that glorifies samurai violence, a rather permissive pattern of child-rearing, the absence of deep religious convictions, and the remarkably low ratio of police officers to citizens.

In an essay in this magazine in 1983 I attempted to explain the counterintuitive decline in crime during the period after the Civil War in much the same terms that David H. Bayley had used in a 1976 article dealing with crime in Japan. In both cases, distinctive cultural forces helped restrain individual self-expression. In Japan, these forces subject an individual to the informal social controls of family and neighbors by making him extremely sensitive to the good opinion of others. The controls are of long standing and have so far remained largely intact despite the individualizing tendencies of

modernization. In the United States, by contrast, these cultural forces have operated only in certain periods, and when they were effective it was as a result of a herculean effort by scores of voluntary associations specially created for the purpose.

In this country as well as in England, a variety of enterprises—Sunday schools, public schools, temperance movements, religious revivals, YMCAs, the Children's Aid Society—were launched in the first half of the nineteenth century that had in common the goal of instilling a "self-activating, self-regulating, all-purpose inner control." The objects of these efforts were those young men who, freed from the restraints of family life on the farms, had moved to the boardinghouses of the cities in search of economic opportunities. We lack any reliable measure of the effect of these efforts, save one—the extraordinary reduction in the per capita consumption of alcoholic beverages that occurred between 1830 (when the temperance efforts began in earnest) and 1850 and that persisted (despite an upturn during and just after the Civil War) for the rest of the century.

We now refer to this period as one in which "Victorian morality" took hold; the term itself, at least as now employed, reflects the condescension in which that ethos has come to be regarded. Modernity, as I have argued elsewhere, involves, at least in elite opinion, replacing the ethic of self-control with that of self-expression. Some great benefits have flowed from this change, including the liberation of youthful energies to pursue new ideas in art, music, literature, politics, and economic enterprise. But the costs are just as real, at least for those young persons who have not already acquired a decent degree of self-restraint and other-regardingness.

The view that crime has social and cultural as well as economic causes is scarcely new. Hardly any lay person, and only a few scholars, would deny that family and neighborhood affect individual differences in criminality. But what of it? How, as I asked in 1974, might a government remake bad families into good ones, especially if it must be done on a large scale? How might the government of a free society reshape the core values of its people and still leave them free?

They were good questions then and they remain good ones today. In 1974 there was virtually no reliable evidence that any program seeking to prevent crime by changing attitudes and values had succeeded for any large number of persons. In 1974 I could only urge policymakers to postpone the effort to eliminate the root causes of crime in favor of using those available policy instruments—target hardening, job training, police deployment, court sentences—that

might have a marginal effect at a reasonable cost on the commission of crime. Given what we knew then and know now, acting as if crime is the result of individuals freely choosing among competing alternatives may be the best we can do.

In retrospect, nothing I have written about crime so dismayed some criminologists as this preference for doing what is possible rather than attempting what one wishes were possible. My purpose was to substitute the experimental method for personal ideology; this effort has led some people to suspect I was really trying to substitute my ideology for theirs. Though we all have beliefs that color our views, I would hope that everybody would try to keep that coloration under control by constant reference to the test of practical effect. What works?

With time and experience we have learned a bit more about what works. There are now some glimmers of hope that certain experimental projects aimed at preparing children for school and equipping parents to cope with unruly offspring may reduce the rate at which these youngsters later commit delinquent acts. Richard J. Herrnstein and I have written about these and related matters in *Crime and Human Nature*. Whether further tests and repeated experiments will confirm that these glimmers emanate from the mother lode of truth and not from fool's gold, no one can yet say. But we know how to find out. If we discover that these ideas can be made to work on a large scale (and not just in the hands of a few gifted practitioners), then we will be able to reduce crime by, in effect, improving character.

Character and policy

The traditional understanding of politics was that its goal was to improve the character of its citizens. The American republic was, as we know, founded on a very different understanding—that of taking human nature pretty much as it was and hoping that personal liberty could survive political action if ambition were made to counteract ambition. The distinctive nature of the American system has led many of its supporters (to say nothing of its critics) to argue that it should be indifferent to character formation. Friend and foe alike are fond of applying to government Samuel Goldwyn's response to the person who asked what message was to be found in his films: If you want to send a message, use Western Union.

Since I yield to no one in my admiration for what the Founders created, I do not wish to argue the fundamental proposition. But the federal government today is very different from what it was

in 1787, 1887, or even 1957. If we wish it to address the problems of family disruption, welfare dependency, crime in the streets, educational inadequacy, or even public finance properly understood, then government, by the mere fact that it defines these states of affairs as problems, acknowledges that human character is, in some degree, defective and that it intends to alter it. The local governments of village and township always understood this, of course, because they always had responsibility for shaping character. The public school movement, for example, was from the beginning chiefly aimed at moral instruction. The national government could afford to manage its affairs by letting ambition counteract ambition because what was originally at stake in national affairs—creating and maintaining a reasonably secure commercial regime—lent itself naturally to the minimal attentions of a limited government operated and restrained by the reciprocal force of mutual self-interest.

It is easier to acknowledge the necessary involvement of government in character formation than it is to prescribe how this responsibility should be carried out. The essential first step is to acknowledge that at root, in almost every area of important public concern, we are seeking to induce persons to act virtuously, whether as school-children, applicants for public assistance, would-be lawbreakers, or voters and public officials. Not only is such conduct desirable in its own right, it appears now to be necessary if large improvements are to be made in those matters we consider problems: schooling, welfare, crime, and public finance.

By virtue, I mean habits of moderate action; more specifically, acting with due restraint on one's impulses, due regard for the rights of others, and reasonable concern for distant consequences. Scarcely anyone favors bad character or a lack of virtue, but it is all too easy to deride a policy of improving character by assuming that this implies a nation of moralizers delivering banal homilies to one another.

Virtue is not learned by precept, however; it is learned by the regular repetition of right actions. We are induced to do the right thing with respect to small matters, and in time we persist in doing the right thing because now we have come to take pleasure in it. By acting rightly with respect to small things, we are more likely to act rightly with respect to large ones. If this view sounds familiar, it should; it is Aristotle's. Let me now quote him directly: "We become just by the practice of just actions, self-controlled by exercising self-control."

Seen in this way, there is no conflict between economic thought and moral philosophy: The latter simply supplies a fuller statement

of the uses to which the former can and should be put. We want our families and schools to induce habits of right conduct; most parents and teachers do this by arranging the incentives confronting youngsters in the ordinary aspects of their daily lives so that right action routinely occurs.

What economics neglects is the important subjective consequence of acting in accord with a proper array of incentives: people come to feel pleasure in right action and guilt in wrong action. These feelings of pleasure and pain are not mere "tastes" that policy analysts should take as given; they are the central constraints on human avarice and sloth, the very core of a decent character. A course of action cannot be evaluated simply in terms of its cost-effectiveness, because the consequence of following a given course—if it is followed often enough and regularly enough—is to teach those who follow it what society thinks is right and wrong.

Conscience and character, naturally, are not enough. Rules and rewards must still be employed; indeed, given the irresistible appeal of certain courses of action—such as impoverishing future generations for the benefit of the present one—only some rather draconian rules may suffice. But for most social problems that deeply trouble us, the need is to explore, carefully and experimentally, ways of strengthening the formation of character among the very young. In the long run, the public interest depends on private virtue.