

Thomas Jefferson Research Center

Demoralize the youth of a land and the revolution
is already won.

Lenin

THE PRICE OF FREEDOM IS RESPONSIBILITY

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CRIME AND CHARACTER

Behavioral scientists have been fond of blaming crime on poverty and injustice. For example, Ramsey Clark, former United States Attorney General, tells us in his bestselling *Crime in America* that the root causes of crime are "poverty, ignorance and squalor." His statement is typical of the dominant "scientific" point of view. The problem is that this explanation does not fit the facts. Crime and violence have risen to new heights in the same years when there has been an unprecedented decline in poverty and vastly increased expenditures for education.

Criminologists and sociologists, almost without exception, have ignored or rejected the idea that the major reason for increasing crime is insufficient emphasis on ethical construction in our schools, colleges, homes, churches, and other institutions.

This is why the recent article, "Crime and American Culture," by the distinguished criminologist, James Q. Wilson, reviewed in our last Research Letter, is so significant.

Not only did Dr. Wilson present evidence to refute the orthodox explanations for crime, but he also presented a strong case for the idea that long-term crime rates (the number of crimes per 1000 population) show a close correlation with the amount of emphasis society has placed on moral and ethical instruction.

A second article, "Crime, Bureaucracy and Equality," by the English scholar, Christie Davies, based on a study of English history, comes to almost identical conclu-

sions.

Davies, writing in the Winter 1983 issue of *Policy Review*, says that Britain's high rates of crime in the mid-nineteenth century diminished thereafter and remained very low until recent years.

Here are a few selected sentences from Dr. Davies' report:

American criminologists and crime policy makers are pessimistic about the possibility of combating crime: their work abounds with dismal phrases such as 'nothing works' or 'society must learn to live with high crime rates.' . . .

When American criminologists have looked at Europe, they have in general noted only that crime rates in Europe tend to be much lower than in America but are rising. And they have not been able to draw sensible conclusions from either of these facts . . . Perhaps the best place to look is at Britain.

During the last 50 years, Britain has changed from being a relatively crime-free society to one in which serious crimes of violence and dishonesty occur on such a scale as to constitute a significant social problem . . . The most striking lesson to be learned from Britain's qualitative lurch from a crime-free to a relatively crime-ridden society is that in modern societies criminal behavior, taken as a whole, is not rooted in poverty, in bad living conditions, or in social inequality . . .

Swedish society has experienced an even greater transformation by affluence, welfare, and state enforced egalitarianism than Britain; but Swedish crime rates have also

risen remarkably in recent years . . .

Some different and more positive insights into the relationship between crime and society can be gained by looking at the trend of British crime before 1900 . . . British rates of recorded crime in the latter part of the nineteenth century fell almost as steeply as they have risen in the middle of the twentieth century . . .

Britain in 1900 was not only a much less violent and dishonest society than it is today, but it was also a much less violent and dishonest country than it had been in the middle of the nineteenth century. Indeed, the overall rate of serious offenses recorded by the police in the 1890s was only about 60% of what it had been in the 1850s. The successful reduction of previously high levels of crime and violence and the creation of a secure, well-policed society was one of the great achievements of Victorian Britain . . .

British society appears to have a so-called U-curve incidence of deviant behavior during three distinct stages over the last 130 years or so. We may term these three periods: Reforming Britain (the Victorian era); Respectable Britain (the end of the nineteenth century and the early years of the twentieth century); and Permissive Britain (the middle years of the twentieth century down to the present day).

Reforming Britain saw the mastering and reduction of various forms of criminal and deviant behavior. Respectable Britain was a period of orderly stability when the norms of good behavior that had been

gradually established by the reformers were on the whole upheld and maintained . . . Permissive Britain saw the breakdown of these hard-won norms of respectability, the growth of crimes of violence and dishonesty, and a rise in other forms of deviance such as illegitimacy and the abuse of drugs and alcohol . . .

The early nineteenth century in Britain was a period of economic and moral turmoil — mobility had broken down the traditional local social controls . . . However, the Victorian elite tackled these problems successfully by gradually imbuing all classes with a morality that I have termed moralism.

This morality, rooted as it was in British Protestant individualism and in the ideas natural to a society whose central economic institution was the free market, had as its central tenet the idea that each individual was morally responsible for his own behavior . . . For those who believed in moralism, fairness was seen as the distribution of rights and penalties according to the moral worthiness of the parties.

These ideas were diffused throughout society by the operation of its religious and legal institutions and of the marketplace . . . These virtues were, typically: honesty, willingness, industry, conscientiousness, punctuality, sobriety, and a sense of responsibility . . .

What does this mean in relation to America's crime problem and possible solutions? This study suggests that past policies for dealing with crime in America may have failed because they too have been formulated within a framework of egalitarian and bureaucratic thinking. What is needed is a set of policies drawn up outside that framework of thinking which addresses the problem of how to create a widespread sense of personal responsibility in America.

EDUCATION AND CHARACTER

Some of history's greatest thinkers have warned us about the importance of teaching young people how to behave. Confucius, Plato, Cicero, Burke, Goethe, Emerson, Einstein, Franklin, Jefferson, Adams, Washington, Lincoln, and many other distinguished citizens have emphasized the relationship between ethical instruction and social survival.

In 1940, Walter Lippmann, speaking at the annual meeting of the American Society for the Advancement of

Science, said that during the last 40 or 50 years those who were responsible for education had progressively removed from the curriculum the cultural principles which produced the modern democratic state. "Prevailing education is destined," he told this prestigious group, "if it continues, to destroy Western civilization and is in fact destroying it."

It seems strange that an idea that is so simple, so common sense, so urgently needed, is presently a minority viewpoint for American scholars.

In recent months there have been several prestigious reports on the condition of American public education. All of these reports agree that our educational system is in trouble, but the emphasis in every case is on declining academic achievement. Incredibly, the equally serious decline in student behavior is not even mentioned.

The report in April by the National Commission on Excellence in Education stated that "The educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people. . . . For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents."

The report went on to state that:

- * International comparisons of student achievement, completed a decade ago, revealed that on 19 academic tests American students were never first or second, and, in comparison with other industrialized nations, were last seven times.
- * Some 23 million American adults are functionally illiterate...
- * Average achievement of high school students on most standardized tests is now lower than 26 years ago...
- * The College Board Scholastic Aptitude Tests demonstrate a virtual unbroken decline from 1963 to 1980...
- * Between 1975 and 1980, remedial mathematics courses in public four-year colleges increased by 72%..."

A second report by the National Task Force on Education for Economic Growth, developed by a group of 41 governors and top corporate executives, called upon governors and business leaders "to develop an action plan to improve education in the states' schools..."

This report, like the one by the National Commission, concentrates on declining academic achievement. There is no recognition of the idea, so well stated by Dr. Steven Muller, president of Johns Hopkins Uni-

versity, that "The biggest failing in higher education today is that we fall short in exposing students to values...Universities are now turning out potentially highly skilled barbarians...who have no real understanding of their society."

"Improving Student Performance in California" is the title of a report prepared for the California Roundtable by Berman, Weiler Associates, Berkeley, California. The California Roundtable is an organization of chief executive officers from 86 principal corporations doing business in California.

The Berman, Weiler report is based on a review of all existing research in educational literature and had the input of 90 educational experts and consultants.

This report concluded that "Data on student performance show that California secondary school students are not being adequately prepared for college or work, and are not performing as well as they did one or two decades ago. Unless this decline is reversed, the California public schools will not produce the citizens, workers and professionals who are needed to meet the challenges ahead."

Once again, the entire emphasis in this report is on declining academic skills.

Frank Goble, president of the Thomas Jefferson Research Center, has written a critique of the Berman, Weiler report.

Mr. Goble states, "Student academic achievement is not the only problem. Student behavior has also deteriorated to an alarming degree. These two problems are interrelated, and must be solved concurrently.

"Many of the basic skills that students need to perform well in high school are acquired in the first few years of education. Therefore, to improve high school performance, it is essential that elementary school education be improved also."

YOU CAN HELP FIGHT CRIME

Youth problems such as crime, violence, vandalism, drug abuse, alcoholism, suicide, and venereal disease have reached crisis proportions. Not only have these problems been increasing faster than population, but the age at which they occur is constantly lower. Thirty-one percent of all violent crimes and 54% of property crimes are committed by teenagers.

California schools are now spending more than \$100 million dollars a year on vandalism. This is more than twice

the annual cost of textbooks.

Eighty-three percent of young Americans spend their early years in public elementary schools. What happens during these formative years will influence their entire lives. Students who do not develop positive attitudes and values during these early years will make poor students, poor workers, and poor citizens.

Therefore, if we are to bring exploding crime and delinquency under control, it is imperative that our schools place greater emphasis on character and ethics. For as California State Superintendent Bill Honig correctly says, "We seem to have lost sight of one of the primary missions of education — that of transmitting our cultural heritage to our youth . . . Without such transmission, no society can expect to obtain the allegiance of enough of its youth to avoid social disintegration."

The Character Education Curriculum, the result of many years of research by the American Institute for Character Education, is one highly successful way to reduce exploding youth problems. Now in use in thousands of elementary school classrooms across the country, this program has the demonstrated ability to reduce theft, violence and vandalism, and improve discipline, attendance, morale, and scholarship.

Young people benefit through improved attitudes, self-esteem and scholarship. Schools benefit through reduced theft, violence and vandalism, and other disciplinary problems. School attendance (and income) improves, teacher morale improves, teacher turnover is reduced, and parent-school relationships are better. Business firms benefit from reduced delinquency, shoplifting, vandalism, graffiti and improved quality of entry-level employees.

The Character Education Curriculum is highly cost-effective. It costs less than \$100 to place the Character Education Curriculum in a single classroom. This includes teaching materials, administrator training, teacher training and follow-up consultation and evaluation. Since the program can be used for four or five years or more without additional cost, the cost per year per student is less than one dollar. A conservative estimate is that each dollar spent on systematic character education will save society \$100 and often much more.

The problem is that many schools, including some of those who need the program the most, do not have enough

money to purchase the Character Education Curriculum kits. For this reason, the Thomas Jefferson Research Center has created a special fund. Contributions to this Character Education Curriculum Fund will be used to help schools that need the character education program but cannot afford it.

You may contribute specifically to this fund.

You can contribute any amount from \$10 to \$100,000 — every dollar counts and each \$100 contribution will benefit more than 140 young people. Mention this idea to your friends and encourage them to contribute also.

TO THOMAS JEFFERSON
RESEARCH CENTER
1143 N. Lake Ave.
Pasadena, CA 91104
Yes, I am concerned about
juvenile crime and delinquency.
Enclosed is my _____ contribu-
tion for the Character Educa-
tion Curriculum Fund

Name _____
Address _____

HOW SICK IS UNCLE SAM? by R. Earl Hadady

Much has been written and said about the coming demise of the U.S. economy. Year after year the gloom and doomers have been writing off the U.S. Government as bankrupt, but somehow we seem to muddle through all of these dire predictions. There is an amusing similarity to the cablegram "the reports of my death are greatly exaggerated," sent by Mark Twain from London to the Associated Press in New York in 1897.

Like so many others, I have frequently sought a straightforward explanation of what is taking place in our economy that makes sense . . . In short, most of us would like something that we can hang our hat on. We all know a deficit is bad, a large deficit is even worse — but how bad is bad? Are we in trouble? If so, how much trouble? The purpose of this article is to hopefully bring the matter into sharper focus.

Let us begin by referring to our government as the entity known as Uncle Sam. Uncle Sam's Receipts are derived principally from taxes which he uses to pay his expenses, referred to as Outlays in the budget. These outlays cover the expenses of the various government departments, agencies, etc. In short, Uncle Sam operates in a manner identical to the way you and

I do but on a macro scale.

When Uncle Sam needs more money than he has taken in to pay for some of his expenses, he must borrow it — just as you or I would to buy a new car or a house for example. Uncle Sam borrows most of the money he needs by issuing Treasury Bills, Notes and Bonds . . . in other words, IOU's.

Obviously when he borrows, he must pay interest just as you and I do when we borrow from a bank. The underlying principles involved in Uncle Sam's financial activities are not different from yours or mine. They simply have more zeros behind the numbers.

Although in most years Uncle Sam has managed to spend more than he takes in, referred to as the deficit for the year, his annual receipts have risen most years so that he has been able to pay the interest on the debt he has been incurring without too much strain.

The interest that Uncle Sam paid each year as a percentage of his receipts is shown in Figure 2. In 1970 and earlier, the interest consumed about 11 cents out of every dollar Uncle Sam took in. Although interest as a percent of income rose steadily through the seventies, it was still an amount that Uncle Sam could handle. This explains why all the gloom and doomer forecasts of Uncle Sam's earlier demise were wrong.

However by the end of Uncle Sam's 1982 fiscal year, 19 cents out of every dollar received was going to pay interest. Interest expense is now doubling every four years. Obviously Uncle Sam is now in trouble.

Keep in mind that a major portion of Uncle Sam's debt is long-term, i.e., it was established in years gone by at the prevailing interest rates at that time. Consequently, even if interest rates drop significantly in the coming months, it would not affect the average interest rate that Uncle Sam pays. The average interest rate has been steadily rising for the last ten years.

Interest Expense as a percent of Receipts is a simple, yet all encompassing, indicator of the state of Uncle Sam's health — when it's up he is failing, when it's down he is recovering. Further, the slope of the line tells us how fast he is failing or recovering. This one graph tells all! And what is the graph telling us? Simply this. In 11 out of the last 13 years Uncle Sam's health has been deteriorating.

It is self-evident that Uncle Sam cannot exist if his interest were to equal 100% of his receipts — he wouldn't have any funds left to cover

his normal operating expenses. Thus we can state unequivocally that his demise lies somewhere between 20%, where we are now, and 100% — only the number at which his death will occur is open to question!

Unless Uncle Sam takes drastic action to reverse the current situation, within a few years interest expense will become the largest item in his budget. This will occur towards the end of this decade assuming the trends in the budget through 1982 remain essentially unchanged.

My present estimates project that in fiscal 1985, 32 cents of each \$1 of Uncle Sam's receipts will go to meet interest payments on his debt . . . and

it could be as high as 54 cents, obviously an intolerable situation.

Some readers may too quickly conclude that Uncle Sam will simply inflate the money supply to avoid this demise — paying off old debts with cheap money. After all, it has worked every time in the past. Seems reasonable doesn't it?

Let's examine the relationship between inflation and interest expense to get an answer. As Uncle Sam inflates, the expenses involved in all of his various activities rise. Likewise, interest rates will also rise because lenders now need more return from their money to offset the loss due to inflation.

The situation is regenerative, i.e., the more he inflates, the more funds he requires to cover his increased normal expenses plus the interest expense. Interest expense is also compounded. It rises because of the increased borrowing needed to cover increased expenses and it is up even further than it would normally be because interest rates are higher.

Any increase in offsetting receipts resulting from inflation and possibly greater business activity doesn't come along until later. It's a no win situation for Uncle Sam — like a dog chasing his tail, he never quite catches up.

Particularly disturbing at this juncture is the lack of a clear-cut and definitive plan by either political party or others to lead us away from the financial crisis looming on the near horizon. Again, this is a clear indication that no one really understands how our economy works!

This article is condensed from Mr. Hadady's full report "How Sick Is Uncle Sam." R. Earl Hadady is President of Hadady Publications and recognized as a leading authority on the commodity futures market.

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Readers may receive this full report without charge by contacting Hadady Publications, Inc., 61 South Lake Avenue, Suite 309, Pasadena, CA 91101, telephone (213) 795-1967.

Hadady Indicator of U.S. Government's Fiscal Health
(Interest Expense as a % of Receipts)

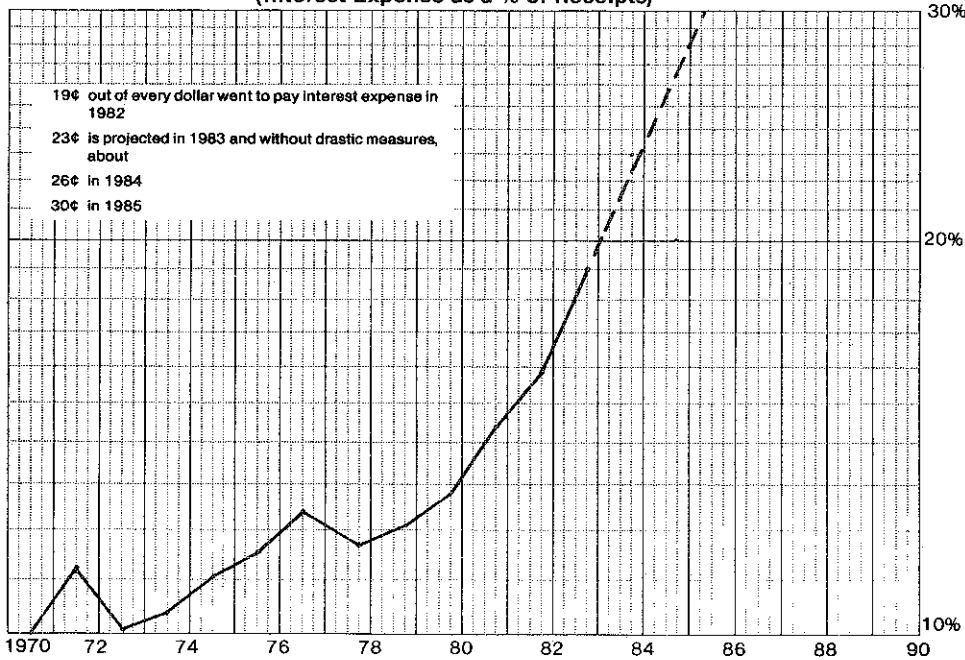



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CENTER NEWS NOTES

Do you give at the office? If so, United Way permits Californians to specify what nonprofit organization will receive your gift. An increasing number of friends of the Research Center are using this painless method to contribute to the Center. Why don't you?



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