

level, as it is supposed to do, vacancy rates should fall. New York's experience illustrates this principle. It has a strong rent-control law and almost no vacant housing. It is also easy to see why low vacancy rates would cause homelessness. When landlords have long waiting lists and cannot raise rents, they become much choosier about the tenants they will accept. Many refuse to take anyone on welfare. Others will take welfare mothers who have a record of paying on time but not those who have recently been evicted.

The correlations involving rent levels are harder to reconcile with Tucker's argument. If rent control lowers vacancy rates by lowering rents, it cannot also push rents higher than they otherwise would be. If rent control is correlated with high rents, as Tucker's data suggest, the most likely explanation is not that rent control pushes up rents but that rapidly rising rents lead to rent control. Since most cities that adopt rent control pursue policies that lower rents only a little, one would expect cities with rent control to have above-average rents.

If rent control lowers both rents and vacancy rates, as seems likely, its net effect on homelessness is uncertain. Conservatives who want to blame homelessness on the government should look elsewhere, concentrating on regulations that restrict the kind of housing landlords can provide rather than regulations that restrict the price at which it is offered.

## 10. *Do Shelters Cause Homelessness?*

As far as I can tell, the spread of homelessness among single adults was a byproduct of five related changes: the elimination of involuntary commitment, the eviction of mental hospital patients who had nowhere to go, the advent of crack, increases in long-term joblessness, and political restrictions on the creation of flophouses. Among families, three factors appear to have been important: the spread of single motherhood, the erosion of welfare recipients' purchasing power, and perhaps crack.

Taken together, these changes seem to me adequate to explain what happened during the early 1980s, but they do not quite explain what happened later in the decade. When the economy began to recover, homelessness should have declined. Crack was the only major new factor in the equation after 1984. While crack certainly made some people homeless, it cannot explain most of the increase, especially among single mothers. We must therefore consider another possibility. Perhaps improvements in the shelter system have encouraged homelessness.<sup>1</sup>

By the late 1980s America had created a network of shelters and soup kitchens that serviced between 200,000 and 300,000 people a day. These institutions tried to improve the lives of the homeless, and they apparently succeeded. When the cost of something falls, demand usually rises. That truism holds regardless of whether the costs are monetary, emotional, or physical. When the expected cost of crime or adultery falls, more people engage in them. When homelessness becomes less

painful, people are less willing to sacrifice their pride, their self-respect, or their cocaine fix to avoid it.

Those who see the homeless as passive victims of circumstances beyond their control often react to this argument with a mixture of fury and disbelief. To say that people choose to become homeless seems indecent. But the homeless are not just passive victims. They make choices, like everyone else. The choices open to the homeless are far worse than those open to most Americans, but they are still choices.

Consider homeless families. About two million single-parent families currently live in someone else's home.<sup>2</sup> In a sense, all these families are already homeless. Most are desperate to find a place of their own. To do this they must either increase their income or get into subsidized housing. The number of families with incomes low enough to qualify for a subsidy is far larger than the number of subsidized units actually available, so there is always a waiting list. Doubled-up families will use every strategy imaginable to reach the head of this list.

Federal law gives priority to certain kinds of applicants, including the homeless. In many communities the homeless get very high priority. If doubled-up families know this, some of them will begin wondering how long they would have to spend in a shelter to get a permanent subsidy. If their present situation is bad enough and the wait for subsidized housing seems likely to be substantially shorter in a shelter, some will make the move.

Those who think this sounds fanciful should ponder the experience of New York. During the 1980s, the Koch Administration housed most of the city's homeless families in welfare hotels, forcing them to wait well over a year for permanent housing. These hotels were nasty, dangerous places, so only women in extraordinarily difficult situations moved into them, and many moved out within a few weeks. The minority who stayed got the handful of subsidized units the city had allocated to the homeless. This rationing system caused a great deal of misery, but it did ensure that the few available subsidized units went to the most desperate families. Unfortunately, that was not the way the courts or the press saw the system. To them, the long wait was not a rationing system but evidence of bureaucratic callousness, incompetence, or both.

By the time Mayor Koch left office in 1989, the city was under

court order to move the homeless out of welfare hotels, and the Bush Administration was trying to cut off federal funds for such places. Soon after David Dinkins became Mayor, the city began reducing the wait for permanent housing. At first this policy lowered the number of families in welfare hotels. But as the waiting period for permanent housing shortened, more families began entering the system. Some actually told inquiring journalists that they had moved into a shelter or a welfare hotel in order to qualify for subsidized housing. Since the supply of subsidized units was limited, the waiting period grew longer and the number of families in welfare hotels climbed again.<sup>3</sup>

Even when homelessness is not a route to better housing, creating family shelters will pull some single mothers out of conventional housing. Shelters for battered women are the most obvious example. The whole point of these shelters is to lure women out of conventional housing and into a shelter. If this effort succeeds, the number of people counted as homeless will rise. The women in question are better off, and so is society. But that is not always obvious to casual observers, who find it easier to ignore these women's plight when they suffer behind locked doors. Once they are officially homeless, their troubles become, at least in some small measure, our troubles.

Physical abuse is not the only force pushing families into shelters and welfare hotels. Single mothers who have been staying with relatives or friends may want to leave because someone in their host's household is molesting their daughter, because the building has become so dangerous they do not want their children there, or because they can see that their presence is wrecking their host's family life. If shelters become available, some of these women will leave. The better the shelter system gets, the more women will use it.

America's efforts to improve living conditions among the homeless may even have pulled more single adults into the system. This is not because we have offered homeless single adults subsidized housing. Except for the mentally ill and the elderly, single adults still have almost no access to federally subsidized housing. But even the prospect of a free bed may be enough to pull some single adults out of other people's homes.

The creation of shelters and soup kitchens is especially likely to make a difference when men are doubled up with reluctant hosts who

want them to leave. Proud men find such situations almost unendurable. If a community gives them an alternative, some will use it. Free local shelters may also make reluctant hosts more willing to throw out unwanted guests, especially if they cause trouble. Better shelters and easier access to soup kitchens may also have reduced the chances that the homeless will return to households where they are not welcome.

This argument should not be misunderstood. I am not suggesting that anyone prefers living in a shelter to living in a place of their own. But for the poorest of the poor these are seldom the choices. For them, the choice is usually between different kinds of homelessness: living in someone else's home, living in a shelter, or living on the streets. Each of these alternatives has different costs. If we make one of these options less costly than it was before, more people will choose it.

Improving the lot of the homeless may even change the behavior of some people who have been living on their own. Nobody, rich or poor, wants to spend all their money on housing if they can avoid it. If shelters become more attractive or more widely available, or if changes in police practice make the streets more hospitable, some people who have been living in very cheap hotels may well pass fewer nights in hotels and more nights in places that are free.

Homelessness also feeds on itself. For those of us who have never been homeless, the prospect is fearsome. We do not know our way around the shelters, soup kitchens, and other places where the homeless congregate. People who have already been homeless are probably more confident that they will be able to cope if they become homeless again. A man who is staying with his sister and constantly biting his tongue when she complains about his behavior may exercise less self-control once he has spent some time on the streets, because his need for self-respect now outweighs his fear of being evicted.

By 1990, 5.3 percent of all grownups said they had slept in a shelter or on the streets at some point in their adult life.<sup>4</sup> The age distribution of these individuals suggests that far fewer adults had such experiences fifteen years ago. The more people learn about coping with homelessness, the easier the boundary is to cross.

## *11. Some Partial Solutions*

Although I doubt that changes in the housing market played a major role in the spread of homelessness, better housing is still the first step in dealing with the problem. Regardless of why people are on the streets, giving them a place to live that offers a modicum of privacy and stability is usually the most important thing we can do to improve their lives. Without stable housing, nothing else is likely to work. If people have housing, the rest of their life may improve. Even if it does not, at least they have a home.

Unlike programs that seek to improve people's character, programs that seek to improve their housing are comparatively easy to devise and evaluate. The simplest test is whether people use them. Burt's surveys suggest that only a third of homeless single adults slept in shelters on an average night in 1987. The proportion may now be more like half, but even that is hardly a resounding endorsement of the shelter system.<sup>1</sup>

### *Making Shelters Habitable*

If housing is as important to the homeless as I claim, their reluctance to use shelters requires explanation. Some advocates still believe the problem is mainly a lack of beds, but HUD's shelter surveys do not suggest that this is a pervasive problem. In September 1988, shelter managers told HUD that 35 percent of their beds had been vacant over the course of the previous year. Even in January 1984, when the weather was cold and the number of shelter beds was far lower than in 1987-88,

managers reported that 30 percent of their beds were empty.<sup>2</sup> Not all shelters have vacancies. Shelters are free, so the best ones fill up first. Empty beds are concentrated in the worst big-city shelters and in smaller communities where demand is unpredictable.

Still, bed shortages cannot explain the pattern of shelter use. HUD's 1988 survey found that the typical family shelter was full two nights out of three, while the typical shelter for single men was full only one night out of three.<sup>3</sup> Yet homeless families almost always spent the night in shelters during 1988, whereas homeless men mostly spent the night elsewhere. Nor can bed shortages explain why so many single men never use shelters at all. Of the 445 homeless adults Burt interviewed in congregating sites, 292 had not used a shelter at any time during the previous week. How are we to explain this?

While most shelters for single adults have empty beds most of the time, they seldom admit everyone who comes to the door. As far as I know, New York, Philadelphia, and Washington are the only major cities that have tried to guarantee everyone shelter. Both Philadelphia and Washington have now abandoned this policy. Most shelters are run by private groups that set their own rules and turn away people who cannot or will not conform to these rules.<sup>4</sup> Many exclude people who appear to be drunk, hallucinating, or high on drugs. Many bar people who have given them grief in the past. These policies keep out a significant fraction of the homeless on any given night. And once a shelter has turned a man away or asked him to leave, he is often reluctant to come back, even when he is sane enough or sober enough to be admitted. The cumulative effect of such policies is substantial.

But it does not follow that the proportion of the homeless sleeping in shelters would rise if they adopted less restrictive admissions policies. Quite the contrary. Shelters are like neighborhoods: once "undesirables" move in, everyone else tries to move out. No sensible person wants to spend the night in a dormitory that admits all comers, drunk or sober, sane or mad, violent or catatonic. One has only to look at New York City to see where such a policy leads.

When people must live in a crowded space that offers no privacy, they need all kinds of written or unwritten rules to ensure that sleep is possible, that quarrels do not escalate, and that the strong do not victimize the weak. A shelter that does not have such rules or cannot

enforce them soon turns into a Hobbesian nightmare. Not even the homeless want to sleep in such places. Yet a large proportion of the homeless also avoid shelters with strict rules. Many find such rules patronizing, difficult to follow, or both. Everyone wants the stranger in the next bed to be unarmed and sober. But no one wants to be frisked or have their breath smelled to determine whether they themselves are unarmed and sober. There is no easy way out of this dilemma. A congregate shelter that admits everyone will scare away many of its potential clients. A congregate shelter that makes strict rules will also drive away many of its potential clients. The only solution is to move beyond congregate shelters, giving everyone a private space of their own, the way the old cubicle hotels did.

To do this we must spend more money. But taxpayers will only agree to spend more money if we ask more of the homeless in return. That seems to me perfectly reasonable. Simply warehousing the homeless in better places would improve their material lives a bit, but it would do nothing to restore their self-respect or reintegrate them into the larger society. For that, they must be given responsibilities of some kind. This means devising different policies for different groups, depending on what we can reasonably expect them to do in return for better housing. At the outset, we need to distinguish between families with children, single adults whom we can expect to work, and single adults whom we do not expect to work.

### Families with Children

The housing problems of families with children are inseparable from the larger problem of welfare reform. The simplest way to eliminate homelessness among these families would be to raise real cash welfare benefits to the levels that prevailed in the mid-1970s, so recipients could afford private housing. But that is not going to happen. While three quarters of all Americans say they oppose further cuts in welfare benefits, three quarters also oppose raising benefits.<sup>5</sup>

Over the past quarter century, a growing majority of Americans has come to believe that we should make single mothers find jobs. A 1993 survey conducted for the Associated Press found that 84 percent of American adults favored a work requirement for welfare recipients,

including those with preschool children. A Yankelovich survey found equally large majorities favoring a work requirement, with almost no variation by race, income, or political party.<sup>6</sup> This idea is not new. Congress made its first effort to get recipients “off the welfare rolls and onto payrolls” in 1967, and it has been trying to do the same thing ever since.

If we want to solve single mothers’ economic problems by making them take jobs, we must first disabuse ourselves of two mistaken beliefs. First, we must stop imagining that putting single mothers to work will make the country richer or generate extra money to pay these mothers’ bills. Single mothers now care for their children. If we make them take jobs, someone else will have to care for their children while they are at work. We will have to pay the people who watch these children more than we now pay their mothers to do the same job. That is going to cost the taxpayer more money.

Working mothers who left their children in a nonrelative’s home paid an average of \$64 a week in 1990. Those who used childcare centers paid \$76 a week.<sup>7</sup> Meanwhile, cash welfare benefits for a mother with two children averaged \$42 per child per week.<sup>8</sup> In most states, therefore, paying single mothers to care for their own children was a bargain. That is one reason why states have been so reluctant to implement federal legislation aimed at putting more welfare mothers to work. In order to make every mother with preschool children work, states would usually have to spend more for childcare than they would save on welfare payments. While some surveys suggest that voters favor this approach, state legislators have refused to pursue it.<sup>9</sup>

Those who want to solve welfare mothers’ economic problems by putting them to work must also think more realistically about the cost of raising a family. The fact that cash welfare benefits are typically \$300 to \$400 a month for a mother with two children seems to have convinced a lot of people that families can really live on such sums. That delusion leads to an equally illusory corollary: if single mothers can live on welfare, they can also live on what they would earn in a minimum-wage job. Both assumptions are wrong.

Over the past few years Kathryn Edin and Laura Lein have interviewed hundreds of single mothers in Cambridge, Charleston, Chicago, and San Antonio. Unlike the Census Bureau, they interviewed people

who had reason to trust them. As a result, mothers provided budgets in which their income matched their expenditures. Edin and Lane find that urban welfare mothers typically need about twice as much cash as they get from welfare. Mothers get this extra money from off-the-books employment, family members, boyfriends, and absent fathers. In 1989–1992, mothers with two or more children spent an average of \$11,000 a year. Outside San Antonio, hardly anyone got by on less than \$10,000. Budgets were much lower in San Antonio, but material hardship—including hunger—was also more common.<sup>10</sup>

When single mothers worked, they needed even more income because they now had to pay for transportation to work, appropriate workplace clothing, childcare, and medical care. (Their jobs rarely provided medical insurance, and even those that did usually expected workers to pay a large part of the cost.) Taxes and social security aside, working mothers with two or more children typically spent \$15,000 a year. Hardly any got by on less than \$12,000. Work yielded only two significant material advantages: working mothers had better wardrobes, and they were more likely to own cars. Working mothers also spent more time with adults and less time with their children, but while some thought of this as a benefit, others saw it as a cost.

If we allow for taxes and social security, welfare mothers almost all need a steady job paying at least \$7 an hour to make ends meet from work alone. Most would have to earn \$8 or \$9. Today’s homeless mothers are never going to get jobs like that in the private sector. The only way they could earn such wages would be for society to create such jobs in the public or the nonprofit sector and reserve them for needy mothers. That seems to me politically inconceivable in a society with as little sense of social solidarity and as much commitment to competitive labor markets as ours.

Unskilled single mothers currently earn about \$5 an hour. Job training raises a mother’s chances of finding a job, but it seldom has much effect on her hourly wages.<sup>11</sup> Even if an unskilled single mother works full time, her annual earnings are unlikely to exceed \$10,000. If the economy is in trouble, as it often is, she may earn even less.

If we want unskilled single mothers to take paid jobs instead of caring for their children, we will have to make up the difference between what they can earn and what they need to make ends meet.

There are many different ways of doing this. The Earned Income Tax Credit, which the Clinton Administration has just expanded, is one good approach. But we also need to provide noncash benefits of various kinds: food stamps, housing subsidies, medical insurance, and childcare. Overall, we will have to spend substantially more than we are spending now, because we will not only have to subsidize mothers who currently get welfare but also those who are already working.

Since some single mothers already work at low-wage jobs without government help, skeptics may wonder why today's welfare mothers would need such help if they worked. The answer is that the unskilled single mothers who currently support themselves without government help almost all get help elsewhere: free childcare from a relative, regular child support from an absent father, or free housing from their parents, for example. Others have unusually low expenses because they can walk to work, because their family is unusually healthy, or because alcohol, caffeine, and nicotine do not attract them. If every working mother had all these advantages, all could get by without public assistance. But for those who are not that lucky, some form of government help is crucial.

America may eventually create a system in which every single mother can support her family from a combination of minimum-wage work and government benefits. But doing this will take at least a decade and probably longer. Meanwhile, we need to help families that cannot keep a roof over their heads. The most direct approach is to expand HUD's rent-subsidy programs so that they reach all families with incomes below half the local median. No one knows exactly what this would cost, because no one knows how many of those who report low incomes to the Census Bureau would provide similar financial information to a local housing authority. Nor do we know how many of those who are legally eligible would actually apply. My rough guess is that covering everyone with an income below half the local median would double HUD's current \$18 billion budget for low-income housing.

Congress is unlikely to increase HUD's budget by anything like \$18 billion in the next few years. But HUD could also help more families by spending its current budget more equitably. HUD currently requires subsidized tenants to spend 30 percent of their income on housing. For those in private housing, HUD normally makes up the difference between this required contribution and the actual rent, so long as the rent

is below what it calls the "fair market rent" for the area. HUD sets its fair market rents close to the local median, so if tenants get any assistance they often get quite a lot. As a result, HUD's \$18 billion is not sufficient to help everyone who is in principle eligible. One easy way to help more families would be for HUD to put a lower ceiling on the amount of money it will give any one family.

Such a ceiling could conflict with another important goal of federal housing policy, which is—or at least should be—to reduce racial and economic segregation. If fair market rents are set too low, nobody who gets a HUD subsidy will be able to live in a good neighborhood. A sensible compromise might be to retain higher ceilings in middle-income neighborhoods while setting lower ceilings in poorer neighborhoods. That would provide extra help to poor families who want to buy their children better schooling or safer streets but not to those who want an extra bedroom or a nicer building in a bad neighborhood.

### Childless Adults

When we turn from families to single adults, we need to begin by asking who can do useful work and who cannot. In principle, almost everyone can do something useful, and most people of working age (including the disabled) are better off when they have a job. But creating jobs for people who now get disability benefits would usually cost more than simply giving them cash. Since that seems unlikely in today's fiscal climate, I concentrate on halfway measures.

Even if we set aside those who are (or should be) eligible for disability benefits under current law, most of the homeless have characteristics that make them the last hired and first fired. That means they cannot expect to find steady work unless the labor market is very tight—a condition that has been quite unusual in the United States over the past hundred years. Except at the peak of the business cycle, most such people must scramble to find even casual jobs at low wages. Often they cannot get any work at all.

Better education and job training could make some of these workers more attractive to employers. But employers judge job applicants in competitive terms. If today's homeless acquire characteristics that make them look like better risks, other workers will slip to the

end of the queue. In a competitive labor market, someone always has to be the last hired and first fired. Training schemes can rearrange the queue, but they cannot eliminate it. That means we must try to make life at the end of the queue more endurable rather than just helping people change places.

The problems of most jobless adults are intimately bound up with what economists call labor-market flexibility. A flexible labor market is one in which labor unions are weak, employers can hire and fire at will, and new workers are easy to find. For economists, this kind of flexibility is a good thing, because it encourages efficient use of labor power, which they seem to regard as an infinitely divisible and rearrangeable good, like electric power. Flexibility of this kind is widely cited as the reason why America created so many new jobs during the 1980s, while Europe created very few despite a comparable increase in economic output. European firms found it cheaper to raise the productivity, wages, and benefits of the workers already on their payrolls. As a result, wages and unemployment climbed together.

Labor-market flexibility also has a dark side: it guarantees that some workers will never find steady employment. In the nineteenth century Marx christened this group the lumpen proletariat. Until relatively recently, American sociologists called them the lower class. Today many Americans refer to them as the "underclass." Regardless of how we label them, their troubles play a central role in homelessness. Because they cannot find steady jobs, they cannot afford to internalize the work ethic or link their self-respect to their job performance. Many leave the labor market entirely. Others treat work as no more than a way of picking up a few dollars as needed. The side effects of this adaptation include depression, rage, alcoholism, drug addiction, and domestic violence.

Because America's labor market has traditionally been more flexible than Europe's, we have traditionally had a larger underclass. After World War II, when American labor unions grew stronger, stable employment became more common; as the proportion of men who could provide adequately for a family rose, the underclass shrank. Now it is growing again. As far as I can see, the only way to reduce its size would be to create and nourish both a business culture and labor unions that put as much weight on social solidarity and economic stability as on

short-run efficiency. But labor leaders are the only Americans with any political influence who currently talk in these terms, and when they make such speeches nobody listens. Almost everyone else believes that efficiency (often called "competitiveness") must come first, and that social stability will somehow follow. How anyone can still believe this after watching what happened during the 1980s I do not know, but most people do.

Indeed, some economists still think America's problem is too much government regulation rather than too little. They believe unskilled workers would have a better chance of finding steady employment if we lowered the minimum wage. There is some evidence that lowering the minimum wage does create more low-wage jobs. But that is not the same as creating more stable jobs in which workers come to care about the enterprise that employs them or take some pride in doing useful work. Nor is there any guarantee that creating more low-wage work will reduce long-term joblessness. The real value of the minimum wage fell by a third during the 1980s. That may well have boosted employment. But long-term joblessness also rose, at least among men.

Many of the men who are now homeless would have a good chance of finding steady jobs if, as in World War II, unemployment stayed close to zero for a protracted period. Indeed, many would probably find steady jobs if unemployment stayed below 4 percent for a number of years. But that has not happened since 1945, and economists of all political persuasions agree that it would lead to an unacceptable level of inflation. That being the case, we need stopgap measures.

The best short-run solution to these workers' problems would probably be a day-labor market organized under public auspices. Everyone who wanted a day's work would show up at an early hour. If no private employer hired them, they would be entitled to public employment cleaning up parks or public buildings, or doing whatever else the community wanted done. In return, they would get vouchers for a cubicle hotel and three meals, plus a dollar or two for spending money. Assuming cubicles worth \$8 a night, meals worth another \$8, and \$2 in cash, four hours of work should entitle anyone to room and board for the day. Those who wanted better accommodations, better food, or a bit more cash should be able to work longer and get more generous vouchers.

Many Americans will balk at bringing back the cubicle hotels, on the grounds that no affluent society should require anyone to live in such conditions. Cubicles without windows strike most people (including me) as particularly noxious. But a regular SRO room currently rents for almost twice as much as a cubicle. If we try to offer homeless adults a full-size room with a window and a private bath, as some nonprofit groups have, we will almost inevitably repeat HUD's experience with low-income families, providing good housing for a few and nothing for the majority. This does not mean we should accept cubicle hotels as the last word in low-income housing. It just means we should proceed incrementally. What the homeless need right now is some private space, however small, from which they can exclude others. Once they all get that, we can begin worrying about windows, floor space, private bathrooms, and kitchens.

We also need to remember that whatever housing entitlement we adopt for the homeless must be available to everyone else as well. Otherwise, we will create both perverse incentives and egregious inequities. Twenty-three million unmarried working-age adults lived in someone else's home in 1990. My best guess is that five million of them would move out if they had had more money.<sup>12</sup> If they could get an attractive permanently subsidized room by declaring themselves homeless, a fair number would probably do so. Another fourteen million unmarried working-age adults lived alone in 1990. Some would almost certainly be willing to get evicted if that would qualify them for a permanent rent subsidy in a nice place. Faced with numbers of this kind, even those who would like to give everyone an SRO room should think incrementally.

One big obstacle to guaranteeing everyone a cubicle in return for a few hours of work is that almost all the cubicle hotels in which we once housed the very poor are gone. That means we would have to convert existing shelters, warehouses, or other buildings. This need not be very expensive, as long as the goal is merely to give everyone a small private space of their own. But for this to happen most cities would need to rethink the municipal codes that currently govern such places. These codes were mostly written at a time when poverty was supposed to be on its way out. Since that hope has been disappointed, cities need new rules that will keep cheap housing within poor people's reach. That

means keeping regulation to a bare minimum, focusing on things that have a demonstrable impact on fatal fires or the spread of contagious diseases. We also need to remember that the right question about a proposed cubicle hotel is not how it compares to an SRO but how it compares to the shelters and public places in which the very poor are now housed.

Another obstacle to creating such hotels is that no neighborhood wants them. Neighborhood groups will always be able to block private entrepreneurs' efforts to create "substandard" housing for the very poor, because they will be able to portray such entrepreneurs as cutting corners to make more money. That means private landlords can only create cheap rooms if they do it covertly. Churches and other nonprofit groups could sponsor cubicle hotels if these were defined as up-scale shelters charging a nominal fee, but even with altruistic sponsorship neighborhood opposition would persist. Most Americans want the homeless off the streets, but no one wants them next door.

One way to solve this so-called NIMBY ("not in my back yard") problem is to locate cubicle hotels in currently nonresidential areas. Such areas cannot be too isolated or nobody will be able to get to them. But if we could recreate skid row in relatively accessible areas, the poorest of the poor would at least have a place where they could legitimately be. Advocacy groups seldom support this approach, which they rightly characterize as an effort to ghettoize the poor. But we should not let idealism become the enemy of more modest improvements. For people who now live in congregate shelters, a nice room in a residential neighborhood is good ideal, but almost certainly not an attainable one. A cubicle in a nonresidential area is a far less inspiring ideal, but it is an attainable first step.

### The Moral Contract

It is not clear how many of the homeless would be willing to work four hours a day for a cubicle and three cheap meals. Unlike today's shelters, a cubicle hotel would give single adults a private space with a lock on the door, accessible at any time, where they could leave their possessions and get mail and telephone messages. Some would judge that worth four hours of work. Others would not.



But even if some of the homeless refused such an offer, that would not be an argument against making it. Few Americans believe their society has an obligation to feed and house everyone, regardless of how they behave. When people act selfishly, taking advantage of those around them, Americans are quite willing—indeed eager—to see them suffer. But most of us do feel an obligation to help people who either cannot help themselves or are trying to do so and simply need an opportunity. Most Americans also know that some of the homeless fit this description, though they have no idea how large the proportion is. They badly want some way of distinguishing those who have a claim on society from those who do not. Offering everyone work is the most obvious test.

The difficult question is how much we can require of those who seek work. Must workers be sober? Must they refrain from using drugs on the job? Must they be able to remember what they have been asked to do? Must they actually apply themselves to the task at hand? Can they be fired? If workers can be fired, should the standards be those a private employer would use? If the public sector is to use the same standards as the private sector, does that mean the standards private firms use when unemployment is 3 percent or the standards they use when it is 7 percent?

My instinct is that a public day-labor market should ask as much as the private sector asks in normal times. If a public day-labor market tolerates malingerers, malingering will soon become the norm, little useful work will get done, and the voters will soon weary of the whole charade. I also think we should offer workers who perform unusually well a chance at better public-sector jobs with somewhat higher wages. With luck, these jobs could serve as gateways to steady employment in the private sector, by certifying a worker's diligence.

### Helping the Mentally Ill

Finally, we come to the large minority of homeless adults with physical or mental disabilities that make them unemployable in the private sector. Many countries give such people sheltered employment of various kinds. If we are unwilling to do that, we should at least improve their disability benefits. At present, we have a two-tier system. Those who become disabled after they reach working age get relatively generous benefits from Social Security Disability Insurance. Those who

become disabled before they are old enough to work must settle for Supplemental Security Income, which is far less generous. Although this system follows bureaucratic logic, it makes no moral sense. SSI for the mentally ill, who need supervision as well as room and board, should surely be more generous.

If we want to keep the mentally ill off the streets, we also need to correct two other failings of the current disability system. First, we have to stop assuming that the mentally ill will voluntarily set aside most of their monthly disability check for rent. Many are substance abusers, and even those who are not often act impulsively. If we want the mentally ill to remain housed, we should split their benefits into a rent voucher that they give to their landlord and a check that provides pocket money. Some places already do this. Vouchers not only help keep the mentally ill housed but increase their chances of getting medical care and social services. At present, the mentally ill often get completely lost because they have no fixed address at which their family, the mental-health system, or the postal service can find them.

We also need to alter our system of out-patient care to take account of the fact that room and board costs more for patients who are hard to live with. Some of the mentally ill can apparently get room and board for \$500 a month. Some could not get anyone to house them even if they had a voucher worth \$2000 a month. Rather than adopting a "one size fits all" approach to disability benefits, states need to provide more generous housing vouchers to out-patients who need more supervision. States also need to provide more financial support to families that care for severely disturbed relatives.

So long as the mentally ill stay housed and keep people informed of their whereabouts, they should be free to leave housing they find unsatisfactory. They should also get outside help with their housing problems, which can often be resolved fairly easily if a social worker or advocate intervenes early. But even if we do all this, a few patients will still end up on the streets. One will decide that her landlord is trying to poison her. Another will be evicted for threatening his neighbors. A third will simply vanish without leaving a forwarding address. If we want to eliminate *all* homelessness among the mentally ill, we will have to supplement housing subsidies and social workers with occasional coercion. That means rethinking the question of involuntary commitment.

One possible starting point is to reconsider what it means to say

that patients should be locked up only when their behavior poses a danger to themselves or others. Rather than just asking whether mental patients are consciously suicidal, we might want to ask whether they should be free to select a way of life that will kill them. Living in the streets shortens people's lives. So does constant use of alcohol or cocaine. When people of sound mind harm themselves in these ways, we are rightly reluctant to intervene. But when the mentally ill make equally myopic choices, I think we have somewhat more obligation to intervene. That is especially true when self-destructive behavior is episodic rather than continuous. The strongest argument for coercion is that we have an obligation to protect everyone's better self from the darker forces that sometimes rule them. When all is darkness and there is nothing better left to protect, coercion is harder to justify.

I do not believe that anyone, sane or mad, has a constitutional right to sleep in the street. But that does not necessarily mean we should start locking up every mental patient who tries to do so. This is a problem that requires experimentation rather than appeals to principle. A plausible case can certainly be made for sending patients who cannot cope with conventional housing or a board-and-care facility to a hospital. It is true that many of these hospitals were once dreadful places, and some still are. But that does not necessarily mean they are worse than bus stations or doorways.

Coercion sometimes does more harm than good. But those who flinch from forcing the mentally ill to live in places intended for the purpose should recognize that their scruples have political costs. Only a tiny minority of the mentally ill will refuse to live in any form of conventional housing. But a much larger minority will sooner or later reject the particular housing that society offers them, especially if this housing has rules against drugs, alcohol, or troublesome behavior. When funds are limited, states will find it convenient to let such people leave and say they have "chosen" to live in the streets.

What happened when we gave the mentally ill the right to leave state hospitals in the late 1970s should serve as a warning. Once the courts forced state hospitals to let mental patients leave even if they had nowhere else to go, states soon converted this right into an obligation and began evicting patients who did not especially want to leave and had nowhere to go. Housing programs for the mentally ill might well

do the same thing if we give patients a legal right to live in the streets. Eliminating that right may be the only practical way of forcing states to find housing for every mental patient.

### What about Services?

Housing programs cannot solve most of the problems afflicting the homeless. Stable housing and daily work might reduce alcohol and drug consumption a little and might make some of the mentally ill a little saner, but they will not work miracles. The main benefit of housing is that it gives people a place to live. Almost everyone who deals with the homeless believes that they also need help with job skills, alcohol, drugs, depression, schizophrenia, and a host of other ills. If we knew how to solve these problems, doing so would be far more useful than creating dead-end jobs or makeshift housing.

Unfortunately, programs that try to improve people's skills, modify their chemical intake, or deal with their psychoses have rather mixed records of success. Changing people is hard, and doing it on a large scale is harder. Sometimes such programs work wonderfully well, but even when this is the case we seldom know why. When we try to clone successful programs, they often flop. Often it seems as if a particular individual makes all the difference. That is not a principle one can build into public funding. So service providers just keep asking for more resources, hoping that sometimes they will get it right.

The problem with services for the poor is not, as some cynics claim, that they never help. The problem is that we seldom know which ones are helping. That means we need to rethink our approach to evaluating such services. Two possible strategies deserve consideration: performance contracting and vouchers.

The idea behind performance contracting is simple: service providers should be paid more when they do a good job. If providers worked for contingent fees, getting paid a lot when their clients did unusually well and getting paid nothing when their clients did badly, even Republicans might support their requests for more money. When that is not the case, even Democrats are rightly cautious. The main obstacle to performance contracting is that performance is hard to measure, and whatever measures we emphasize soon become ends in themselves.

The idea behind vouchers is to make the homeless themselves more responsible for evaluating the services we offer them. When professional experts sell job training, alcohol abuse programs, or psychotherapy on the open market, the government usually assumes that clients can evaluate these services for themselves. If clients do not think they are getting their money's worth, they stop paying. If they think they have been defrauded, they can sue. But when the government offers such services to the poor, it seldom gives clients the right to shop around for the best program they can find. Instead, it gives money to the providers and sends them clients. Sometimes the clients never show up, suggesting that they do not think they are getting anything of value. But we seldom know whether that means the clients do not want help or merely that they do not want the kind of help they have been offered. If we gave the homeless vouchers for such services, we would no longer have to spend much on services that the homeless themselves judged worthless, and results might improve somewhat.

Neither performance contracting nor vouchers is a panacea. But in an era when everyone doubts the value of government programs, it is idle to expect that legislators will support high levels of public spending for programs organized in the traditional way. Nor do I think legislators ought to spend much on such programs until we have settled the homeless into more stable housing and improved our methods for deciding whether other services are effective.

Our dilemma, both as individuals and as a society, is to reconcile the claims of compassion and prudence. When I ponder that problem I often think of a homeless woman whom Elliot Liebow quotes at the end of *Tell Them Who I Am*.

"I'm 53 years old," Shirley says. "I failed at two marriages and I failed at every job I ever had. Is that any reason I have to live on the street?"

No government program is very likely to solve Shirley's marital or employment problems. But we can keep her off the street. Because we can, we should.

## Appendices

### Notes