

CHAPTER 19

Social Welfare

OBJECTIVES

This chapter covers over seventy years of efforts to establish, maintain, expand, or cut major government programs that give, or claim to give, help to individuals in need. After reading and reviewing the material in this chapter, the student should be able to do each of the following:

1. Describe the four factors that shape the American approach to welfare policy, and discuss why this system is quite different from those found in European nations.
2. Describe the major elements of the system, including the Social Security Act of 1935, the Medicare Act of 1965, the abolition of the Aid to Families with Dependent Children (AFDC) program, and the development of the Temporary Assistance to Needy Families (TANF) program.
3. Explain why some welfare policies involve majoritarian politics, while others involve client politics. Give examples and indicate the political consequences of each.
4. Discuss the politics of welfare reform.

OVERVIEW

Welfare policy in the United States can be explained primarily in terms of (1) who benefits, (2) who pays, and (3) citizens' beliefs about social justice. None of these factors is static. Who will benefit from or pay for a program varies as the society and the economy change. Beliefs about who deserves what, similarly, shift with alterations in people's attitudes toward work, family, and the obligations of government.

The separation of powers and checks-and-balances means that greater political effort and more time will be required for the adoption of new welfare policies. Also, federalism means that the states will play a large role in determining how any welfare program is designed and administered.

The policies' benefits and costs help explain the popularity of Social Security and Medicare, and the controversial nature of the Aid to Families with Dependent Children (AFDC) program. Social Security and Medicare provide widely distributed benefits, imposing widely distributed costs. AFDC provided benefits to some, at a cost to many. Further, the wider public increasingly viewed the program's recipients as "undeserving." As the controversy escalated, the program lost its political legitimacy and was repealed.

CHAPTER OUTLINE WITH KEYED-IN RESOURCES

- I. Welfare politics in the United States—two types of programs
 - A. Benefit most citizens, no means test (e.g., Social Security and Medicare)
 1. Majoritarian politics
 2. Questions: who will pay? how much will they pay?
 - B. Benefit a few citizens, means tested (e.g., Medicaid and Food Stamps)
 1. Client politics
 2. Questions are about legitimacy: who should benefit? how should they be served?
 3. Government acts very differently in regard to these programs

- a) Majoritarian benefit programs are sacrosanct
 - (1) Politicians look for ways to maintain benefits and hide rising costs
 - (2) Will adopt measures that allow tough decisions to be postponed
 - b) The appeal of client-based, means-tested programs changes with popular opinion
 - (1) 1935: AFDC was seen as a way of helping poor women whose husbands had died in war or been killed in mining accidents
 - (2) By the mid-1960s: perception of AFDC as encouraging out-of-wedlock births and creating social dependency
 - (3) Had lost its political legitimacy; program was abolished
- II. Social welfare in the United States (THEME A: UNITED STATES WELFARE PROGRAMS IN COMPARATIVE PERSPECTIVE)
- A. Four factors make social welfare policy different in the U.S. than in other nations
 - 1. Americans generally take a restrictive view of who is entitled to government assistance
 - 2. America has been slower than other nations to embrace the welfare state
 - 3. Insisted that the state and private enterprise play a large role in administering welfare programs
 - 4. Non-governmental organizations play a large role
 - B. Who benefits?
 - 1. Public insists that it be only those who cannot help themselves
 - 2. Slow, steady change in popular views, distinguishing between the deserving and the undeserving
 - 3. Alternative view: determine each person's fair share of national income and the government redistributes money accordingly
 - 4. American public prefers to give services, not money, to help the "deserving poor"
 - C. Late arrival of welfare policy in the United States, at least at the national level
 - 1. Behind twenty-two European nations
 - 2. Contrast the U.S. with Britain's 1908 passage of a national system of old-age pensions
 - a) Parliamentary structure and party majority facilitated policy change
 - b) Unitary government meant programs were nationally run
 - c) Society was thinking about social classes, accepting an activist government, making welfare a central political issue
 - D. States and private enterprises play a role in administering programs in the U.S.
 - 1. Not until the constitutional reinterpretation of the 1930s was it clear that the national government could enact social policy
 - 2. Experiments by state governments
 - a) Opponents argued against federal involvement since states were already providing welfare
 - b) But state authorities lobbied for federal involvement to help the states
 - E. Non-governmental organizations administer much of the welfare state
 - 1. Contracts and grants are awarded to national non-profit organizations, such as Big Brothers, Big Sisters, Jewish Federations, and Catholic Charities
 - 2. Charitable Choice: provision that allowed religious non-profit organizations to compete for grants to administer welfare-to-work and related policies
 - 3. Faith-based organizations playing prominent roles in urban welfare-to-work programs
 - a) Most do not give preferences to believers
 - b) Prominence reflects public opinion: 75% of Americans believe faith-based organizations are more "caring and compassionate" in providing services

III. Majoritarian welfare policies: Social Security and Medicare (THEME B: WELFARE POLITICS AND POLICY)

A. Social Security Act of 1935

1. Great Depression of 1929—private charities and city relief programs were overwhelmed
2. Elections of 1932—Democrats, FDR swept in
 - a) Legal, political roadblocks: was direct welfare unconstitutional? would it violate American individualism?
 - b) Fear of more radical movements challenging FDR in the 1936 elections
 - (1) Long’s “Share Our Wealth”
 - (2) Sinclair’s “End Poverty in California”
 - (3) Townsend’s old-age pension program
3. Cabinet Committee’s plan
 - a) Two kinds of programs:
 - (1) Insurance for unemployed and elderly—workers contribute and benefit
 - (2) Assistance for dependent children, the blind, and the elderly
 - b) Federally funded, state-administered (except for old-age insurance) programs
 - (1) Everybody eligible for insurance programs
 - (2) Means test for assistance programs

B. Medicare Act of 1965

1. Medical benefits omitted in 1935 in order to ensure passage of the Social Security Act
2. For thirty years, policy entrepreneurs sought a national health-care plan that would win a congressional majority
3. 1964 elections: Democrats’ big majority altered Ways and Means membership (the chief roadblock to the legislation) and its chair became supportive of the program
4. Proposed bill was designed to avoid objections
 - a) Applied only to the aged, so that costs would be limited
 - b) Only hospitals’, not doctors’, bills were covered so that doctors would not be regulated
5. Actually broadened by Ways and Means to include Medicaid for the poor and to pay doctors’ bills for the elderly
6. Passed both houses with partisan vote—Democratic support, Republican opposition

C. Reforming majoritarian welfare programs

1. Problem: there will soon be insufficient people paying Social Security taxes to provide benefits for every retired person
2. Solutions opposed by the public
 - a) Raising the retirement age to 70, freezing retirement benefits, and raising Social Security taxes
 - b) Privatizing Social Security
 - c) Combine the first two reforms, and allow citizens to invest a portion of their Social Security taxes into mutual funds
3. Medicare is also costly, potentially encouraging waste and fraud
 - a) National medicine is also unpopular
 - b) Could have the elderly locate their own HMO coverage
 - c) Could divert the budget surplus here
4. Health care issues will remain on the political agenda
 - a) Baby boomer population is aging
 - b) Government health care expenditures continue to grow
 - c) The issue is important to powerful interest groups (e.g., AARP)

- D. Client welfare programs: Aid to Families with Dependent Children
 - 1. Part of Social Security Act (1935)
 - 2. Initially, federal aid to state programs, with states establishing their own rules
 - 3. Program became less accepted by the public over the years
 - a) Public opinion opposed—recipients “undeserving”
 - b) States were also constrained by increasing numbers of federal regulations
 - c) Programs added (e.g., food stamps, Earned Income Tax Credit)
 - 4. AFDC progressively lost political legitimacy over the years
 - 5. Was replaced by Temporary Assistance to Needy Families (TANF)
 - a) Block grant program
 - b) Had strict federal requirements about work, limited how long families can receive federally funded benefits
 - c) By 2003, welfare caseloads had declined nationally by 60%
- IV. Two kinds of welfare politics
 - A. Majoritarian politics: costs and benefits are widely distributed
 - 1. Examples: Social Security Act, Medicare Act
 - 2. Question of legitimacy: conservatives argued that nothing in the Constitution authorized the federal government to spend money this way
 - 3. Liberal rejoinder: Social Security not really an expenditure; government was collecting funds and holding them in trust for later payment
 - B. Client politics: everybody pays, relatively few people benefit
 - 1. Example: TANF program
 - 2. Beneficiaries changed: 1996-2003, able-bodied adults had a harder time getting benefits, but child-care spending in most states rose by 50% or more
 - 3. Family assistance politics are less about cost than about the legitimacy of beneficiaries
 - a) Most Americans believe able-bodied people on welfare should have to work for their benefits
 - b) Americans prefer a service strategy to an income strategy

WEB RESOURCES

Administration for Families and Children: <http://www.afc.dhhs.gov/>

Administration on Aging: <http://www.aoa.gov/>

Center for Law and Social Policy: <http://www.clasp.org/>

Centers for Medicare & Medicaid Services: <http://cms.hhs.gov/default.asp?fromhcfadotgov=true>

Children’s Defense Fund: <http://www.childrensdefense.org/>

Gateway to Social Policy and Development: <http://www.un.org/esa/socdev/>

Social Policy Virtual Library: <http://www.bath.ac.uk/~hsstp/world3.htm>

RESEARCH AND DISCUSSION TOPICS

How should Social Security be reformed? Social Security, described as the “third rail” for elected officials, continues to be a source of concern. A number of proposals have been advanced for its reform, but many of these raise serious policy questions—and many more have been vetoed by the American public (See Table 19.1). Ask students which reforms they find most appealing and why. To what extent are their views about economic policy linked to their assessments of this social policy?

How should welfare programs be administered? When the Aid to Families with Dependent Children (AFDC) program was abolished and the Temporary Aid to Needy Families (TANF) program created in its place, the changes could fairly be described as revolutionary. Ask students to discuss these changes, both singly and as a collection. Should welfare be primarily administered by the states or by the national government? Should welfare be an entitlement program? Should citizens be denied welfare after a certain period of time or should they always have access to this program? Should women be required to identify the fathers of the children? As students think through their responses to each of these questions, ask them to assess their own political ideology, seeing whether they fit into any of the liberal or conservative categories described in Chapters 9 and 10.

How have the terrorist attacks of September 11th and the war on terrorism affected social programs in the United States? Particularly during the anthrax attacks, the state of public health programs and of the medical system more generally were a focus of concern. What other domestic programs are affected by these events? How do social programs “fit” into proposals for homeland defense? What priority should social programs have during wartime? During peacetime? How will these differences in priorities affect those who depend on social programs (from public school children to the elderly) and those who are responsible for their administration (from Congress to the executive branch bureaucracy)?

IMPORTANT TERMS

- *assistance program** A government program financed by general income taxes that provides benefits to poor citizens without requiring contributions from them.
- *Charitable Choice** Name given to four federal laws passed in the late 1990s specifying the conditions under which nonprofit religious organizations could compete to administer certain federal social service delivery and welfare programs.
- *client politics** The politics of policy-making in which some small group receives the benefits of the policy and the public at large bears the cost.
- *Earned Income Tax Credit (EINC)** A provision of a 1975 law that entitles working families with children to receive money from the government if their total income is below a certain level. The EITC program was expanded during the early 1990s.
- *income strategy** A policy giving poor people money to help lift them out of poverty.
- *insurance program** A self-financing government program based on contributions that provide benefits to unemployed or retired persons.
- *majoritarian politics** The politics of policy-making in which almost everybody benefits and almost everybody pays for it.
- *means test** An income qualification program that determines whether one is eligible for benefits under government programs reserved for lower-income groups.
- *service strategy** A policy providing poor people with education and job training to help lift them out of poverty.

THEME A: UNITED STATES WELFARE PROGRAMS IN COMPARATIVE PERSPECTIVE

Instructor Resources

Maureen Baker et al., *Poverty, Social Assistance, and the Employability of Mothers: Restructuring Welfare States*. Toronto, ON; University of Toronto Press, 2000.

Burt S. Barnow, Thomas Kaplan, and Robert Moffitt, eds., *Evaluating Comprehensive State Welfare Reforms: The Wisconsin Works Program*. Washington, D.C.: Brookings Institution, 2000.

Christina Behrendt, *At the Margins of the Welfare State: Social Assistance and the Alleviation of Poverty in Germany, Sweden, and the United Kingdom*. Ashgate Publishing Company, 2002.

Robin Blackburn, *Pension Power: How Progressive Social Funds Can Transform Capitalism*. New York: Verso Books, 2001.

Jonathan Bradshaw, ed., *Children and Social Security*. Ashgate Publishing Company, 2002.

Catherine Jones Finer and Byung-Rok Owen Choi, eds., *Social Policy Reform in China: Views from Home and Abroad*. Ashgate Publishing Company, 2002.

Derek Fraser, *The Evolution of the British Welfare State: A History of Social Policy Since the Industrial Revolution*, 3rd ed. New York: Palgrave MacMillan, 2002.

Neil Gilbert and Amitai Etzioni, *Transformation of the Welfare State: The Silent Surrender of Public Responsibility*. New York: Oxford University Press, 2002.

Neil Gilbert and Paul Terrell, *Dimensions of Social Welfare Policy*, 5th ed. City and State Allyn & Bacon, 2001.

Howard Jacob Karger, James Midgley, and C. Brene Brown, eds., *Controversial Issues in Social Policy*, 2nd ed. City and State Allyn & Bacon, 2002.

Remaking the Welfare State: Retrenchment and Social Policy in America and Europe. Philadelphia, PA: Temple University Press, 2002.

Peter Saunders, *The Ends and Means of Welfare: Coping with Economic and Social Change in Australia*. New York: Cambridge University Press, 2002.

Peter Swenson, *Capitalists Against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden*. New York: Oxford University Press, 2002.

Celia Winkler, *Single Mothers and the State: The Politics of Care in Sweden and the United States*. Lanham, MD: Rowman & Littlefield, 2002.

Summary

Like every modern nation, the United States has scores of programs intended to help people. However, Americans think about welfare differently than other nations. Americans are concerned about who deserves to be helped, and this raises the problem of distinguishing between the “deserving” and the “undeserving” poor. Other nations are more likely to attempt to redistribute income on the basis of some notion of “fair shares.” Americans wish to promote self-reliance and are uneasy about giving people money, preferring to provide services, rather than income, to the poor.

The welfare state (at least at the national level) came late to the United States. In Britain, with power concentrated in the hands of a prime minister and a liberal majority in parliament, new welfare programs were implemented in the early twentieth century. Thus in 1908 a national system of old-age pensions was set up, and three years later a nationwide scheme of health and unemployment insurance

was established. During this time the progressive movement in the United States was concerned with good-government issues, not the welfare state. Furthermore, federalism in the United States meant that the right of the federal government to institute welfare programs was a matter of controversy. Still, many state governments had welfare programs before the 1930s. The existence of these programs created a lobby for federal programs and also required much federal policy to operate through state bureaucracies.

Discussion Questions

1. The United States provides a less generous welfare system than most Western European nations. What factors account for this difference in welfare generosity? The United States also lags behind many European nations in life expectancy and infant mortality. Should the United States expand its welfare system?
2. In weighing the influence of the governmental structure and of public attitudes, which do you believe is most determinative of current welfare programs in the United States? Can you provide support for your contention?
3. Research candidates' campaign stances on welfare programs. How are these programs described and how are reforms discussed? What perspectives on social justice are being articulated as part of an effort to win votes?

THEME B: WELFARE POLITICS AND POLICY

Instructor Resources

Sylvia B. Bashevkin, *Welfare Hot Buttons: Women, Work, and Social Policy Reform*. Pittsburgh, PA: University of Pittsburgh Press, 2002.

Anya E. Bernstein, *The Moderation Dilemma: Legislative Coalitions and the Politics of Family and Medical Leave*. Pittsburgh: University of Pittsburgh Press, 2001.

Rebecca M. Blank, Ron Haskins, and Jennifer Phillips, eds., *The New World of Welfare*. Washington, D.C.: The Brookings Institution, 2002.

Barbara Ehrenreich, *Nickel and Dimed: On (Not) Getting By in America*. New York: Owl Books, 2002.

Christopher Jencks, *The Homeless*. Cambridge, MA: Harvard University Press, 1995.

Charles Lockhart, *Protecting the Elderly: How Culture Shapes Social Policy*. Pennsylvania State University Press, 2001.

Frances Fox Piven et al. eds., *Work, Welfare and Politics: Confronting Poverty in the Wake of Welfare Reform*. Eugene, OR: University of Oregon Press, 2002.

Stephen B. Seager, *Street Crazy: America's Mental Health Tragedy*. New York: Westcome Associates, 2000.

Kristin S. Seefeldt and Ann Chih Lin, *Welfare Reform*. Washington, D.C.: Congressional Quarterly Books, 2002.

David K. Shipler, *The Working Poor: Invisible in America*. New York: Knopf, 2004.

Alan Weil and Kenneth Finegold, eds., *Welfare Reform: The Next Act*. Urban Institute Press, 2002.

Pamela Winston, *Welfare Policymaking in the States: The Devil in Devolution*. Washington, D.C.: Georgetown University Press, 2002.

Summary

This theme focuses on three welfare programs: the Social Security Act of 1935, the Medicare Act of 1965, and the Aid to Families with Dependent Children (AFDC) program. Social Security and Medicare account for two-thirds of all federal welfare expenditures.

The Social Security Act was passed during the Great Depression, which had overloaded and bankrupted state, local, and private relief efforts. Roosevelt was under fire from various social movements and he had been given an overwhelming congressional majority by the elections of 1932. He got speedy approval of a program, put together by a cabinet committee, which drew on European experience and the ideas of scholars and social workers. One part of the Social Security Act created what later became known as Aid to Families with Dependent Children (AFDC). Understood as a response to the crisis conditions of the Depression, the program was scarcely noticed at the time.

The idea of having the government pay the medical bills of Americans was very much in the minds of those who initiated Social Security in the 1930s, but because the idea was so controversial, it was not included in the Social Security legislation. Opponents of the idea controlled the key House Ways and Means Committee in Congress and were able to block action until after the 1964 election. The Democratic landslide in that election added many Democrats to the House, and the leadership saw to it that pro-Medicare Democrats were appointed to Ways and Means. The bill, which provided for payment of hospital and doctors' bills for both the poor and the aged, then passed both houses with ease.

A combination of factors contributed to the elimination of AFDC. States had grown weary and then resistant to the increasing federal regulation of the program. Public opinion had become even more unsupportive, perceiving AFDC as providing handouts to irresponsible adults. In response to these circumstances, the 104th Congress passed and President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

The act introduced three particularly significant innovations. First, it let the states act without tight regulation: each state would receive a fixed federal block grant to help pay for the costs of what was now termed Temporary Assistance for Needy Families (TANF). Second, it required adult TANF recipients to work: adults receiving TANF benefits would be required to work within two years of receiving a TANF grant, and adults could not be supported by TANF money for more than five years. New provisions were made for tracking fathers, and a woman's benefits could be reduced if she refused to help the state in its efforts to identify these men. Unmarried mothers under the age of 18 could not receive TANF money unless they were living under adult supervision and were attending school. Third, the law denied food stamps to legal aliens and denied TANF to illegal aliens.

Highly controversial, this law was opposed by liberal Democrats and children's advocates. Still, it commanded large majorities in the Congress. Although Clinton noted his reservations, he did not exercise his veto power. It seems, therefore, that the recipients of AFDC-TANF funds have lost the political legitimacy they once enjoyed.

These three examples suggest the following generalizations about welfare policy-making:

1. Debate tends to be carried out in ideological terms, with conflicting ideas about the proper role of government in the forefront.
2. Congressional voting on welfare policies follows party and ideological lines very closely.
3. Public opinion supported Social Security and Medicare but the AFDC program became progressively more controversial. This controversy occurred because Americans prefer insurance (that is, contributory programs) to relief, and they prefer job creation to cash payment.

4. Interest groups played some role in the politics of some of the welfare bills, but this was usually an expression of the ideology of the group rather than of the interests of its members.

Discussion Questions

1. Why does Congress now feel trapped by the Social Security program? How could one claim that Social Security was actually the result of client politics in its early years but has become more a majoritarian issue as tax rates have increased? How did the 1983 Social Security legislation attempt to salvage the fiscal integrity of the program?
2. Why couldn't the recipients of AFDC protect their program? Who determines what is politically legitimate in the United States? What are the implications of that power for government and for policy-makers?
3. Have the 1996 welfare reforms responded to the public criticisms? Have they responded to the problem of poverty within the society?
4. What has been the role of public opinion in the political battles over welfare policies? What do Americans believe about the role of government in social-welfare policies?