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THE POLITICAL ECONOMY OF WELFARE REFORM

by

Michael Engel

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Abstract

THE POLITICAL ECONOMY OF WELFARE REFORM

by

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The development and legislative history of the Family Assistance Plan proposed by President Nixon in 1969 is examined as a case study of the political economy of welfare reform.

Pluralist policy analysis has not offered an adequate explanation of welfare policy development in America. The argument of this study is that government has attempted to maintain a public welfare system consistent with the low-wage labor needs of the economy. Welfare has a significant impact on the size, composition, and income of the low-wage labor force. Reform has become politically possible only as labor force needs changed with a changing economy.

The Aid to Families with Dependent Children (AFDC) program is a case in point. It has developed into a subsidy for family heads in the low-wage labor force, which is disproportionately female. However, the increasing expense and inefficiency of the program led to strong pressures for change, culminating in the Nixon proposal. It failed in Congress, and the welfare system remains substantially unchanged.

The Family Assistance Plan failed because its designers and supporters for the most part did not take its potential labor market effects seriously as a political issue. They created a bill embodying contradictory goals on the subject of low-wage work. Congress, representing in part interests with a stake in the low-wage labor force, reacted negatively to the possible threat to those interests posed by FAP. Opponents were able to win over the uncommitted by using the bill's inconsistencies on the issue of work and wages.

If the welfare problem is indeed related to labor market structure, a solution must be based on an explicit position on manpower policy. From the point of view of the author, full employment at decent wages is the ultimate welfare reform.

IN APPRECIATION

To my family

To my advisers:  
Professor Robert Engler  
Professor Edward Schneier

To  
Staff and Volunteers  
of the  
United Community Centers  
Brooklyn, N. Y.

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## INTRODUCTION

Welfare in America is a massive system of means-tested income maintenance programs offered by federal, state, and local governments. It disburses money to those who are supposedly unable to earn a living wage through work: one-parent families, the long-term unemployed, the aged, blind, and permanently disabled. In-kind benefits are distributed to these people and others through medicaid and food stamps. Welfare differs from social insurance, which is funded by payroll taxes and is available without a means test. Welfare thus has become a controversial issue because it ostensibly hands out money and benefits to those who have not "earned" them through work or payroll deductions.

The program known as Aid to Families with Dependent Children (AFDC) is the main case in point. Eleven million Americans receive over \$8 billion in benefit checks every year under AFDC. More than three million of the recipients are adults, mostly women, who are for the most part physically and mentally able to work. Although they represent only a part of the nation's welfare caseload, they--and thus their children--constitute the center of the controversy around welfare. Aid to Families with Dependent Children represents a decision to supply nearly three million female family heads (and several hundred thousand long-term unemployed heads of intact families) with a subsistence income not earned as a result of work. This flies in the face of the values of a society ostensibly devoted to the work ethic. Both the program and its recipients have thus become a target for torrents of

abuse from politicians and the public for twenty-five years.

Several attempts have been made by the Federal Government in the last fifteen years to "reform" the welfare system. Two were legislative successes, but failed as policy in terms of their own stated goals of getting recipients off the welfare rolls and into jobs: the 1962 "service amendments" and the 1967 WIN program. The third was the Family Assistance Plan, which died in the Senate on December 28, 1970. A further attempt to pass a similar bill known as HR 1 failed the following year.

The issue of welfare thus raises an important political question: Why does a program continue to exist if it has no support, is acknowledged by all as a failure, and contradicts established societal values?

The purpose of this study is to develop an answer.

Existing analyses of welfare policy, based on pluralist methodological assumptions, have focussed largely on rather narrowly defined correlates of policy development. They have omitted many social, political, and economic factors which are either not amenable to quantification or inconsistent with the assumptions of pluralist ideology.

This study is based on the possibility that an understanding of welfare may lie in a recognition of its economic relationship to labor force structure.

The central hypothesis is that welfare policy is essentially a governmental action to supplement and support private sector decisions on the size, composition, and income of the low-wage labor force. Thus decisions to reform the welfare system necessarily involve decisions to change the structure of the low-wage labor force. A failure by policymakers to understand this relationship or to deal with its political

ramifications will mean the failure of their reform plans either as legislation or as policy.

The validity of this hypothesis can be tested by an examination of the AFDC program, and an analysis of the failure of the proposed Family Assistance Plan.

There is a sizable proportion of the labor force which is constrained to work for wages which cannot sustain a decent standard of living. Both "welfare poor" and "working poor" are part of this low-wage labor force--the division of the poor into these two categories may in fact have no meaning. It is from the low-wage labor force--predominantly female and largely of minority race--that the adult AFDC population is drawn. The AFDC program is actually structured in such a way as to keep recipients in the low-wage labor force. It has thus been something of a policy success in terms of its compatibility with the need of American capitalism for an adequate pool of low wage labor.

The problem is that AFDC is expensive, inconsistent, inefficient, and politically unpopular. Yet all attempts at a thoroughgoing reform have failed.

The reason for this may lie in the situation outlined in the central hypothesis. Policy makers have either accepted assumptions about welfare which disregard questions of labor force structure, or have interests in the issue of labor force structure which preclude any drastic changes in the welfare system.

The former predominated in the Nixon Administration. The designers of the Family Assistance Plan proceeded on a number of different and often inconsistent assumptions about the source of the welfare problem

and the nature and impact of possible solutions. What they generally had in common was a view of the welfare policy problem which in one way or another discounted its relation to problems of manpower and employment. Their assumptions about welfare recipients and the economic system were such that they viewed the low-wage labor force as an issue of little importance in the struggle for welfare reform. They therefore produced a plan loaded with inconsistencies and contradictions.

The second point of view predominated in Congress, where interests with a direct stake in the low wage labor force reacted to what they felt was a threat to the maintenance of an adequate pool of cheap labor. The entrenchment of these interests in the Senate Finance Committee doomed the bill. Its opponents used its inconsistencies on the subject of labor force structure to win over crucial uncommitted votes.

This difference in perspectives may be accounted for by the different levels of economic interests represented in the Executive and Legislative branches. The planners in the Executive tended to reflect the views of larger corporate interests and the social work establishment. Many Congressmen shared the viewpoints of local economic and political elites and small business.

The Family Assistance Plan is therefore the case study for the central hypothesis. If policy decisions on welfare are logically and politically connected to decisions on labor force structure, this should have been a crucial factor in the politics of FAP, and thus strongly reflected in its development and legislative history. Its defeat should be explainable as a failure of contending parties to reach an explicit consensus on the labor force issue due to a conflict of interests.

The approach of this study will be, first of all, to summarize the history of welfare policy, which should lend some credence to the idea that the government has attempted to develop welfare policy within the constraints of contemporary labor force requirements. The second step will be to examine the present state of welfare policy analysis. Thirdly, an empirical case will be made for seeing welfare and labor force structure as related issues. Finally, I will begin my examination of the Family Assistance Plan as a case study of the central hypothesis, tracing its development through the Administration and Congress, and analyzing the sources of its support and opposition.

If the goals of this study are achieved, it will show that welfare reform cannot succeed both as legislation and as policy unless it is explicitly related to a policy on the structure of the low-wage labor force. This may be impossible politically at this time, but it is the minimum condition necessary for a genuine overhaul of the welfare system.

## CHAPTER ONE

### WELFARE POLICY DEVELOPMENT: A HISTORY

The argument of this study is that the U. S. government, committed to the preservation of a capitalist economic system, has attempted to shape welfare policy in a manner consistent with the labor market needs of that system. Specifically, the development of welfare policy follows along lines that are compatible with the maintenance of an adequate low-wage labor force. Reforms may succeed as legislation, although probably not as policy, if they avoid the labor market issue, or if they fit into the labor force needs of private industry, in which case the poor benefit least.

The history of welfare policy development appears to support this argument. From the time four centuries ago that modern governments first assumed the responsibility for public assistance, there has been a constant struggle over the welfare system. At different times in history, the poor have benefited or suffered based on the outcome of this struggle. There have been sharp variations in the approach of government to the welfare issue.

Richard Cloward and Frances Piven note this phenomenon in their study, Regulating the Poor, and explain it in terms of the society's need for social control in times of depression and regulation of labor in times of prosperity. This analysis is only partially accurate. Welfare is not primarily a means of social control and its significance is

not the same for the whole labor force. The history of welfare policy appears to show welfare as a tool used by government to assure the stability of the existing economic system. Its variations are better accounted for with reference to the particular low-wage labor market conditions existing at the time.

The poor would have gained nothing had they or their allies not periodically fought for certain benefits. If the history of welfare were nothing more than government manipulation of the labor force to suit private industry, there might be no welfare system at all. The political and economic system has had to cope with pressure from the working class in order to maintain stability and continuity, and has had to make periodic concessions depending partly on the level of protest.

Nonetheless, the development of welfare policy has proceeded within certain limits. Movements for reform have sprung up many times. They appear to have succeeded, however, only when contemporary labor force conditions made their proposals "thinkable" and acceptable to decision-makers in government and industry. Without these movements, there would have been no reforms. But unless they restricted themselves within acceptable ideological and economic limits, they did not succeed in their own time. The argument being made is that changing labor market conditions, especially among the low-paid, were of greatest importance in determining the response of government to pressures from reform movements. Where no such pressure existed, the government developed its own consensus consistent with the low-wage labor force requirements of private industry. At all times, the priority of government was not responsiveness to pressure groups, but response to the needs

of those who controlled the economic system.

This point of view seems to provide a coherent framework for an examination of the development of welfare policy. To establish an historical argument for the hypothesis of this study, it is necessary to begin with feudal England, for the American public welfare system has its roots in England. The Englishmen who colonized the New World brought with them the Elizabethan Poor Law concepts which themselves were the outgrowth of three centuries of welfare policy development.

At least theoretically, the structure of the feudal system itself provided for the poor. Master and serf were bound by an oath of mutual responsibility, which included protection of the serf in time of need. Supplementary aid was provided by the Church; monasteries served as relief agencies. Aid to the poor was the responsibility of the local bishop and was dispensed as "an act of justice--not of charity or mercy . . . the only test of eligibility for aid in the modern sense of the term was evidence of need."<sup>1</sup> Poverty was considered an inevitable part of a generally harsh existence, and it was considered the sacred duty of the wealthy to perform acts of charity.

Feudalism was characterized by a socially and physically immobile rural agrarian work force. One's role in the labor force was determined by birth; the economic order was set by God's will. In such a system there were none of the problems which arise from a mobile labor force. One did what one was born to do. The survival of the feudal lord depended on the reasonable well-being of his serfs and vice-versa. Although poverty was widespread, it was the necessary result of a subsistence economy based on agriculture. Welfare was thus a personal matter between lord and serf, with the Church filling in

gaps. The state was not as yet involved.

The Black Death was the beginning of the end for feudalism, wiping out almost one-third of England's population, and creating a drastic labor shortage. It destroyed the orderly processes of the feudal manor. A tight labor market, combined with the growth of urban centers to which former serfs could escape, created pressure for higher wages. The political response in England was the Statute of Laborers in 1349, which fixed maximum wages, placed severe restrictions on labor mobility, compelled the jobless to work, and prohibited alms to the able-bodied. The following year, Parliament forbade laborers from leaving their residences as long as an employer was seeking to hire them. "Those seeking work at better wages and under freer conditions but temporarily hard-pressed were deemed criminal, along with the unruly bands whose deeds and intentions were dishonorable."<sup>2</sup> This legislation is an early illustration of the use of state power to expand a shrinking labor force through use of repressive measures.

The development of new technology, increased urbanization and labor mobility, and the growing interdependence of local economies added to the dislocating effects of the Black Death and resulted in the transformation of the feudal economy into the mercantile economy. The nation-state assumed new importance. The basic aim of the mercantile state was an increase in national power and wealth through the direct regulation of the national economy by the government, with special emphasis on achieving a favorable balance of trade. Although clearly different from feudalism, mercantilism was essentially a transitional phase between it and capitalism.

Poor relief under mercantilism was designed to be compatible

with the larger commercial interests of the state. It was also a transitional system: the state was introduced as a new participant in the existing system of welfare. The government, not the individual, was the prime mover in the economy, and poverty was still largely regarded as an inevitable outgrowth of the system as a whole rather than of individual behavior.<sup>3</sup> In a sense, the state had replaced God as an organizer of the economic universe.

The state entered into poor relief because the old ecclesiastical system was no longer adequate for an increasingly mobile, mechanized and secular society. The growing industrial economy and the Enclosure movement created increasing labor surpluses and cyclical depressions in England, the victims of which could no longer be cared for by feudal lords or monasteries. The political response was secularization of the welfare system in the sixteenth century. In the late 1530's, Parliament, under the reign of Henry VIII, passed a series of laws placing responsibility for poor relief in the hands of local governments. Such actions, according to Axinn and Levin, "reflected the power of the landed gentry". Furthermore, "In supporting this interest, the government provided incentive for labor to remain on the farms--the risk of leaving was clear." Two centuries later, the English government substantially revised its Poor Laws to lessen penalties for mobility: "[This] amendment represented the maturing of industrial need and a victory of industrial over weakening farming interests."<sup>4</sup>

Henry's seizure of all monastic institutions in 1536 effectively ended the role of the Church in aiding the poor. The government at this time began to classify the poor into able-bodied, disabled, and "worthy" (widows and orphans), for each of whom appropriate programs were

developed, with emphasis on putting the able-bodied to work.

The Elizabethan Poor Law of 1601 was the embodiment of mercantile welfare policy. It formalized the categories of poor developed in the reign of Henry VIII. Responsibility for care of the poor was given to the local parish, in each of which two to four "overseers of the poor" were to be selected. They were to raise taxes to build almshouses for the deserving poor, provide home relief for the disabled, and purchase materials to set the able-bodied to work. Parents were held responsible for the support of their children, and dependent children were bound out as apprentices. "The Poor Laws were in many respects models of moderation," says Sidney Lens, "Such punitive practices as the whipping of paupers and fining of beggars were abolished . . . the sense of liability to the helpless was taken with at least as much seriousness as it is today."<sup>5</sup>

Mercantile poor laws set several precedents for future welfare policy in England and America. It gave local governments exclusive responsibility for the administration of poor relief, while setting broad national standards of eligibility. It categorized the poor in terms of the circumstances of their poverty and their relation to the labor market, and defined the general policy approaches to be taken toward each group.

This system allowed for maximum leeway to deal with local economic conditions, while establishing general requirements compatible with the national economic interest. It was this arrangement, suitable for a mercantile economy in a not yet fully integrated national state, which was transferred to the New World and became the basis of American welfare policy for the four centuries to follow.

The English settlers arriving in America during the seventeenth century brought with them the poor relief policies of their homeland. The new environment, however, demanded a somewhat different approach. In contrast to England, there was no labor surplus in the Colonies. "From the beginning," says labor historian Richard Morris, "labor was a seller's market in the New World. All contemporary authorities agree on the relatively high wages prevailing in the colonies."<sup>6</sup> Richard Hofstadter notes that "never at any time in the colonial period was there a sufficient supply of voluntary labor . . . to meet the insatiable demands of the colonial economy."<sup>7</sup>

This shortage was remedied by indentured servitude for whites and slavery for blacks, providing a more or less permanent and stationary supply of unpaid labor. Even with this solution, however, welfare could not be allowed to further tighten the labor market. Colonial governments thus adopted a far more repressive poor relief policy than did England, especially toward the able-bodied poor. Axinn and Levin state that "the restraints of the Poor Laws served an economic purpose growing out of the fact that the collective economy was one of extreme scarcity requiring that there be a minimum number of people not working . . . Although the laws were a support to the disabled, they served as a deterrent to the able-bodied who might consider not working."<sup>8</sup>

Welfare administration was the responsibility of the localities in America as it was in England. The first law dealing generally with poor relief was passed in Plymouth Colony in 1642, requiring each town to maintain its poor "according as they shall find most convenient and suitable for themselves by an order and general agreement in a public town meeting."<sup>9</sup> Virginia passed a similar law four years later, and

Connecticut did so in 1673.

Colonial poor relief policy took four basic forms. The disabled and other "worthy" poor were either contracted out for care on a low-bid basis, or in certain cases granted home relief. Almshouses began to appear in some of the larger towns, notably Boston in 1662, to house all categories of poor people. The able-bodied were often auctioned off to the highest bidder in exchange for whatever labor they could provide, a policy which continued in many areas until the early nineteenth century. In addition to these methods, children were apprenticed, while vagrants were jailed or whipped.

The categorization of the poor as individual cases reflected the individualistic ideology of the Puritan work ethic. Poverty was being defined as an individual failing, not a collective responsibility.

Localities in the colonies took great pains to protect themselves from poor new arrivals. Boston in 1636 required residents to seek official permission for visitors staying longer than two weeks. By 1640, prospective settlers had to provide security against becoming a public charge. In 1700, Massachusetts required shipmasters to vouch for new immigrants, and placed the newcomers on probation for three months to a year. "Warning out" those who seemed likely to become public charges was a common policy by this time, and Boston excluded two hundred people on this ground between 1665 and 1684.<sup>10</sup> This was similar to occurrences in England, where settlement of the poor was a major issue. Parliament passed Laws of Settlement in 1662 to deal with this problem.

The colonial governments, pressed by a need for a larger work force, added a strongly repressive tone to the basic structure of Eliza-

bethan Poor Law. The unemployed were forced to work by threats of incarceration, corporal punishment, or indentured servitude. In the middle colonies, relief recipients were required to wear an identifying badge--in Pennsylvania, according to a 1718 law, it was to be a "P" sewn on the right sleeve.<sup>11</sup>

The combination of Puritan morality and mercantile labor doctrine resulted in an extremely repressive colonial poor law policy . . . the colonial situation in the seventeenth century made few demands on those responsible for the poor, but where help was required, it tended to be negative in spirit and practice . . . State action was therefore infrequent, but that which did emerge was ill-advised.<sup>12</sup>

Welfare policy in the newly independent United States remained much the same as it was during the Colonial Era. The new nation aimed its welfare policy toward refinements of the settlement laws within the existing system of home relief, almshouses, contract, and auction. Not until forty years after the Revolution, with the economic transition to industrial capitalism, did a new direction in welfare make its appearance.

The issue of publicly-funded home relief was the central controversy in the development of welfare policy in the pre-Civil War era. In the agrarian-slave South, a generally more lenient attitude toward welfare policy had prevailed since colonial days. Economic interests in the industrial North, however, took a more repressive stance. Although men such as Tom Paine and Matthew Carey defended the idea of government responsibility for the plight of the poor and unemployed, the larger economic interests prevailed, and in America, as in England, inaugurated the era of the almshouse. They were able to succeed in their battle against home relief because the new economy demanded a large low-cost labor supply.

The first decades of the nineteenth century saw increasing development of new technology, including the beginnings of the transportation revolution, which started the era of industrialization and transformed economic relationships in the society.

The relative equality of an agrarian society in which unlimited land was the main source of wealth faded rapidly. Industrial capital became the source of economic power; the merchant-capitalist became the dominant economic figure. The labor needed was now industrial, not agricultural, and employers began their search among those who were available at the lowest price. A class of low-wage unskilled laborers was being developed. Says historian Edward Pessen, "Laborers, canal, and railroad workers, stevedores, and seamstresses, who constituted 40% of the urban working class, received \$1 or less per day at the turn of the century." Skilled workers received double. He quotes John R. Commons in pointing out that as independent shop masters became labor contractors, "because the profits of masters now came 'solely out of wages and work' they sought to 'lessen dependence on skill and to increase speed of output. They played the less skilled against the most skilled . . . and reduced wages while enhancing exertion!'"<sup>13</sup> To accomplish this, the factory system was developed, drawing on women previously self-employed at home, as well as on children, for cheap labor. By the 1840's, immigrants provided an even more profitable source.

With the development of an industrial economy came the boom-and-bust cycle and the development of cyclical unemployment. The first of these "panics" started in 1819. The prevalence of low-wage labor and the impoverishment due to economic crisis began to make its impact on the welfare rolls.

By the 1820's, state poor relief policies reflected a wide range of approaches. Virginia, Rhode Island, and Illinois, for example, relied primarily on home relief; New Hampshire and Ohio on the contract system. Almshouses were expanding in New Jersey and Connecticut, as well as in a number of other states' urban centers. This system, although still bearing the repressive marks from colonial times, was apparently too lenient for the purpose of building a larger industrial work force. In any case, as poverty grew, so did welfare outlays. This did not suit those who paid both wages and taxes, such as employers. In the 1920's, therefore, welfare became a major concern of state governments, and a number of commissions were set up to study the problem. It is interesting to note that although the English Poor Law reform of 1834 is considered of major historical importance in its shift away from home relief and the principles of Elizabethan Poor Law, similar policy changes in America began more than a decade earlier, although for much the same reasons.

In 1821, the Massachusetts legislature published its "Report of the Committee on the Pauper Laws of this Commonwealth"; or what was to be called the Quincy Report, after the committee chairman, Josiah Quincy. Citing a sixty percent increase in poor relief expenditures since 1801, the report began by declaring that the job of distinguishing between "impotent" and "able" poor could not be entrusted to the upper-class local overseers of the poor because "the humanity natural to this class will never see the poor in anything like want . . . without extending relief" far too generously. "The poor begin to consider it as a right; next they calculate upon it as an income. The stimulus to industry and economy is annihilated, or weakened . . ." The total

abolition of relief might thus be well-advised, but aid to the poor was unfortunately "too deeply rivetted in the affections, or the moral sentiments of our people to be loosened by theories." The solution was therefore the establishment of almshouses, "the most economical mode" of relief of pauperism, the "most powerful and universal cause" of which was "intemperence, in the use of spirituous liquors".<sup>14</sup>

Three years later, the Secretary of State of New York issued his "Report on the Relief and Settlement of the Poor"--the Yates Report. Again blaming "ardent spirits" for pauperism, and castigating home relief as costing too much and encouraging dependency on public funds, the report suggested the establishment of "houses of employment" for the poor, directly connected to penitentiaries for "the reception of sturdy beggars and vagrants" who were to receive treatment "efficacious in restraining their vicious appetites and pursuits".<sup>15</sup>

In 1827, a Philadelphia commission investigated poor relief in a number of other major cities and concluded that the use of almshouses was far superior to the system of home relief, which deprived the poor of feeling "the just consequences of their own idleness". Although "vice" in general was viewed as a prime cause of poverty, immigrants and unwed mothers were singled out as particularly unworthy:

One of the greatest burdens that falls upon this corporation is the maintenance of the host of worthless foreigners disgorged upon our shores . . .

. . . . .  
 Let any one whose convictions on [the evils of home relief] are not sufficiently clear, attend at this room on the day when the committee on bastardy [!] pay the weekly allowances to the pensioners, and mark the unblushing effrontery that some of them exhibit. The thanklessness with which they demand a further supply, arrogantly exacting as a right what ought never to have been granted even as a charity.<sup>16</sup>

The committee was especially impressed with the House of Refuge for Children in New York City, where to "prevent all possibility of evil communication, the children are lodged in separate cells, constructed after the manner of those in the Auburn Prison, with suitable provision for the necessary admission of air." The children were hired out at 12 $\frac{1}{2}$ ¢ per day, a small allowance, admittedly, but acceptable to the investigating committee, since the youths were not especially "profitable" because of their size and their temporary availability.<sup>17</sup>

These ideas, which led to legislative action in many states permitting and encouraging counties to establish almshouses, were a direct reflection of the development of industrial capitalism. The ever-increasing demand for factory labor, in the era after indentured servitude and before mass immigration, had to be filled by native unskilled men, women, and children. A generous welfare policy, especially home relief, would only serve to discourage participation in the labor force, and would tend to increase wages.

Consistent with this was the development of an individualistic ideology which would have been quite out of place under mercantilism. The market economy made new demands on the individual--one was supposed to exercise self-reliance and initiative to make the best bargain for oneself in the open market. The government was to restrain itself from interfering with the natural harmony of the market, which was to lead to the well-being of all. If in fact many ended up destitute, it was an inevitable and unchangeable result of economic competition as well as a reflection on the individual's inability to cope successfully with his or her new-found freedom.

Relief weakened the desire of the poor to better themselves,

by allowing them to become dependent on an open-handed government. It could therefore no longer be the duty of the government to support the poor except in the most unpleasant means possible: the almshouse.

Obviously, such a repressive welfare policy could only have the effect of forcing laborers to take any job available, no matter how low the wage. Thus employers could have a wider choice and greater leverage in hiring workers needed for the expanding industrial economy. The ideology of the free market and state non-interference was totally consistent with the interests of the rising capitalist class. The expense of home relief was of course also a burden only on those who had the wealth to pay taxes. It seems reasonable to conclude that such ideas as expressed in the various legislative reports cited above developed from this new set of economic interests and goals and from the new system of economic organization.

There were, of course, other voices. Tom Paine, in The Rights of Man, called for a system of pensions and guaranteed employment to replace the poor laws. Matthew Carey, a pamphleteer of the 1830's, argued that "rather than look to the poor as the cause for the rise in poor rates . . . one must look to the working of a market economy in a society increasingly becoming dependent upon machines 'for the low rate of wages is the root of mischief'."<sup>18</sup> In addition, the late 1820's saw the rise of the Workingmen's parties, which had considerable local electoral success until the economic downturn of the 1830's. These local organizations ranged from reformist to radical, but all turned their wrath on an unjust economic system.

It was, however, the employers who had the ear of the government. The rising demand for cheap industrial labor could not accommodate a more

generous system of home relief. Within the next two decades, the almshouse became the primary means of supplying poor relief.

Conditions within the almshouses varied. To some extent, the auction and contract systems had created even worse abuses. Generally, however, the almshouses were used as dumping grounds for all varieties of poor people. Orphan children often lived together with the sick, aged, and insane, all dismally cared for and subject to high mortality rates. The able-bodied unemployed tended to become seasonal rather than permanent residents.<sup>19</sup> Such conditions created pressures for reform during the 1840's and 1850's. It was in this spirit that a New York investigating committee reported in 1856 that "the evidence taken . . . exhibits such a record of filth, nakedness, licentiousness, general bad morals, and gross neglect of the most ordinary comforts and decencies of life, as if published in detail would disgrace the state and shock humanity."<sup>20</sup>

The main political effect of the trend toward incarceration of the poor was the stigmatization and segregation of a large sector of the low-wage labor force, rendering workers as a whole divided and impotent. The poorhouse was designed to make the alternative to work, even at subsistence wages, as loathesome as possible, obviously suitable only for the most depraved and degraded. At this point in American economic history, there were no distinctions of sex or age, nor distinctions between "deserving" and "undeserving" poor--all were dealt with in the almshouse. If a large cheap labor pool was necessary as the economy grew, and if the government was prepared to support private industry, all workers would have to participate for whatever they could earn, or face possible imprisonment if they would or could not. The

poorhouse made poverty a crime.

It is a testimony to the strength of opposition forces that home relief was not abolished entirely. Although Delaware did so in the 1820's, along with Philadelphia from 1827 to 1839, and Chicago from 1848 to 1858, home relief continued in other locations.<sup>21</sup> Massachusetts did have twice as many poor in almshouses as on home relief, and Maryland severely restricted home relief by its counties. But New York City had to spend half its welfare money on home relief. Philadelphia had to reinstate it, even after building a large almshouse in 1835.<sup>22</sup> It was physically and politically impossible to institutionalize all the poor.

Almshouses were largely populated by children, vagrants, the sick, elderly, and insane. Families and individuals thrown into poverty by recurring economic crises could not be thrown in and out of the poorhouse. Thus a significant number of poor people remained beyond the reach of institutions and had to be aided through home relief. The almshouse, nonetheless, was the wave of the future, since it was far more consistent with the labor force needs of the expanding economy.

The post-Civil War period saw a continuation of the struggle around home relief. The conflict took a new form, however, Private social welfare agencies now took up the attack against public welfare, and became the dominant, if not the only voice in the making of welfare policy.

The pace of industrialization increased tremendously after the Civil War. Between 1870 and 1910, the United States underwent the final stages of a total transformation from an agrarian to an industrial economy. The industrial labor force expanded by leaps and bounds, yet

wages remained essentially stable during most of the period.<sup>23</sup> The ranks of low-wage labor were increasingly filled with immigrants--now streaming in--as well as women and children, who kept supply on a par with demand. Cyclical depressions, such as those of 1873 and 1893, still created stark misery for workers.

Thus the labor market conditions of the first half of the century intensified in the second half; poorhouses could no longer serve as an adequate welfare measure. Some means was necessary to provide subsistence for the low-wage labor force in times of depression without tempting its workers to remain on relief during times of high demand for cheap labor. The federal government was not yet prepared to assume such responsibilities on a national level. States began to develop Boards of Charities, an embryonic welfare bureaucracy. The most important force in the development of welfare policy, however, was the organized charity movement.

The New York Society for the Prevention of Pauperism was established in 1817. In one of its early tracts, it condemned outdoor relief for any purpose except temporary expediency, and placed the blame for pauperism squarely on the individual. The specific culprits were ignorance, idleness ("more or less inherent" in certain people), intemperance, "want of economy", early marriage, lotteries, pawnbrokers, houses of ill-fame, almsgiving, and war. These evils were to be dealt with by efforts

. . . to encourage and assist the laboring classes to save their earnings by the establishment of a savings bank; to prevent the access of paupers who are not entitled to settlement in the city; to aid in furnishing employment . . . to promote the increase of churches and Sunday schools; and further the suppression of liquor shops.<sup>24</sup>

This was one of the earliest statements of what was to become the dominant philosophy of poor relief in nineteenth century America.

In 1843, the Society became the New York Association for Improving the Condition of the Poor. The founder of the organization, R. M. Hartley, told wage-earners that "every able bodied man in this country may support himself and his family comfortably; if you do not, it is probably owing to idleness, improvidence, or intemperance."<sup>25</sup>

Similar organizations sprang up in many cities. Their volunteers paid "friendly visits" to the poor, offering "sympathizing counsel" or moral admonition as circumstances warranted. The middle-class Protestant men who made up the bulk of these visitors were instructed to avoid the "character-destroying" practice of almsgiving.<sup>26</sup>

The increasing influence of these groups reached a peak with the 1877 formation of the Charity Organization Society. Its first chapter opened in Buffalo. The COS acted as a clearing house and administrative coordinator for the various private welfare agencies within its jurisdiction. By 1892, ninety-two cities had such societies.<sup>27</sup>

Their philosophy was much the same as the old AICP. The basis of the COS approach was to deal with the poor as individuals, since the source of poverty was held to be within the individual. The almshouse was to be the alternative offered by public welfare. As a COS publication stated:

The best means of doing the poor good is found in friendly intercourse and personal influence. The want of money is not the worst evil with which the poor have to content; it is in most cases itself a symptom of other and more important wants. Gifts in alms, therefore, are not the things most needed--but sympathy, encouragement, hopefulness.<sup>28</sup>

The COS made a powerful and generally successful effort to end

home relief. Josephine Shaw Lowell, a founder of the New York COS, argued in her influential 1884 book that "human nature is so constituted, that no man can receive as a gift what he could earn by his own labor without a moral deterioration . . . No human being . . . will work to provide the means of living for himself if he can get a living in any other manner agreeable to himself."<sup>29</sup> By 1900, the COS had been instrumental in ending public relief in twelve major cities, including New York, Philadelphia, and Brooklyn. The societies were thus able to gain for themselves the position of quasi-public welfare agencies for the distribution of outdoor relief.

Until the first decades of the twentieth century, the private charities pretty much got what they wanted. This is not to say that they managed to end all public relief efforts, or that they lessened the function of political machines in urban centers in providing a form of welfare to many, especially new immigrants. But their particular approach to the problem of poverty was quite consistent with the dominant ideology of the decision-makers of that time, as well as with the needs of the labor market. The private agencies were prepared to administer a relief program which would not encourage withdrawal from the low-wage labor force. Women, unskilled men, and immigrants were to have the choice of low-wage factory labor, home relief under private agency supervision, or the poorhouse. In the absence of a well-developed welfare bureaucracy, the charity agencies filled the gap. This type of system was well-adapted to the labor force needs of the economy in the late nineteenth century.

The last decade of the century saw the rise of Populism and Progressivism as responses to the abuses of the new industrial system.

Socialist parties were improving their showings at the polls. Between 1895 and 1915, a wave of reform swept the nation: child labor laws, workmen's compensation, maximum hours, electoral reform, mothers' pensions, and the expansion of state and local welfare agencies.

The social work profession itself began to split between the adherents of the old COS approach, and the Settlement House Movement, which was more inclined to see poverty as an outgrowth of systemic rather than individual defects. This new spirit coincided with certain other important changes in the society, especially in the economy, which provided leeway for the enactment of new reforms.

By 1900, the pressing need for increasing numbers of unskilled low-wage workers was beginning to abate. The essential work of building the plant for industrial production, of constructing facilities for transportation and communication, was nearing completion. There were less railroads and factories to build, less empty space to fill with cities. The automotive industry was to become the stimulus for further industrial expansion; the Industrial Revolution in America was by now largely over. Thus there was no longer the need for hordes of immigrants, there was no longer the need to forcibly recruit women and children for fourteen hours of daily factory labor. In addition, there was not going to be as much room to absorb the people leaving the farms for the cities.

This new set of economic conditions made it possible for progressive reformers to succeed in their push for, among other things, the release of widows from the low-wage labor force, both in the interests of humanity and to serve the function of child care.

In January, 1909, President Theodore Roosevelt convened some

200 social workers in a "Conference on the Care of Dependent Children" which he had called at the suggestion of several social work notables. Its basic theme was the evil of institutionalizing children of poor families unable to care for them. This was often the only alternative available to such families. As the Conference report stated, "Home life is the highest and finest product of civilization. It is the great molding force of mind and of character. Children should not be deprived of it except for urgent and compelling reasons."<sup>30</sup>

Its conclusion was that funds be used to finance the care of dependent children in their homes, or in foster homes, under the supervision of the private charity organizations. The conference refrained from calling for the allocation of public funds for that purpose, probably for fear of loss of control of the programs by private agencies.

Nonetheless, the Conference was the inspiration for political pressure demanding a government-funded system of pensions for mothers of dependent children, enabling them to provide care at home. Blanche Coll notes that "with the exception of settlement house workers, the movement to grant pensions to needy mothers and the aged was led by individual sponsors and organizations outside the field of social work. Most social workers were conspicuous by their absence in this movement and many were outspoken in their opposition to such measures."<sup>31</sup>

At the 1912 Cleveland meeting of the National Conference of Social Work, there was intense opposition to public funding of care for dependent children at home. O. T. Barnard, Vice President of the New York COS, claimed that after state mothers pensions, the poor would demand "free food, free clothing, and coal to the unemployed, and the right to be given work," an attitude which "represses the desire for

self-help and self-respect . . . it is not American, it is not virile."<sup>32</sup>

Perhaps more to the point was the fear of many social workers that private funds would dry up once the government entered the welfare field and that agencies like the COS would no longer have any power.<sup>33</sup> But statements like Barnard's and the concerns of private agencies were no longer important.

The first statewide Mothers Pension law went into effect in Illinois in 1911. The "Funds to Parents Act" allowed the juvenile courts to fix an amount necessary to allow for the support of dependent children at home.

The use of the courts as the center of child welfare administration was a revealing example of the intent of the Mothers Pension program. In essence it was a measure for control of delinquent children. Mothers acted as agents of the state. The state often required a "suitable home" as a condition for a pension, which, as Winifred Bell points out, "implied a partnership between the state and dependent mothers; the state committed itself to provide financial support to enable mothers to maintain suitable homes; the mother in turn agreed to be a 'fit and proper' custodian of her children."<sup>34</sup>

Mothers Pensions were the outgrowth of the state's need to deal with the delinquency attendant to poverty and broken homes at a cost lower than that of institutionalization.

Although both state officials and social workers agreed that orphan asylums were inadequate and excessively expensive, they differed on the proper role of government in dealing with dependent children. The private charities ended up losing their hegemony over social welfare services. One observer notes that "this assertion of a state

responsibility involved a quantum leap dividing the roles of public and private welfare agencies . . . Private charity was never to recoup the premier position that it had held in the beginning of the twentieth century."<sup>35</sup> What had been given to the private agencies by default had now been reclaimed by the government. Ultimately, however, the agencies accepted the reality and worked to take control of the new system. They generally succeeded. In some cities, the COS was used as an investigative and administrative arm of the Mothers Pension program.<sup>36</sup>

By 1915, twenty states had passed such laws, and forty by 1923. By the time the Social Security Act was passed, only Georgia and South Carolina had not done so, although the program had become inoperative in several others states for administrative reasons.

The legislative pattern was generally the same. States authorized counties to award subsistence to families lacking a father's support. Although the general standards of eligibility and occasionally maximum benefits were set up by the state, specific entitlements were locally determined. Localities bore the brunt of the financial burden; by 1935, over 80% of Mothers Pensions were paid for out of local taxes.<sup>37</sup> Urban centers tended to adopt the program more readily and paid higher benefits. The result was patchwork coverage with tremendous variation in benefits. The statewide average grant ranged from \$4 a month in Arkansas to over \$40 in Massachusetts, Rhode Island, New York, and Connecticut. Within the states there was often even greater disparity: Cleveland's average grant was \$55 monthly; Jackson County, in southern Ohio, awarded an average of \$2.63. Similar variations could be found nation-wide.<sup>38</sup> Only 60% of the nation's counties offered a Mothers Pension program, since state legislation was often permissive rather

than mandatory.<sup>39</sup>

By 1931, 93,000 families with 250,000 children were being aided at a cost of \$35,000,000, representing 2.5% of the almost four million female-headed families in the nation. It seems evident that only a miniscule portion of those eligible were actually aided, even assuming that most female-headed families were capable of self-support.<sup>40</sup>

Eligibility standards had a good deal to do with this limited figure. Although all state laws covered widows, and most covered mothers with incapacitated or imprisoned husbands, only ten covered all cases of desertion, divorce, or illegitimacy. Even these provisions were really never used, since they were often the result of legislative imprecision or were thought of as being unconstitutional.<sup>41</sup> Five-sixths of all Mothers Pensions money went to widows. This narrow coverage was further restricted through local administration, especially by the application of the "suitable home" policy. As Bell points out, "contemporary observers often noted that the mere act of receiving a Mothers Pension grant bestowed prestige, so high were the moral and child-rearing expectations."<sup>42</sup> Judgments were often the responsibility of the same charity organization workers who had opposed the program in the first place. It was thus an "elite" program, as evidenced by the fact that only 3% of the recipients were Negro.<sup>43</sup>

The fragmentation of the program was exacerbated by its administrative structure. In 1929, twenty states administered the program through the local (usually juvenile) courts, fourteen relied on county commissioners or boards, three on municipal authorities. Only eight states had some kind of state-wide administrative apparatus; in the case of New Hampshire, it was the Board of Education.<sup>44</sup>

This combination of localism, restricted eligibility, and inadequate coverage created a program which hardly dealt in any serious way with the real poverty of the mothers involved, nor was it apparently intended to do so. Mothers Pensions did not speak well for the creative potential of the federal system. As Mark Leff states, "The program promised to be cheap and morally uplifting, while raising no specter of dissolute misfits lining up for their monthly liquor money."<sup>45</sup>

The program did set the tone for its successor, Aid to Dependent Children. It set the precedent of singling out the "worthy poor" for special treatment. Before the New Deal there were almost no comprehensive programs of any kind to deal with social problems. Workmens' Compensation and Mothers Pensions were the exception, growing out of the political struggles early in the century. Neither, however, cost either government or employers a great deal.

Mothers Pensions was an economical way of caring for those who would in any case have been likely to end up as wards of the state. As Bell puts it, the 1909 Conference consisted of "pragmatic and hard-headed realists who had been uneasily aware of the disparity in cost between maintaining children in institutions and in their own family homes".<sup>46</sup> No doubt state legislatures were equally realistic.

As mentioned earlier, Mothers Pensions put mothers in partnership with the state to achieve the goal of delinquency prevention in the least expensive way. This implied that at the time a female family head was not as important in the low-wage labor force as she was in her role in raising children. Grace Abbott states that the enactment of Mothers Pensions "constituted public recognition by the states that the contribution of the unskilled or semi-skilled mothers in their own

homes exceeded their earnings outside of the home and that it was in the public interest to conserve their child-rearing functions."<sup>47</sup> Nonetheless, mothers could rarely live on their grants alone, and were often obliged to take in washing or do other work at home in order to survive.

Stringent eligibility standards made certain that by no means would pensions become a right rather than a privilege. If a mother was to withdraw from the work force to tend her children with a public subsidy, she would have to be "worthy"--and even the worthy might need corrective treatment: "Although advocates of Mothers Pensions emphasized high standards of economic assistance, they did not question the claim of voluntary agencies that family 'rehabilitation' was the real objective. They did not seek to discard this principle, but rather the corollary that public agencies could not perform the task."<sup>48</sup>

Given the necessity for a large low-wage unskilled labor pool in developing an industrial economy in the nineteenth century, public policy would not respond to demands for pensioning off potential labor force participants. Intimidation and the almshouse became the means for keeping people at work and off the dole, and preventing starvation when they were not needed.

The early twentieth century brought the successes of reformist movements and the decline of Social Darwinist ideology. The argument here is that the political success of reform movements, especially in the welfare field, depended to an extent on the stage of economic development reached in America. Mothers Pension legislation would have faced strong political opposition unless the economy had reached a stage in which the total mobilization of unskilled labor was no longer necessary. The industrial system could now do without the

labor of female family heads, and a welfare device such as Mothers Pensions could become "thinkable". As a contemporary analyst wrote,

There was nothing inherent in the [Mothers Pension] idea to stir up any group or crystallize and opposition in any definite organization except for the charity workers. If it had been a measure that would interfere in any way with economic institutions, then we could have predicted an effective organized opposition with a strong lobby.<sup>49</sup>

Thus the economy of the early twentieth century created the conditions in which one small segment of the low-wage work force could be split off and whose retirement could be justified by other types of labor such as child-rearing and delinquency prevention under state auspices. Although this does not explain the entire development of welfare policy at the time, it illustrates the connection between that process and the nature of the labor force.

The Depression spawned a massive expansion of the welfare system after Franklin D. Roosevelt's election in 1932. Most of it came through special home and work relief programs. The federal government now assumed a major new responsibility for the maintenance of economic stability. Part of this responsibility entailed the development of a system of social insurance.

Aid to Dependent Children was little more than a legislative by-product of the Social Security Act. The old-age pension and unemployment insurance provisions of the legislation attracted far more political interest; ADC was little noticed or discussed. It was just one of the "categorical assistance" programs meant to supplement contributory social insurance. In addition to ADC, there was Old Age Assistance (OAA), Aid to the Blind (AB), General Assistance (GA), and after 1951, Aid to the Permanently and Totally Disabled (APTD). Since 1974, OAA, AB, and

APTD have been integrated into the Supplemental Security Income program administered by Social Security.

On June 8, 1934, Roosevelt announced to Congress that "next month we may well undertake the great task of furthering the security of the citizen and his family through social insurance."<sup>50</sup> Three weeks later, he issued an executive order forming the Committee on Economic Security, which was given the task of developing legislation for a comprehensive social insurance program.

Although this new direction was consistent with the government's new role in the economy, Roosevelt was acting partly in response to increasing political pressure. The Dill-Connelly and Wagner-Lewis Bills, providing federal grants-in-aid for state old-age and unemployment insurance plans, were introduced after 1933 and had stalled only for lack of presidential support. The Townsend Plan for \$200 monthly pensions to the aged had considerable national support. Even more threatening politically was Senator Huey Long's "Share-the-Wealth" income redistribution plan. Roosevelt felt constrained to develop alternatives.<sup>51</sup>

His instructions to the newly formed committee were not overly specific. As Edwin Witte, chairman of the C.E.S., reported later, Roosevelt "felt committed to both unemployment insurance and provisions for old-age security and also wanted the committee to explore thoroughly the possibility of a unified social insurance system offering protection against all major personal hazards which lead to poverty and dependency."<sup>52</sup>

Placing top priority on unemployment insurance, Roosevelt backed a contributory rather than revenue-funded economic security program, and supported decentralized administration of the program.

The Committee worked through the fall of 1934. Witte reports

considerable frustration with the inefficiency and petty politics among subordinate agencies and staff. Nonetheless, the C.E.S. submitted a report to the President on January 15, 1935.

The committee had spent most of its efforts developing old-age pensions and unemployment insurance. Arthur Altmeyer, Assistant Secretary of Labor, stated that "the committee had in mind that social insurance should be the first line of defense against destitution and public assistance a second line to be relied upon to the extent the first line proved to be inadequate."<sup>53</sup> The question of child security was placed with a staff under the guidance of Grace Abbott, former Childrens Bureau chief. This group produced Aid to Dependent Children.

The section of the report dealing with child security emphasized the need for a federal Mothers Pensions program which would enable impoverished states and localities to deal with the problem of dependent children. The report made explicit that which was only implied in the earlier program:

[Mothers Pensions] are not primarily aid to mothers but defense measures for children. They are designed to release from the wage-earning role the person whose natural function it is to rear [her children] into citizens capable of contributing to society.<sup>54</sup>

The committee's legislative recommendations called for a closed-end appropriation of \$25,000,000 for the first year of ADC, to be pro-rated among the states if insufficient to meet the full need. No fixed percentage limit was to be placed on the federal share of ADC benefits. Waiting lists might have to be compiled, but states were to provide for "assistance at least great enough to provide, when added to the family income, a reasonable subsistence compatible with decency and health".<sup>55</sup>

Two days after Roosevelt received the C.E.S. report, the

Economic Security Act (later renamed Social Security in committee) was introduced by Robert Wagner in the Senate and David Lewis in the House, the original sponsors of the Wagner-Lewis Bill. In spite of the President's desire for a special joint committee to handle the legislation, it was referred to Ways and Means in the House and Finance in the Senate.

The chairman of the House Labor Committee wanted the bill, and indeed under House rules it may well have been more appropriate for referral to Labor. Paul Douglas speculates that Labor was shunted aside on technical grounds but actually because of its reputed radicalism.<sup>56</sup> Indeed, the committee later reported the rival Lundeen Bill, which provided for grants to all the unemployed under the administration of "bodies chosen by farmers and workers". It never reached the floor of the House.

ADC received almost no attention in committee hearings. Two thousand pages of testimony include only a few dozen containing discussion of the program. Edwin Witte, Grace Abbott, and Childrens Bureau head Katherine Lenroot presented it as a modest but important child welfare program. Questions generally centered around its administration and its effect on disabled children.<sup>57</sup>

Deliberations in committee on Social Security focussed on old-age and unemployment provisions, but a number of changes were made in ADC. Most important was the removal of the requirement that benefits provide "reasonable subsistence". States were now to provide assistance "only as far as practicable under the conditions of such state". The system of financing was changed to an open-ended appropriation providing for one-third of an \$18 benefit for the first child and \$12 for each additional. Wilbur Cohen points out that these provisions "grew out of

the consideration of old-age assistance, which was by far the most important program in terms of Congressional interest. The character of the ADC program was therefore determined in large part by considerations relevant to OAA . . . "58

A number of administrative shifts were made. ADC was placed under an independent Social Security Board by Ways and Means, under the Childrens Bureau by Finance, and back again to the Board by the conference committee. Public assistance administration was opened for patronage use by Ways and Means deletion of the requirement in the draft bill that states use a merit system in staffing welfare offices. The early years of the Social Security Board were thus to become occupied in fighting the use of public assistance funds until the merit system was finally mandated by Congress in 1939.

Although other public assistance programs were funded 50% by the federal government, ADC had been set at one-third. Even though Witte pointed this out at the committee hearings,

. . . there was so little interest on any part of any of the members in the Aid to Dependent Children that no one thereafter made a motion to strike out the restriction . . . There was little interest in Congress in ADC. It is my belief nothing would have been done on this subject if it had not been included in the report of the Committee on Economic Security.<sup>59</sup>

The Social Security Act was passed by the House in April, 1935, and by the Senate in August. President Roosevelt signed it into law August 14, 1935. Title IV of the Act provided for assistance to needy children "deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of the parent." The federal government would pay the states up to \$6 per month for aid to the first child of each family and \$4 for each added

child on a one-third matching basis. Thus a widow with three children might in 1936 expect a maximum monthly pension of \$42, \$14 of which would come from the federal treasury; she would receive more only in the event that the state alone paid the extra money, which, given the low federal maximum, some states felt constrained to do.

In order to qualify for federal grants, states were required to put ADC into effect in all political subdivisions of the state, help localities fund the program, supervise it through a single state agency, and allow rejected applicants a "fair hearing". ADC could be administered on either state or local levels, and the Social Security Board could make no rules of operation affecting tenure of office or compensation of personnel. States could make no residence requirement over one year. Congress provided an initial annual appropriation of \$25,000,000.

In a sense, Congress had merely federalized the Mothers Pension program without much thought. Administrative and eligibility standards were in the hands of the states, with only the vague guidelines provided in the Social Security Act. States could pay benefits far below any standard of decency, or conversely, could obligate Congress to provide as much money as needed--within the per capita limits--to support a large scale program. The door was left open to partisan use of public assistance money and patronage. Aid to Dependent Children was an open-ended program without controls or sufficient accountability passed because it was thought to be an insignificant child welfare measure.

And that is in fact what it was. Benefits were to be paid according to the number of children; the parent was not included until 1950. The amount provided might or might not affect the mothers'

participation in the labor force. This was of no particular concern at the time, especially with the Depression ravaging the country. ADC represented a tacit decision that mothers of dependent children did not necessarily have to be part of any sector of the labor force. This presented no problem as long as the number of recipients was small, most were victims of circumstance such as widows, and the cost was minimal. All these conditions changed radically within twenty years. ADC evolved into a vast subsidy program for unemployed or low-wage working mothers--and some fathers.

During the period from 1935 to 1950, Aid to Dependent Children was relatively uncontroversial. Legislative changes in the program were minor by-products of periodic revisions of the Social Security Act. During this period the increase in the number of ADC recipients was slow but steady (see Figure 1-2). By the early fifties, the trend was noticeable and resulted in the first efforts to curb the growth of the ADC rolls. The rising expense itself, however, may not have been so controversial were it not for the fact that ADC after World War II was beginning to benefit a population different from that which had been foreseen.

By 1938, all states had some kind of public assistance plan approved by the Social Security Board, although not necessarily administered the way the Board might have liked:

The Bureau of Public Assistance almost from its inception became interested in improving the standards of administration in the states, primarily though not entirely in terms of the accepted practices of social work. It must be remembered that the bureau was staffed from top to bottom with professional social workers, who tried to lead the states to accept the standards of that profession. In practice, these standards were almost entirely concerned with personnel questions. . . getting trained social workers rather than political appointees in state agencies.<sup>60</sup>

This noble quest was made more difficult by Ways and Means' deletion of the merit system requirement from the public assistance provisions of the Social Security Act. The Bureau's efforts to promote professionalization resulted in nineteen states adopting a merit system for their welfare bureaucracies. The partisan use of funds in the other states formed the basis of conflict with the Social Security Board and resulted in the suspension of federal funds to such states as Ohio and Illinois in 1937. The Board itself cultivated a non-political image, hiring "experts" rather than politicians or civil servants, and staying away from questions of benefit adequacy by "pursuing a defensive attitude toward questions of 'high' social policy, keeping silent about the larger economic problems in which its functions are enmeshed".<sup>61</sup>

The opening salvos in the political conflict over ADC were thus between social workers in the federal bureaucracy and patronage appointees in the states over use of funds and personnel. In 1939, Congress enacted a merit system requirement for state welfare agencies, ending the battle in favor of the social workers. The focus of conflict thereafter shifted to questions of eligibility, which were to become especially contentious in the early 1950's.

Eligibility became an issue as a result of the unforeseen consequences of the 1939 amendments to the Social Security Act. The most important of these was the addition of Survivors' Insurance, providing benefits for the wives and children of deceased workers. The widows and orphans who had up to now been forced to rely on tax-supported "welfare" could begin to qualify for contributory "insurance".

Gilbert Steiner presents the thesis that from the beginning ADC was considered a residual program which would "wither away". He

quotes the chairman of the Social Security Board at Congressional hearings in 1939: "As this insurance system gets into operation . . . it ought to remove a large proportion of these dependent children from the mothers pension rolls."<sup>62</sup> This was accurate, but he did not expect their replacement by others. Whether this perception was shared by all concerned at the time is an open question. Even in 1948, however, the Advisory Council on Social Security reported that the nation could still

. . . look forward to the time when virtually all persons in the United States will have survivors or retirement protection . . . Public assistance will then be necessary only for those aged persons and survivors with unusual needs and for the few who for one reason or another, have been unable to earn insurance rights through work. Under such conditions the federal expenditures for public assistance can be reduced to a small fraction of its present amount.<sup>63</sup>

The Council added that the postwar rise in welfare costs could be attributed to "slow adjustments" to the new programs.

Survivors' Insurance did remove widows from the ADC rolls (see Figure 1-1). This trend was not to become apparent until the early fifties, when Arthur Altmeyer wrote that "if it were not for the [Survivors] insurance program, many of the 800,000 beneficiary children who are orphans or partial orphans would undoubtedly have been eligible for ADC."<sup>64</sup>

But ADC rolls did not decline. The gradual increase continued, and children of deserted or unwed mothers were the most significant part of the increase. This of course changed the political complexion of the program. In 1950, the Bureau of Public Assistance noted that

The predominance of children with parents estranged has brought to assistance agencies and to the legislators and board members who share in determining assistance policy problems that were not of their own making. . . . Public concern

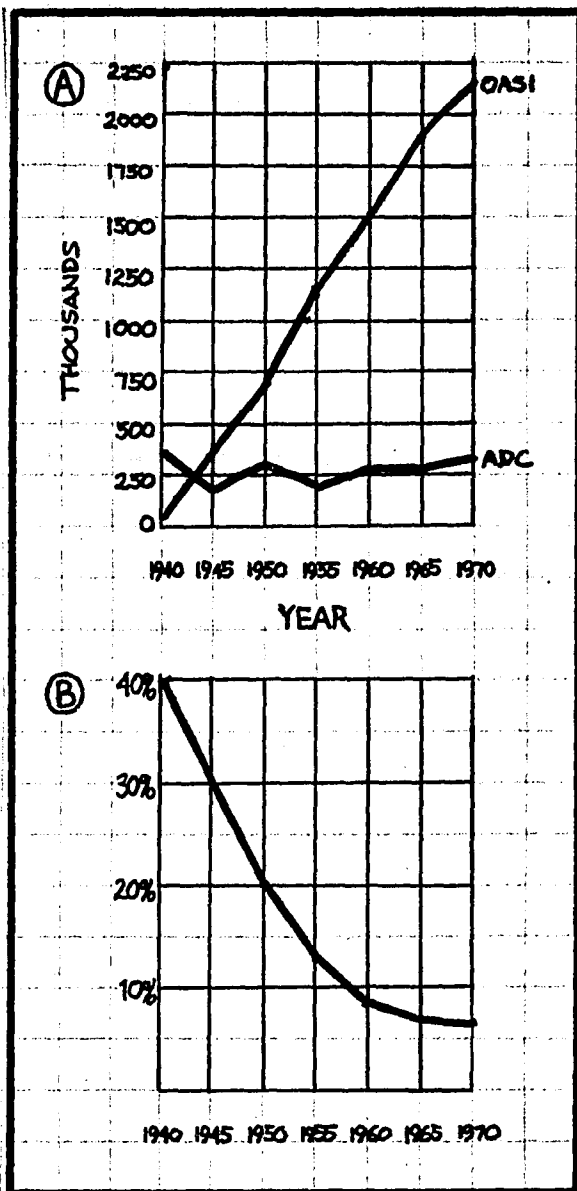


Fig. 1-1. (A) Children of widowed mothers receiving OASI or ADC, 1940-1970. (B) Percent of ADC children receiving benefits because of father's death.

SOURCES: Social Security Bulletin; Senate Finance Committee.

for the children is mingled with censure of the parents. Conflicting attitudes about providing assistance result.<sup>65</sup>

This was something of an understatement. Widows perhaps deserved the status of subsidized withdrawal from the labor force, but not unwed mothers, and especially not in large numbers.

From 1935 to 1950, legislative activity in the area of public assistance was generally positive. The federal share of assistance payments was raised and in 1950 the responsible adult in the family was added as a beneficiary. This positive attitude was to change soon.

TABLE 1-1

## CHANGES IN FEDERAL SHARE OF ADC, 1935-1950

Year	Fed-subsidized Benefit--1 child	Each Addl.	Adult	Federal % Paid
1935	\$ 18.00	\$ 12.00	--	One-third (\$6 + \$4)
1939	18.00	12.00	--	One-Half (\$9 + \$6)
1946	24.00	15.00	--	2/3 of first \$9.00 Plus half of balance
1948	27.00	18.00	--	3/4 of first \$12.00 Plus half of balance
1950	27.00	18.00	\$ 27.00	Same as 1948

SOURCE: Blackwell and Gould, Future Citizens All (Chicago, A.P.W.A.) 1952), p. 3.

If a state gave as much assistance as the federal government would subsidize and no more, a family of four in 1935 would have received \$42, of which \$14 would be federal money. Fifteen years later the figures were \$90 and \$57. It is significant to note how federal generosity faded after 1950; fifteen years later, in 1965, the maximum federally subsidized state grant to a family of four was \$128, a 45% increase compared with more than 100% in the previous fifteen years. The federal share, which had quadrupled from 1935 to 1950, increased only by about two-thirds by 1965 to around \$90 for a family of four.

A second example of the increasing Congressional hostility toward ADC was the NOLEO Amendment of 1950, requiring deserted ADC recipients to provide information enabling welfare agencies to notify law enforcement officials (these four words are the source of the acronym) to pursue the errant husband. The action was something of a compromise against more extreme measures, and was more symbolic than substantive.

Law enforcement officials were to use their discretion in following up any such notification and results were skimpy. The real significance of NOLEO, as Gilbert Steiner points out, is that is "was a sign that legislative good will toward public assistance had passed its peak".<sup>66</sup>

The states, too, began to crack down, notably through the use of "suitable home" provisions. Federal law allowed states to require a suitable home for children to be eligible for ADC. Beginning in the fifties, states used this criterion as a means of reducing welfare rolls.

Georgia in 1951 passed a law cutting ADC off to any family bearing more than one illegitimate child while on welfare. Veiled threats from the Social Security Administration effected its repeal the following year. Eighteen other states considered similar restrictions but federal disapproval kept them in line.<sup>67</sup>

Illegitimacy was out of bounds as a discretionary criterion, so "man-in-the-house" rules were devised in its place. Certain men could be tagged as a "substitute parent" responsible for the children's support and providing grounds for termination of benefits. Standards for placing a man in this position varied--a Georgia law declared the birth of an illegitimate child as proof of a substitute parents presence. Although amounting to the same kind of discrimination as that which resulted from earlier laws, this approach won tacit federal approval, so that by the end of the decade a number of states had adopted the substitute parent measure. The midnight search for a man in the house of welfare mothers was an enforcement measure.

In 1959, Florida provided for placement of welfare children in foster homes if there was a "failure [by the parent] to provide a stable moral environment for the child, by engaging in promiscuous conduct . . .

or by having an illegitimate child after receiving an assistance payment." Thus mothers fearful of losing their children were scared away from ADC, especially since "promiscuity" was defined as any non-marital sexual relationship.<sup>68</sup>

The next year Louisiana went one better by defining any home with an illegitimate child as unsuitable and cut 20,000 children off the ADC rolls, 95% of them black. This was too much for HEW, which on January 17, 1961, issued a directive forbidding the use of "suitable home" provisions to cut off ADC benefits unless alternate means were used to meet the needs of dependent children. Congress legitimized this action in 1962, requiring eight states to revise their welfare laws.

In two decades, then, ADC had developed from a relatively small welfare program primarily for widows' dependents into a growing system of aid for deserted or unmarried low-wage working or unemployed mothers and their children. The proportion of blacks had increased substantially, reaching 43% by 1961. The attitude of Congress and the state legislatures had shifted from mild benevolence to increasing restrictiveness.

One reason was that the poor being subsidized by ADC were no longer quite as few or quite as "worthy" in 1960 as they were in 1935. ADC, like Mothers Pensions, was intended as a limited, low-cost program to support the children of mothers whom society could afford to release from their low-wage labor force responsibilities. Thus the question of employability was not at issue. Once the increasing number of female heads of poor families began to find ADC as a way out of their frequent financial crises, the rolls swelled. Middle-class widows moved into OASDI, and they were replaced with a group which had always been present but was becoming more apparent. ADC had become the unintended solution

for an unforeseen policy problem: the support of low-wage female workers. Once this happened, the issue of employment reappeared, for the original decision was no longer relevant. But it could not easily be resolved; labor force needs were not as demanding as they had been in the previous century. There were simply less jobs available for these women, even at low wages.

The unanticipated expansion of ADC led to the restrictive legislation of the 1950's. The "welfare explosion" which began in the following decade created a national issue, resulting in the welfare revisions of 1962 and 1967, and the attempt at a total overhaul in 1969. As millions were added to what was now called Aid to Families with Dependent Children (unemployed fathers were made eligible after 1961), "welfare" became a dirty word.

In 1950, there were 2,235,000 ADC recipients; by the end of 1960, there were 3,073,000. Then years after that the figure was close to ten million. The rolls had decreased between 1950 and 1954, then had risen at an average rate of 150,000 per year until the end of the decade. A half million were added in 1961 and 200,000 each year until 1966. In 1967, 650,000 new recipients were added, 800,000 more in 1968, and 1.3 million in 1969 and again in 1970. The pace slowed thereafter, but by 1972 there were over eleven million AFDC recipients, at which point the rise levelled off.

Money payments had reached \$1 billion by 1959, and \$2.5 billion by 1967. They doubled by 1970, and doubled again by 1974. By comparison the other categorical programs remained relatively stable.

There are no commonly accepted explanations for the massive expansion of AFDC. Several studies in the early sixties blamed the

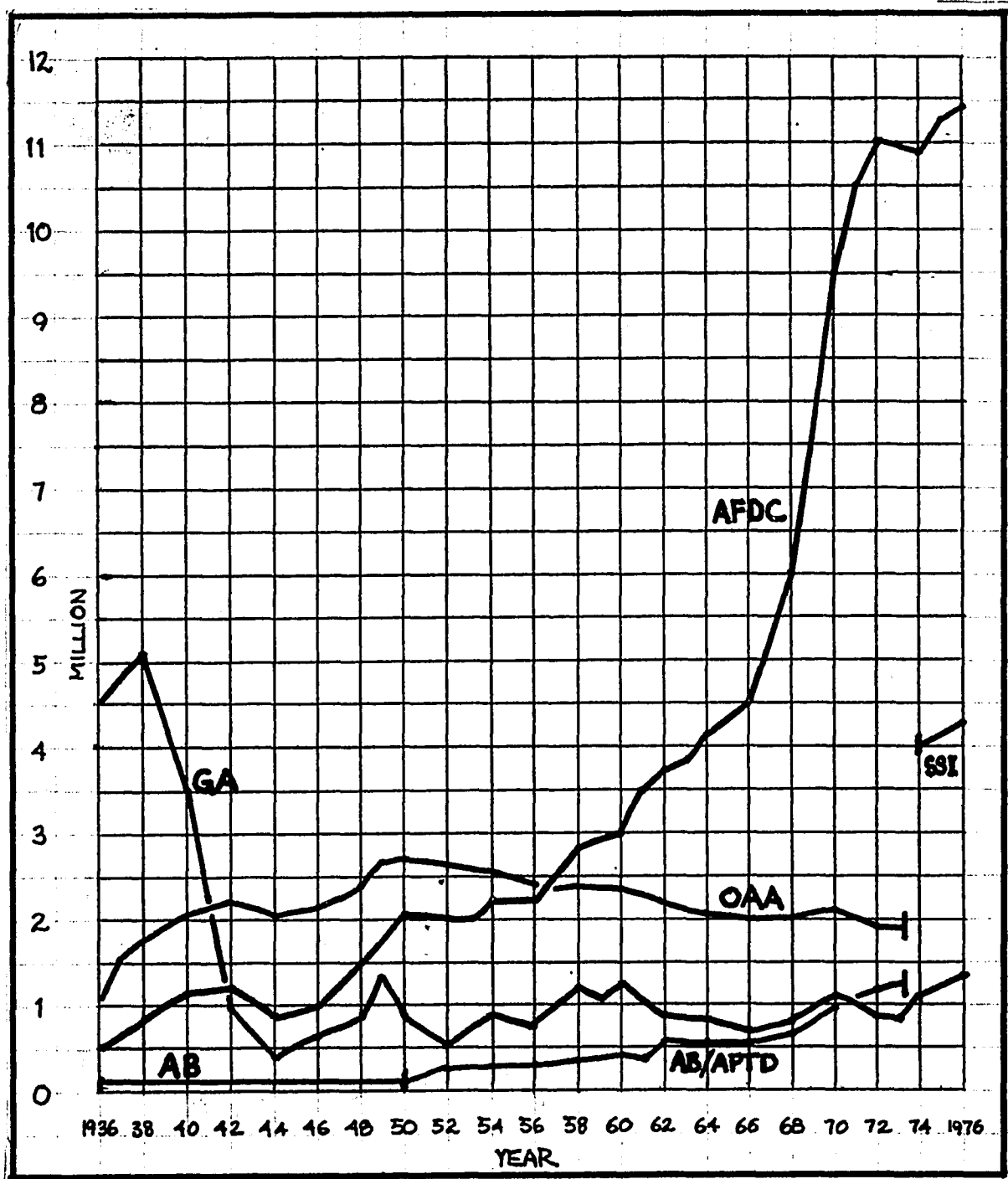


Fig. 1-2: Public Assistance Recipients, 1936-1976.

SOURCE: HEW, Trend Report 1971; Public Assistance Statistics, 1972-1976

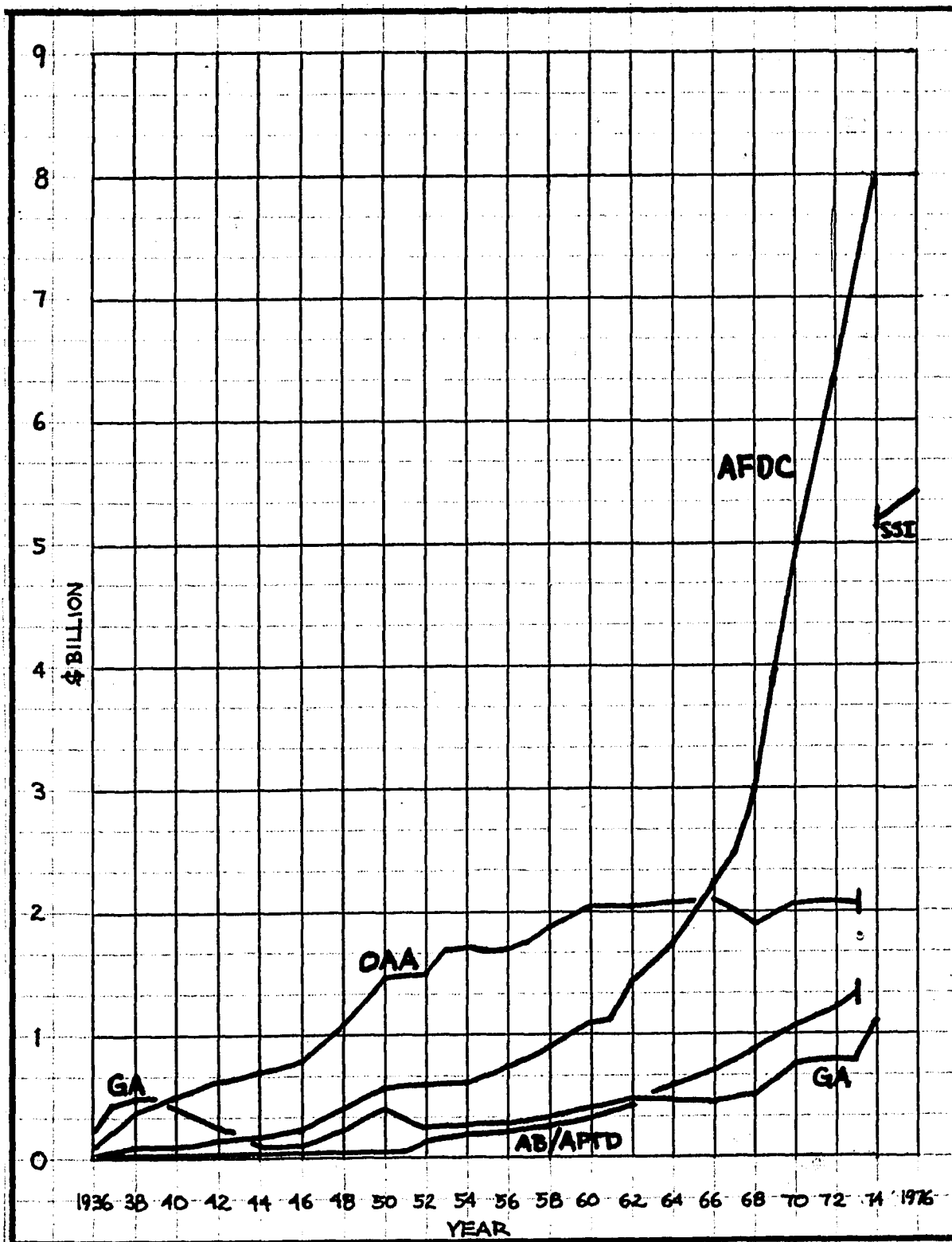


Fig. 1-3: Public Assistance Expenditures, 1936-1976.

SOURCE: HEW, Expenditures for Public Assistance, NCSS Report F-5; U. S. Statistical Abstract.

increases on Congressional action and a rise in the number of female-headed families, but a 1963 study concluded that most of the increases since 1940 could not be attributed to such factors.<sup>69</sup>

The definitive Congressional report on the welfare explosion was published in 1969 by the Ways and Means Committee, focussing on New York City and comparing its welfare situation with ten other cities. Migration, high benefits, reduction of welfare "stigma", influence of anti-poverty agencies, and administrative leniency or inefficiency were all considered as possible causes. The results were inconclusive. There did not seem to be any one set of factors that could account for the sudden rise in welfare rolls. Rising benefit levels, which occasionally exceeded the wages of low-paying jobs, seemed to be most related to the increase, especially in New York, but for all eleven cities together there was no clear correlation between the financial attractiveness of welfare relative to wages from work and the percentage of poor receiving AFDC.<sup>70</sup>

Further illustrating the confusion surrounding the question, two private studies of welfare in New York City arrived at directly opposite conclusions.

Elizabeth Durbin states that "we can say the increase in benefits has by definition increased the numbers potentially eligible in the last few years and that more of the eligible are receiving welfare . . . the increase in openings is almost entirely due to the increase in acceptance rates."<sup>71</sup>

David Gordon, on the other hand, uses somewhat different income projections to show that the pool of eligibles had grown tremendously and the acceptance rate had remained the same.<sup>72</sup> Durbin's position

seems more defensible, but there is real difficulty in obtaining reliable statistics on who is poor enough to qualify for welfare.

Studies by Martin and Mildred Rein conclude that increased benefits are the most likely cause of AFDC expansion. The latter notes, however, that there is no data to indicate whether or not a growing portion of a constant number have simply stopped working.<sup>73</sup>

There exist surprisingly few statistical studies of the welfare crisis. These few reach inconclusive results. Finding "significant relationships between dependent and determining variables" for other public assistance programs, Lora S. Collins notes their absence in AFDC, which "suggest the possibility that the states' control over eligibility and standards, coupled with their diverse social structures and attitudes, result in AFDC expenditures being determined in large degree by non-quantifiable factors."<sup>74</sup>

Gilbert Steiner cites a study by Glenn Fischer which attempts to use regression analysis to relate the socioeconomic conditions in each state to the expenditure increase for various programs and finding that "the least satisfactory results provided by this method occur in the welfare field".<sup>75</sup>

The most comprehensive explanation of the welfare explosion is offered by Frances Piven and Richard Cloward in the influential book, Regulating the Poor.

In summary, modernization, migration, urban unemployment, the breakup of families, rising grant levels, and other factors contributed to a growing pool of 'eligible' families in the 1950's and 1960's. Nevertheless, the relief rolls did not rise until the 1960's. And when they did, it was largely as a result of governmental programs designed to moderate widespread political unrest among the black poor. One consequence of these programs was that the poor were suddenly stimulated to apply for relief in unprecedented numbers (except in the South);

another consequence was that welfare officials were suddenly stimulated to approve applications in unprecedented numbers. The result was the relief explosion of the late 1960's.<sup>76</sup>

Their contentions are simply not supported by their own figures.

TABLE 1-2

## NUMBER OF AFDC APPLICATIONS RECEIVED AND APPROVED, 1960-1968

Region	1960	1961	1962	1963	1964	1965	1966	1967	1968
National									
Received (000)	588	751	746	788	853	858	902	998	1088
Approved (%)	55	60	60	56	61	62	64	68	70
Northeast									
Received (000)	159	231	239	254	249	246	252	294	329
Approved (%)	63	67	66	67	67	67	70	75	79
N. Central									
Received (000)	107	142	137	135	155	146	145	144	162
Approved (%)	60	62	66	60	67	67	67	67	70
West									
Received (000)	114	133	134	156	206	223	261	306	349
Approved (%)	57	56	57	55	66	67	67	67	70
South									
Received (000)	210	245	237	244	243	242	244	254	248
Approved (%)	49	50	50	49	50	50	51	60	65

SOURCE: Piven and Cloward, Appendix.

The most significant increases in applications nation-wide occurred in 1960-61 and 1963-64, well before the urban riots. Applications increased 45% from 1960 to 1964 and only 27% from 1964 to 1968. Approval rates did go up more in the late 1960's, but not nearly as dramatically as the authors imply. Only in the northeast and the south did they increase sharply--and the south, with the greatest increase in approval rates, was least affected by riots. Piven and Cloward

attribute this to NWRO agitation and government legal services, again without much substantiation.

There was also no particularly large increase in the percentage of blacks on welfare--Indiana, Michigan, California, and Illinois registered either no change or a decline in the percentage of their case-loads which was black in the period 1961-1967.<sup>77</sup> It should also be noted that the most significant increases in the welfare rolls took place under the Nixon Administration in 1969 and 1970. Although welfare rights organizers and the Office of Economic Opportunity may have stimulated more welfare applications, at best this conclusion is an educated guess, as an HEW report cited by the authors duly notes: "A statistically significant relation did exist between Community Action Program expenditures and the AFDC poor rate . . . Although there is no direct evidence, CAP programs may have helped the poor understand their rights . . . and may have lowered the amount of personal stigma recipients felt."<sup>78</sup>

The argument of the authors that welfare is historically a means of social control will be dealt with in a later chapter. In any case, their attempt to apply this to the welfare explosion of the 1960's does not seem to be justified.

Although Daniel Moynihan never offers a detailed explanation of the welfare increase in his Politics of a Guaranteed Income, he implies that increased "dependency" was the source. This argument, too, must be dealt with later. For now, it can only be said that the concept is too vaguely defined in his book to serve as a concrete explanation.

This study cannot establish a definitive explanation for the

welfare explosion. The more important question is the response of the government to that explosion. The assumption here is that the expansion of AFDC cannot be demonstrated to be a new and deliberate policy response to poverty. It was, rather, the logical culmination of a situation which had been allowed to develop for two decades.

ADC had been transformed in the early fifties into a program of subsidy for mothers in the low-wage labor force. It had not been planned that way, but as widows came under OASDI, ADC was open to use by other female-headed families in poverty. This group had always been sizable and relatively stable in number: in 1959, 10.4 million people lived in poor female-headed families; in 1974, the number was 11.8 million.<sup>79</sup> The most likely explanation for the massive growth in welfare is that this group of people, in the more liberal climate of the Kennedy-Johnson years, began to see welfare as a way out of the problems arising from low wages and sporadic employment. The government did not have to deliberately encourage this response. The possibility was always there; it simply took time for potential eligibles to realize it. The argument being made here is that the government was caught by surprise as the poor flocked to a program that by accident had been left open to them. Certainly the so-called "War on Poverty" made recourse to welfare more socially acceptable, but there is no basis for arguing that the Johnson Administration--much less the Nixon Administration--wanted eleven million people on AFDC as a measure of social control. The WIN program of 1967, the Family Assistance Plan of 1969, and the administrative crackdowns on welfare after 1972 were responses to an unexpected turn of events, not reversals of policy related to fear of riots or to changes in the labor supply.

The structure of the labor market, however, is indeed crucial for an understanding of welfare policy. It is from this perspective that both the expansion of AFDC in the sixties and the subsequent policy proposals can be understood. Before this case can be made, however, there has to be a clear understanding of how the welfare program works.

AFDC is a grant-in-aid program designed

. . . for the purpose of encouraging the care of dependent children in their own homes or in the homes of relatives by enabling each state to furnish financial assistance and rehabilitation and other services, as far as practicable under the conditions in such state, to needy dependent children and the parents or relatives with whom they are living.<sup>80</sup>

A dependent child is one "who has been deprived of parental support by reason of the death, continued absence from the home, or physical or mental incapacity of the parent," or one "deprived of parental support by reason of the unemployment of his father", who is living with a relative in that relative's home.<sup>81</sup>

In exchange for compliance with a number of standards, the federal government funds state-developed programs five-sixths of the first \$18 and 50-65% of the next \$14 (depending on the state's per capita income) for each recipient each month. Thus, around \$90 of a state grant of \$128 to a family of four will come from federal funds. This has meant a federal share of 50-60% of nationwide AFDC costs since the 1950's, with considerable variation from state to state; high benefit states must pay the extra on their own.

State AFDC laws must provide for, among other things, appropriate administration of the program, fair hearings for those denied benefits, safeguards against disclosure of information on recipients,

and notification of law enforcement officials in cases of desertion. The state may set standards for a suitable home, but must provide alternate means of support for children deprived of benefits under such a provision. Certain kinds of residency requirements are forbidden, but the whole issue has been in confusion since the Shapiro vs. Thompson decision by the Supreme Court in 1969, outlawing any such requirements. The decision has as yet had only a limited effect.

Since Congress in 1935 turned down Administration requests for federal minimum benefit standards, the states have had a free hand in calculating grants to families except that they must take into consideration the financial resources of any individual living in the home "whose needs the State determines should be considered in determining the needs of the child".<sup>82</sup>

As a result of the 1967 work incentive amendments, earnings of \$30 plus one-third of monthly income above that amount must be disregarded in computing benefits, after eligibility has been established, as well as all earnings of a recipient who is a full or part-time student. Work expenses are to be deducted as well. As a part of the incentive program, known as WIN, "each appropriate child and relative" over sixteen and all others "whose needs are taken into account" must be referred to the Department of Labor for job placement or training unless he or she is ill, studying full-time, caring for a disabled family member, or caring for a child under six. Provisions are also made for the funding of certain social services.

AFDC is thus a program for which fifty states plus the District of Columbia, Puerto Rico, Guam, and the Virgin Islands are free to develop, administer, and set standards pretty much as they please.

Decentralization of this kind has produced a wide range of eligibility standards and benefit levels.

Each state develops a standard of need, decides what proportion to subsidize, and to whom it will offer this subsidy, while ataying within federal regulations. As pointed out earlier, most federal pressure during the forty year history of the program has been aimed at curbing "political" use of welfare money and administrative positions, the protection of records confidentiality, and remedying abuses of NOLEO and suitable home provisions. Eligibility and benefit distribution are state matters.

Federal regulations limit eligibility to children under 18 and full-time students under 21. Forty-two states have opted to include the latter. Under AFDC-UP, an unemployed father's family may be eligible if he has been unemployed more than thirty days, works less than 100 hours per month, and collects no unemployment insurance. In 1971, 23 states had such programs.

There are half a dozen methods of calculating benefits that are used by the states. All start by establishing a "full standard of need", the monthly amount of income below which a family is deemed eligible for AFDC. For a family of four in 1974, this standard ranged from \$184 in North Carolina to \$456 in Wisconsin. The median was Maryland's \$316.

The actual benefit paid depends on the state's method of calculation. In 1974, thirty-six states had a payment standard equal to the full standard; fourteen others established a payment standard below the full standard. Countable income was subtracted from one of these figures to reach a benefit payment level. Seventeen states used this method but established an arbitrary maximum. Most states divided payments between

rent and other needs. A number of different methods were used in making up the difference between income and either the payment standard or the full standard. The outcome of this confusion was that nineteen states paid a maximum equivalent to the full standard, ranging from North Carolina's \$184 to Michigan's \$400. As of 1974, there was only one state--Wisconsin--with a full standard above the poverty level; no state had an actual payment at that level. Absolute maximum payments ranged from \$60 in Mississippi (out of a \$277 standard) to \$403 in Wisconsin (out of a \$456 standard).<sup>83</sup>

More to the point, a family of four with a \$100 countable income monthly (that is, after deduction of "\$30 + 1/3" and work expenses) would in 1972 have received an AFDC payment of \$213 in Pennsylvania, \$160 in Wyoming, \$130 in Missouri, \$112 in Delaware, \$100 in Maryland, and \$60 in Mississippi.<sup>84</sup>

In those states which have seen fit to decentralize administration and benefit determination, the inequities occur between localities as well. In Louisiana, an AFDC mother with three children would in 1972 have received a yearly benefit of \$1752 in New Orleans, \$1872 in Flaquemine, and \$2000 in Abbeville. In Bessemer, Michigan, she would receive \$3588; in Ann Arbor, \$4332. In New York City, the payment would be \$3996; she would receive \$150 more in Albany and \$500 less in Buffalo. If she lived on Long Island, Mineola would give her \$4656, \$60 more than Riverhead.<sup>85</sup>

All but Alaska and Arizona have medicaid programs for which AFDC recipients are eligible. Together with food stamps, public housing, and other kinds of benefits available in different amounts in different

parts of the country, the pattern of welfare benefits in the United States has become a hodgepodge of inadequacy, arbitrariness, and incoherence.

The absurd fragmentation of the program has produced an improvised, disconnected program, the outcome of more than fifty sets of policy decisions made within loosely set federal guidelines. The lack of any systematic objectives or established priorities is perhaps more apparent in AFDC than in almost any other federal program. Since the states determine eligibility, the federal government is committed to the funding of an open-ended program over which it has only nominal control. The structure of the program makes the states accountable only administratively rather than financially. As the states respond to whatever pressure there is to expand or reduce benefits, the federal government must pay out accordingly.

There is little point in reviewing the tremendous attacks which AFDC has come under in the last fifteen years. The program is not designed to satisfy anyone: the recipients receive inadequate benefits accompanied by official harrassment; state and local governments bear the political burden of setting standards; the federal government pays billions for a program which it does not control. There is nothing in AFDC for anyone, and no one has a good word for the program. The inability of the political system to develop a replacement for it thus requires an explanation. The field of political science has produced surprisingly few, and none of convincing accuracy. The following chapter will examine what these explanations are.

NOTES

<sup>1</sup>Blanche D. Coll, Perspectives on Public Welfare (Washington: Dept. of Health, Education, and Welfare, 1969), p. 3.

<sup>2</sup>Ibid., p. 4.

<sup>3</sup>Samuel Mencher, From Poor Law to Poverty Program (Pittsburgh: University of Pittsburgh, 1967), p. 11.

<sup>4</sup>June Axinn and Herman Levin, Social Welfare (New York: Harper and Row, 1975), p. 10.

<sup>5</sup>Sidney Lens, Poverty: America's Enduring Paradox (New York: Crowell, 1971), p. 18.

<sup>6</sup>Richard B. Morris, "A Bicentennial Look at the Early Days of American Labor," Monthly Labor Review 99 (May 1976): 21.

<sup>7</sup>Richard Hofstadter, America at 1750 (New York: Vintage, 1973), p. 33.

<sup>8</sup>Axinn and Levin, p. 11.

<sup>9</sup>Marcus W. Jernegan, "The Development of Poor Relief in Colonial New England," Social Service Review 5 (June 1931): 183.

<sup>10</sup>Lens, p. 38.

<sup>11</sup>Axinn and Levin, p. 14.

<sup>12</sup>Mencher, p. 4.

<sup>13</sup>Edward Pessen, "Labor from the Revolution to the Civil War," Monthly Labor Review, 99 (June 1976): 19.

<sup>14</sup>"Report of the Commission on the Pauper Laws of this Commonwealth," Massachusetts, 1821, p. 5, in Poverty, U.S.A., ed. David J. Rothman (New York: Arno Press, 1971).

<sup>15</sup>"Report of the Secretary of State of New York in 1824 on the Relief and Settlement of the Poor," p. 956, Ibid.

<sup>16</sup>"Report of the Committee Appointed by the Board of Guardians of the Poor in the City and Districts of Philadelphia to Visit the Cities of New York, Providence, and Salem, 1827," Ibid.

- <sup>17</sup>Ibid., p. 31.
- <sup>18</sup>Axinn and Levin, pp. 40-41.
- <sup>19</sup>Coll, p. 25.
- <sup>20</sup>Martha Branscombe, The Courts and the Poor Laws in New York State, 1784-1929 (Chicago: University of Chicago, 1943), p. 43.
- <sup>21</sup>Axinn and Levin, p. 42.
- <sup>22</sup>Coll, p. 31.
- <sup>23</sup>David Montgomery, "American Labor, 1865-1902: The Early Industrial Era," Monthly Labor Review 99 (July 1976), p. 12.
- <sup>24</sup>Lens, pp. 105-106.
- <sup>25</sup>Mencher, p. 292.
- <sup>26</sup>Coll, p. 37.
- <sup>27</sup>Ibid., p. 44.
- <sup>28</sup>Mencher, p. 292.
- <sup>29</sup>Walter J. Trattner, From Poor Law to Welfare State (New York: Free Press, 1974), p. 1.
- <sup>30</sup>Conference on the Care of Dependent Children, Proceedings (Washington: U. S. Government Printing Office, 1909), p. 9.
- <sup>31</sup>Coll, p. 76.
- <sup>32</sup>Roy Lubove, The Struggle for Social Security (Cambridge: Harvard University, 1968), p. 103.
- <sup>33</sup>Grace Abbott, The Child and the State, 2 vols. (Chicago: University of Chicago, 1938), 2:232.
- <sup>34</sup>Winifred Bell, Aid to Dependent Children (New York: Columbia, 1965), p. 18.

<sup>35</sup>Mark Leff, "Consensus for Reform: The Mothers Pension Movement in the Progressive Era," Social Service Review 47 (September 1973): 412.

<sup>36</sup>Coll, p. 79.

<sup>37</sup>Bell, p. 14.

<sup>38</sup>Grace Abbott, "Recent Trends in Mothers Aid," Social Service Review 8 (June 1934): 201.

<sup>39</sup>Abbott, Child and State, 2:237.

<sup>40</sup>Bell, p. 14.

<sup>41</sup>Leff, p. 402.

<sup>42</sup>Bell, p. 9.

<sup>43</sup>Ibid., p. 13.

<sup>44</sup>"Mothers Aid Laws," Monthly Labor Review 29 (October 1929): 87-89.

<sup>45</sup>Leff, p. 397.

<sup>46</sup>Bell, p. 4.

<sup>47</sup>Lubove, p. 107.

<sup>48</sup>Abbott, Child and State, 2: 229.

<sup>49</sup>Ada J. Davis, "The Evolution of the Institution of Mothers' Pensions in the United States," American Journal of Sociology 25 (January 1930): 581.

<sup>50</sup>Arthur J. Altmeyer, The Formative Years of Social Security (Madison: University of Wisconsin, 1963), p. 3.

<sup>51</sup>Ibid., p. 11.

<sup>52</sup>Edwin Witte, The Development of the Social Security Act (Madison: University of Wisconsin, 1963), p. 18.

<sup>53</sup>Altmeyer, p. 16.

- <sup>54</sup>Committee on Economic Security, Report, 1935, p. 36.
- <sup>55</sup>Wilbur Cohen, "Factors Influencing the Content of Public Welfare Legislation," Social Work Forum 1954, p. 204.
- <sup>56</sup>Paul Douglas, Social Security in the United States (New York: McGraw-Hill, 1936), p. 85.
- <sup>57</sup>U. S. House, Committee on Ways and Means, and U. S. Senate, Committee on Finance, Hearings on the Economic Security Act, HR 4120, 74th Congress, 1st Session, 1935.
- <sup>58</sup>Cohen, p. 206.
- <sup>59</sup>Witte, p. 164.
- <sup>60</sup>Charles McKinley and Robert Frase, Launching Social Security (Madison: University of Wisconsin, 1970), p. 180.
- <sup>61</sup>Ibid., p. 479.
- <sup>62</sup>Gilbert Steiner, Social Insecurity (Chicago: Rand McNally, 1966), p. 21.
- <sup>63</sup>Abraham M. Niessen, "OASI and Its Relation to the State Assistance Plans," Social Service Review, 26 (September 1952): 320.
- <sup>64</sup>Arthur Altmeyer, "Social Welfare Today," Social Security Bulletin 15 (April, 1952): 4.
- <sup>65</sup>U. S., Bureau of Public Assistance, "ADC in a Postwar Year," Public Assistance Report #17, June, 1950, p. 25.
- <sup>66</sup>Steiner, p. 116.
- <sup>67</sup>Bell, p. 72.
- <sup>68</sup>Ibid., p. 126.
- <sup>69</sup>Ellen J. Perkins, "AFDC in Review, 1935-1962," Welfare in Review 1 (November 1963): 1-11.
- <sup>70</sup>U. S., House, Committee on Ways and Means, Report of Findings of Special Review of AFDC in New York City, 91st Congress, 1st Session, Sept. 24, 1969, p. 84.

<sup>71</sup>Elizabeth Durbin, Welfare Income and Employment (New York: Praeger, 1969), p. 61.

<sup>72</sup>David M. Gordon, "Income and Welfare in New York City," Public Interest 16 (Summer 1969): 64-88.

<sup>73</sup>Mildred Rein, "Determinants of the Work-Welfare Choice in AFDC," Social Service Review 5 (December 1972), p. 545.

<sup>74</sup>Lora S. Collins, "Public Assistance Expenditures in the U. S.," in Studies in the Economics of Income Maintenance, ed. Otto Eckstein (Washington: Brookings, 1967), p. 170.

<sup>75</sup>Steiner, p. 30.

<sup>76</sup>Frances Piven and Richard Cloward, Regulating the Poor (New York: Vintage, 1971), pp. 337-338.

<sup>77</sup>Ibid., Appendix.

<sup>78</sup>Ibid., p. 289.

<sup>79</sup>U. S., Department of Commerce, Statistical Abstract of the United States, 1975, p. 399.

<sup>80</sup>U. S., House, Compilation of the Social Security Laws, 93rd Congress, 1st Session, 1973, p. 191.

<sup>81</sup>Ibid., p. 205.

<sup>82</sup>Ibid., p. 192.

<sup>83</sup>U. S., Dept. of Health, Education, and Welfare, National Center for Social Statistics, Program Facts, 1974.

<sup>84</sup>U. S., Congress, Joint Economic Committee, Studies in Public Welfare, Paper No. 2: Handbook of Income Transfer Programs, 92nd Congress, 2nd Session, Oct. 16, 1972.

<sup>85</sup>Joint Economic Committee, Studies in Public Welfare, Paper No. 15: Welfare in the 70's--A National Study of Benefits Available in 100 Local Areas, 93rd Congress, 2nd Session, July 22, 1974.

## CHAPTER TWO

### WELFARE POLICY ANALYSIS: A CRITIQUE

Pluralism is the dominant theoretical framework in the study of American politics, as it is for the field of policy analysis. What little study there is of welfare policy is no exception.

There are about half a dozen major books on welfare policy in America, the most widely known being Piven and Cloward's Regulating the Poor and Daniel Moynihan's The Politics of a Guaranteed Income. Gilbert Steiner has written two volumes, Social Insecurity and The State of Welfare. M. Kenneth Bowler has done a study of HR 1 entitled The Nixon Guaranteed Income Proposal.

There is a larger number of less elaborate studies, including those of Henry Aaron, Sar Levitan, and a series of monographs from the Institute for Research in Poverty, located at the University of Wisconsin. Journal articles on the politics of welfare are few and far between. All these studies essentially rest on pluralist assumptions.

Pluralism is an ideology and a set of related methodologies. A clear definition is necessary to evaluate its impact on welfare policy analysis.

Pluralist ideology states that political power in the United States is diffused among a multiplicity of groups or elites of groups, an arrangement which pluralists feel is well-suited for American society.

Arnold Rose, who emphasizes the importance of elites within a

pluralist system, describes the "power structure" in America as "highly complex and diversified". The political system is "more or less democratic", and "in political processes the political elite is ascendant over and not subordinate to the economic elite. . . . The political elite influences or controls the economic elite at least as much as the economic elite controls the political elite."<sup>1</sup>

Robert Dahl, discarding the term "pluralism" although not the concept, describes the United States as one of the thirty "fully inclusive polyarchies" in the world, "a mixture of elite rule and democracy" guided by institutional and procedural guarantees facilitating the public's right to participation in the political system. "These systems are not democracies in the ideal sense," says Dahl, "yet they contain democratic components. Nor are they dominated by a united elite, yet elites and leaders play powerful parts."<sup>2</sup> Dahl acknowledges considerable political inequality related to "differences in social and economic status", but argues that this does not necessarily preclude any group from achieving its policy goals: "In polyarchies, the political institutions are intended to disperse influence widely."<sup>3</sup>

David Truman espoused a less critical view of pluralism twenty-five years ago, and in contrast to Rose, de-emphasized the role of elites. According to Truman, "At least on the American scene there are significant differences between economic and political power. . . . In the United States the relationships producing political power depend on eliciting consent from a heterogenous mass of people--not an aggregation of individuals, but . . . an overlapping congeries of groups, organized and potential."<sup>4</sup>

Thus pluralist theorists have differed among themselves on such

issues as the importance of elites and the relationship between economic and political power. What they share, however, is a rejection of social class as a major factor in American political conflict. The result, in Ralph Miliband's words,

. . . is to exclude, by definition, the notion that the state might be a rather special institution, whose main purpose is to defend the predominance in society of a particular class. There are, in Western societies, [according to pluralists] no such predominant classes, interests, or groups. There are only competing blocs of interests, whose competition, which is sanctioned and guaranteed by the state itself, ensures that power is diffused and balanced, and that no particular interest is able to weigh too heavily upon the state.<sup>5</sup>

One of the crucial differences between Marxist and pluralist power analyses is therefore in their respective concepts of the purpose of the state. In the pluralist scheme of things, government is ideologically neutral, acting to resolve conflicts among groups according to established "rules of the game", in line with officials' power interests and relationships, their role perceptions, and constituency interests. Government has no prior commitment to any group or set of groups, and no group in society is capable of demanding such a commitment.

Marxists view the state as an instrument of the dominant class. Under capitalism, the state serves the interests of those who own and control the means of production. This does not necessarily mean a "monolithic" or conspiratorial ruling class without any intra-class conflict. It does mean that the state has an interest in preserving the hegemony of the dominant class over the rest of society, and attempts to impose it with varying degrees of success.

Each ideology has its normative and prescriptive aspects, related to its analysis of political life. According to Darryl Baskin,

At the heart of prescriptive pluralism or pluralist ideology is the desire to fashion institutional arrangements capable

of insulating individual liberty against both the power of the state and the tendency to inclusiveness inherent in many groups. . . . Order and 'justice' are made to depend on community institutions that by design can function successfully only by mobilizing and balancing what divides men rather than what unites them, i. e. private interests instead of public sentiments.<sup>6</sup>

Most pluralists accept their analysis of power in America both empirically and normatively. Even, Dahl, who states that "inequalities in political resources are at the root of many of the most serious problems of the American polyarchy", tends to see flaws in the system as unsolvable:

There is a self-fulfilling prophecy about political influence: political weakness leads to continued political weakness, and strength to continued strength. Where a long history of inequality creates a group with few resources--wealth, income, status, education, official position--the prospects of successful political action are so meager that incentives to act politically are low: as a consequence, political skills are not acquired. So the cycle tends to be perpetuated.<sup>7</sup>

Even at its worst, then, the system is self-sustaining. The pluralist view of American politics also sees an underlying consensus on basic democratic values, at least among those active in politics. Says Dahl, "Political conflicts and disagreements in the United States do not ordinarily polarize Americans into two highly antagonistic camps. Nor are Americans fragmented into numerous groups too hostile to act in concert. . . . The prevailing democratic ideology tends to unite, not divide Americans."<sup>8</sup> Much existing research in voting and political participation concludes that potentially "anti-democratic" ideas are prevalent largely among non-participants, whose lack of involvement helps maintain the prevailing consensus.

It is not surprising, then, that radical change is considered something of an anomaly in pluralist analysis, and sharp conflict is difficult to explain.

Pluralist policy research is thus based on an analysis of power in America which rejects the notion that government devises and attempts to impose policies based on a particular class or ideological interest. The existing power structure is considered appropriate for American society, notwithstanding its inequities, especially since most Americans share the values that underlie the structure. This point of view shifts the focus of policy analysis away from the nature of the social structure and the economic system. If the working of the society itself is not at issue, there will follow naturally a tendency to examine individual political issues in isolation from broad economic and sociological contexts. The variables chosen for analysis will exclude the fundamental political, economic, and social institutions, or else such variables as "political system" or "social class" will be defined very narrowly.

There will also be a tendency to examine issues separately, without a close look at their interrelationships, because power and influence are considered to be diffused. In the pluralist view, individual issues are in a certain sense the "property" of individual groups; each is concerned only with its own particular policy area. If there is no overarching interest among private interest groups or between those groups and the government, each policy decision becomes something of a special case. This leads to a highly compartmentalized view of American politics.

Such limitations are compounded by the use of "behavioralist" techniques, which emphasize quantification as the highest standard of scientific research.

Methodologies based on pluralist ideology which find expression

in research on welfare are systems analysis, rationalist, incrementalist, and group theory. These approaches are practicable only within the fundamental assumptions of pluralism, and proceed on the basis of those assumptions.

In the language of systems analysis, public policy is the product of the "political system" responding to the demands and supports ("inputs") of competing groups. The system makes policy decisions ("outputs") which in turn produce a new political environment and further inputs. Welfare policy should then be explainable in terms of the "authoritative allocation of values" made in response to public pressure and in relation to certain socioeconomic variables.

Thomas R. Dye has elaborated on the application of this method to welfare policy. The focus is placed on the individual differences among states in welfare benefits. These are accounted for by correlation with a number of "political variables": state economic development, urbanization, median income, party competition, and even malapportionment.<sup>9</sup>

This methodology was used by Cnudde and McCrone, who attempt to account for welfare policy variations in terms of state party competition.<sup>10</sup> A more elaborate example is the study by Asher and Van Meter in which six welfare policy variables are correlated with five "socio-economic" and three "political" variables (such as the "Adapted Ranney Measure of Interparty Competition, 1956-1964"). The results are admittedly, and not surprisingly, inconclusive.<sup>11</sup>

Dye has recently been critical of what he calls the professional and ideological "myopia" of many policy analysts in limiting themselves to the analysis of governmental institutions and accepting a priori that pluralist democratic systems are more responsive than other systems.

Methodologically, however, he is still attached to systems techniques such as path analysis, which he finds particularly useful in the "sorting out of significant causal sequences" in state welfare spending policy. He cites approvingly the use of this technique by Gary Tompkins to clarify the relationship between state economic development and welfare outlays.<sup>12</sup>

This kind of approach still omits a great number of important socio-economic and political variables which are not easily quantified. By simply matching dollar welfare outlays with quantifiable variables, no real understanding is possible of the relation between political decision-making and the social and economic structure. The welfare system is not represented simply by the amount of money spent on it.

Even on its own terms, systems methodology is open to strong criticism. For one thing, there is no discussion of what goes on within the political system to "process" the inputs:

[Dye's approach] tells us nothing about what happens inside the so-called 'black box' of the political system. We know quite well that some policy proposals are passed and do become policy as the model suggests. But many more never emerge from the political system in the form of policy, and many others become policy in a form quite different from their original . . . What must be done is to question clearly what happens to inputs on their way to becoming outputs, why some make it and others do not, and why some are substantially changed while others are simply ratified by the governmental institutions.<sup>13</sup>

Robert Salisbury explains the neglect of the "black box" by pointing to research by Dye and others in which "political variables" such as party competition and interest group demand patterns "made little difference to output"; therefore, "analysis of the 'black box' will yield little of interest respecting outputs or policies."<sup>14</sup> This is a self-defeating argument, further weakened by a narrow use of the word "political" and a conception of policy output as being that which

is quantifiable. The result here is that politics is replaced by what Christian Bay has called "pseudopolitics" and analysis of public policy remains fixed on the more trivial aspects of spending variations. Larger questions of the origins of policy directions and their relation to the social and economic system are not even asked, much less answered.

In Understanding Public Policy, Dye shifts to "rationalist" theory in analyzing welfare policy. This approach measures policy against a rational ideal of "net value achievement", which requires a satisfactory matching of tradeoffs toward a goal of benefit maximization for all concerned. This concept is normative as well as empirical-- it is a goal for policy-makers as well as a way of evaluating policy decisions. In a chapter entitled "The Limits of Rationality", Dye offers no specific explanation of welfare policy other than to point out the "unintended consequences" of the Social Security Act. AFDC is therefore an example of "irrational" policy making, as is the poverty program.<sup>15</sup> John C. Donovan, in The Politics of Poverty, adopts the same approach and reaches similar conclusions: Lyndon Johnson, the consummate politician, did not understand the politics of his own programs and could not foresee the impending disasters.<sup>16</sup>

Why "rationality" should evaporate in the face of issues of welfare and poverty is never adequately explained. The rationalist approach apparently cannot explain the politics of the distribution of wealth, and welfare is thus relegated outside the limits of scientific analysis.

An approach related to rationalist theory is one which attributes flaws in welfare policy to mistaken perceptions. Leonard Goodwin authored a study entitled Do the Poor Want to Work? The answer is affirmative, in contradiction to what he sees as the dominant "conservative"

view of poverty. This insistence on seeing the poor as lazy and dependent is a case of false perception; it is the task of social science research to alter such views.<sup>17</sup> This liberal-conservative categorization is perhaps too simplistic. Moreover, it still leaves unanswered the question of why certain individuals persist in "misperceiving" the issue. The implication of this approach is that with the right information, policy-makers will abandon their groundless prejudices. This surely underestimates the power of ideology in shaping an individual's perceptions of the world and of politics.

Henry J. Aaron has addressed himself to the question of welfare policy development in his study Why is Welfare So Hard to Reform?, written in 1973. Although at the outset he states that "the most basic reason . . . is that welfare recipients are politically unpopular and weak,"<sup>18</sup> he emphasizes the technical problems in reconciling different policy objectives within one welfare program.

One of the major inequities in AFDC is what has been called the "notch problem". As an AFDC recipient increases his or her earnings from work, benefits are reduced by a varying amount, depending on federal and state regulations. At a certain point, however, there may be an additional loss of medicaid, public housing, or food stamps if income from work goes high enough. Thus, a one dollar increase in income at a certain point may result in the loss of hundreds of dollars of welfare benefits--creating a "notch" in total income from all sources. This implicit marginal tax rate on each dollar may go high enough to act as a work disincentive. Thus welfare may end up paying better than work.

Welfare reform must therefore integrate all existing programs into one which provides an adequate support level at relatively low

cost and which consistently rewards work. Aaron, after examining recent reform proposals, states that "no such plan exists or can be devised; these objectives are mutually inconsistent."<sup>19</sup>

Similar conclusions are reached by the Institute for Research In Poverty:

While there is general agreement on a list of system goals, these goals are, by their nature, somewhat inconsistent. Thus, what is now viewed as a problem, or a damning program or system feature, happened to some extent as the inevitable result of coming down on one side or another of an unpleasant but necessary trade-off. . . . The goals of target efficiency, positive work incentive, and vertical equity are not mutually consistent.<sup>20</sup>

Sar Levitan and Martin Rein come to the same answer: "There is a persistent and unresolvable conflict, inherent in the structure of the scheme, between the three principles of encouraging work incentives through lower tax rates, reducing poverty by assuring adequate minimum levels of assistance, and maintaining reasonable costs."<sup>21</sup>

These analyses are examples of rationalist theory: policy development should and does follow the course of benefit maximization through a balance of tradeoffs. The problem with welfare, accordingly, is that no such reasonable tradeoff is possible.

This is in a sense accurate, but only within its own frame of reference. There is no "general agreement on a list of system goals" for welfare policy even among policy-makers; there are instead a number of sharply conflicting interests. It is in the interest of the poor to get as much money as they can. It is in the interest of low-wage employers to maintain a large labor pool. It is in the interest of the government to maintain stability within the existing economic and political system at the lowest cost. Social workers want to keep their jobs. Big labor and big business want to maintain their leverage over wages

and productivity. These interests are all related to welfare policy and are indeed inconsistent to one extent or another.

The conflict among welfare policy objectives is not internal and logical, but political. Each goal listed is the objective of different interests. Goals are in conflict because interests are in conflict. Thus welfare reform may be hard to achieve not because of inherent inconsistencies in the proposals themselves, but because of the lack of consensus on which interests welfare reform should serve.

Incrementalism is also an approach derived from pluralism, and is based on the assumption of a continuing and self-sustaining system stability. Cavala and Wildavsky, writing in 1970, borrowed the framework of Charles Lindblom in examining the prospects of a guaranteed income: "The political process will continue to function in ways only incrementally different from its operation in the past." They concluded after a survey of Congressmen that "income by right is not feasible in the near future. The President will not support it and Congress would not pass it if he did."<sup>22</sup> As Moynihan rather gloatingly pointed out, "At the very moment Cavala and Wildavsky were interviewing Congressmen, a plan for a guaranteed income was being presented to the President of the United States. Five months later he proposed it. Nine months after that the House passed it."<sup>23</sup> Incrementalist theory loses its explanatory value when confronted by examples of radical change. The tendency is then to dismiss them as atypical or irrational.

The analysis of HR 1 by M. Kenneth Bowler is based on the incrementalist approach. Normally, says Bowler, policy-making is incremental, but FAP and HR 1 represent cases in which "a significant number of policy makers and especially the policy leaders within an institution. . .

have revised or replaced, temporarily or permanently, some of the perceptions, assumptions, and expectations they previously associated with the policy or problem under consideration." This happens under certain conditions:

1. If repeated attempts in the past to modify the policy or program in response to similar complaints have failed . . .
2. If some of the most salient consequences of the current program, or indicators of policy performance . . . are highly erratic and unpredictable. . . .
3. If it appears to decision makers that the distribution of costs and benefits . . . is flagrantly inequitable . . .
4. If recognized policy experts support radical innovation . . .
5. If influential individuals and groups support or appear amenable to drastic change.<sup>24</sup>

This begs the question of the criteria policy makers use to reach such conclusions, and what their political values are. For example, at what point do the costs of an existing policy become too high? Why do experts change their ideas? How did a radical innovation such as FAP get as far as it did? Bowler does not answer these questions, for he is limited by his theoretical framework and his methodology. Incrementalism assumes that policy changes will not be drastic and is hence at a loss to explain such changes when they occur.

Group theory sees public policy as a result of the competition among groups in society, including both private interest groups, actual and potential, and different sectors of government. The key variable is "access"--the ability of a group to have its demands heard and taken into account by the appropriate group of decision-makers. Groups will get their way depending on their political resources, including "access", and the nature of the competition. Some group theorists, such as Earl Latham, have accepted an equilibrium model: "What may be called public policy is the equilibrium reached in this struggle at any given moment,

and it represents a balance which the contending factions or groups constantly strive to weight in their favor."<sup>25</sup>

Applying group theory, welfare policy should be explainable in terms of the nature of the competition among groups in and out of government. Several studies, including Steiner's, fit into this framework.

Matthew Holden blames the welfare crisis on the social work profession: "Policy leadership has for many years been provided by a fairly small group of deans of social work schools, of federal administrative officials, of private persons playing entrepreneurial roles, and of state and local welfare commissioners." He points to the "recipients' lack of political capacity" as having been "particularly disadvantageous in recent years".<sup>26</sup>

It is not so clear that social workers have so thoroughly dominated welfare policy development. They do control the administration of the welfare program, and they do have a stake in the maintenance of a "service" approach, but they have not always gotten what they wanted. The 1962 amendments were a victory for the profession; the 1967 WIN program was a defeat. Nor was the social work profession's impact in the FAP fight especially significant.

Like Holden, Jon Van Til sees the inability of the poor to change the welfare system as a function of their lack of "access" to the group struggle, stemming from political "nondecisions", and their own inability to organize and form coalitions due to lack of political resources.<sup>27</sup> Charles Gilbert, examining the politics of the 1962 amendments, adopts a "non-decision" framework; he concludes that "the politics of income maintenance consist primarily in administrative movement conditioned by

amorphous public attitudes on the moral issues, rather than by direct self-interest."<sup>28</sup> The implication in all three articles is that if the group process were functioning properly, welfare would change. This of course assumes that government is a neutral decision-maker.

Gilbert Steiner of the Brookings Institution has written two major studies of the politics of welfare. Social Insecurity, published in 1965, argues that the lack of change in welfare policy is a result of the absence of innovative proposals due to obstacles built into the policy-making process and the lack of involved organized interest groups. The open-ended appropriations process for AFDC prevents Congressional committees from being forced into a thorough review of the program. Presidential leadership has been absent. Financial and administrative accountability has been separated, making a unified assault on the welfare crisis a difficult task.

Most important, however, is the lack of pressure group activity:

It would seem a fair guess that proposals for policy innovations in public assistance would come from the identifiable groups most directly involved in its operation. . . . For a variety of reasons, however, each of these groups has been less of an instrument of change than one of retaining the particulars of a program with which they all acknowledge dissent.<sup>29</sup>

The American Public Welfare Association has been primarily concerned with its share of federal grants for social services. The recipients--as of 1965--had no organization. The relevant Congressional committees had other priorities and no welfare staff. Welfare administrators, especially under Eisenhower, were preoccupied with day-to-day bureaucratic tasks.

Developments in the last decade have tested the validity of these arguments. Within a few years after the book appeared, the welfare explosion created a national issue. This, plus the expiration of the five-

year trial period of the 1962 reforms, forced Congress to deal with welfare in 1967, and resulted in the creation of the Work Incentive Program. The National Welfare Rights Organization was established. In 1969, President Nixon personally sponsored the Family Assistance Plan, and in 1972 the Joint Economic Committee began publishing a multi-volume study of the welfare system. In 1974, the Ford Administration made tentative moves in the direction of welfare reform. Thus many of Steiner's conditions for change have been satisfied--and ten years later, AFDC remains the same. The factors he cites may be necessary conditions for welfare reform, but they are apparently not sufficient.

Steiner's second book, The State of Welfare, was written in 1971, and there is an acknowledgement of some of these developments. His focus shifts, however, to the concept of "dependency":

New public relief policy should be based on frank recognition that neither full employment nor minimum wage legislation nor universal coverage under social insurance programs protects all persons against an absence of resources adequate to sustain life. It should be a relief policy most likely to meet the needs of a fraction of the population that may be dependent for as long as the first two decades of life and for whom neither social services nor work orientation is as important a consideration as money. . . . The negative income tax plan . . . frankly accepts the likelihood of a continuing dependent segment of the population. . . .

The present crisis in welfare is partly a consequence of the indecision of policy makers, of influential outsiders, and of recipients about what course to follow. The status quo will not do, yet the idea of a negative income tax that accepts honorable indefinite dependency comes hard to dependent and benefactor alike.<sup>30</sup>

All this, of course, is based on the implicit assumption, shared by Daniel Moynihan among others, that recipients are in some way inherently, even if "honorably" dependent. Like Moynihan, Steiner does not clarify his concept of dependency, although he is evidently talking about an individual psychological characteristic. It seems then that the barrier to reform, in Steiner's view, is an unwillingness by policy-makers to

accept subsidizing an economically useless portion of the population-- especially women "who are too little skilled or too little motivated or too child-oriented to be fitted into the labor force."<sup>31</sup>

Steiner thus accepts a priori a conception of welfare mothers as dependent and unemployable. Chapter three of this study will attempt to document an alternative view. Beyond this problem, however, Steiner's group theory approach imposes important limitations on his analysis.

In a 1974 article, Steiner claimed that welfare reform had actually been in part achieved: "It is also a mistake to conclude that failure to meet the stated goals of the various reform efforts means that there has been no welfare reform. Admitting more of the needy poor to the relief rolls, no matter how reluctantly, rather than keeping them off, no matter how ingeniously, is the quintessence of welfare reform."<sup>32</sup> Steiner's approach to an understanding of welfare politics is based on group theory. What was needed to reform AFDC was group pressure; insofar as the expansion of welfare in the sixties was a response to demands for additional income from the poor, the system has been reformed.

Steiner's definition of reform is inadequate because his theoretical framework will not accommodate a broader definition. More people may receive benefits today than ten years ago, but none of the structural inequities and inconsistencies have been remedied. "More money" is not in itself reform in any meaningful sense of the word. Steiner's approach to welfare policy analysis is one of defining positive achievement in terms of the limits of group theory and his rather patronizing view of the poor: if groups have made demands for money and there has been some response, it must be "reform" if that group has materially benefited. This does not go far in explaining the politics of welfare reform and

particularly the fate of the Family Assistance Plan.

The best-known study of the politics of welfare is Piven and Cloward's Regulating the Poor. The function of welfare, they state, varies between social control and regulation of the low-wage labor force. In times of economic prosperity it is administered restrictively to force low-wage work; in times of economic distress the government is forced by the threat of social disorder to expand its benefits.

Capitalism . . . relies primarily upon the mechanisms of a market--the promise of financial rewards or penalties--to motivate men and women to work and to hold them to their occupational tasks. . . . [but] during the economic downturns or depressions that have marked the advance of capitalism, the structure of market incentives simply collapses . . . . During periods of rapid modernization [e. g. 1940-1960] portions of the laboring population may be rendered obsolete . . . . market incentives do not collapse, they are simply not sufficient to compel people to abandon one way of living and working in favor of another.]]

Thus welfare breaches the gap and provides the control necessary to maintain the shape of the labor force.

It does not make sense to talk about the "collapse" or "insufficiency" of market incentives in relation to the work force as Piven and Cloward do. Economic cycles themselves are a means of shaping and disciplining a work force. Depressions reduce wages and place workers into sharp competition with each other for the few available jobs. Market incentives do not collapse or lessen their impact; their structure changes. It is the market itself which controls the labor force at all times, and those who control and regulate the market determine the availability, productivity, and cost of labor.

There is always a low-wage labor force in a capitalist economy. The question for the political and economic system would seem to be how large it needs to be and how much it will get. This question exists in

times of prosperity as well as depression.

The most important problem with their analysis is that their own evidence fails to support it, and often contradicts it. Ira M. Cutler makes an accurate and succinct critique:

The 1970's have thus far been a time of only minimal civil unrest . . . It would seem then, if Piven and Cloward really have a handle on the expansion/contraction cycle, that the time is right for a contraction. Yet caseloads in the AFDC category continue to grow . . . In my judgment, the expansion/contraction relief model is no longer valid. This model supposes it is necessary and desirable for the system to have as near a full work force as is possible. I maintain that this is no longer the case and that the addition of the millions currently unemployed and on welfare to the job seeking market would be disastrous and disruptive.<sup>34</sup>

Cutler goes on to cite a footnote in the Piven-Cloward book which rejects his idea. And in fact, the authors state that if this idea were indeed accurate,

the current relief explosion would come to have an entirely new meaning, for it would signify that a new means of allocating income in addition to the occupational role is required in advanced technological societies. A national minimum income --such as the \$1600 subsidy proposed by the Nixon Administration--might thus become the first step in that direction. But it should be made clear that the reforms proposed by the Nixon Administration are not intended to take people out of the labor market, but to force them back into it.<sup>35</sup>

This analysis of FAP is arguable at best. Piven and Cloward accept the rhetoric rather than the reality of FAP; as succeeding chapters will attempt to show, FAP was not really a work bill.

Chapter one contained an analysis of the authors' explanation of the welfare explosion of the 1960's, pointing out the faulty use of data. Even their review of the early history of welfare focusses on the lesser events in that history. The Elizabethan Poor Laws, the Reform Law of 1834 in England, two centuries of ups and downs in American welfare policy before 1933 are neglected in favor of far more obscure

occurrences. And their prime example, the sixties, provides no evidence for their hypothesis.

Piven and Cloward specifically refer to black protest as the source of welfare expansion in the sixties, thus further perpetuating the myth that welfare is a program for blacks. Eugene Durman, using their own figures, subjected their hypothesis to some statistical tests. He found no correlation between riots in major urban centers and welfare roll increases. He also found that blacks were a more significant factor in the rise of welfare caseloads in the fifties than the sixties. Durman concludes that their hypothesis makes no sense in terms of timing--poverty programs began before the riots, for one thing--and makes no sense politically, in terms of the needs of the Democratic party in the sixties.<sup>36</sup>

A certain confusion has been created by the Piven-Cloward thesis because it has been widely accepted as a "radical" or even "Marxist" analysis sympathetic to the cause of the poor.

If there is any theoretical framework which applies to their study, it is group theory. In equating the expansion of welfare with the level of social disorder, they apparently rule out the possibility of other responses to unrest. The government has always responded to all forms of protest with a combination of concessions, co-optation, and repression, depending on the particular circumstances.

Their proposed reform strategy--not included in their book--is to mob welfare centers and pack the rolls with new applicants to "overload" the system and force its restructure and expansion. The strategy only makes sense in terms of an acceptance of assumptions underlying group theory--that government is consistently prepared to

responding in affirmative fashion to organized group demands. Insofar as this strategy rests on their analysis of welfare policy, it would seem that Regulating the Poor is closer to pluralism than the title might imply.

Thus it seems there is not sufficient evidence in the book to substantiate the "pacification" function of welfare. It can be argued that all welfare programs serve to maintain social and economic stability in the long run, but there is no basis for claiming that the expansion of programs such as AFDC is specifically designed to curb protest, especially black protest.

This leaves the labor supply function. Piven and Cloward argue that relief arrangements during times of political quiescence are used to enforce low-wage work by contracting the welfare rolls. It is never made quite clear when the need for low-wage labor--requiring a welfare contraction--takes precedence over the need for pacification--requiring an expansion.

The contention of this dissertation is that welfare policy is designed to be consistent with the maintenance of an adequate low-wage labor supply. This is not, however, a periodic purpose, but a consistent purpose, even if it is not the only one at all times. Historically, changes in welfare policy are better explained with reference to variations in the labor market rather than variations in political unrest. Moreover, AFDC does not contract and expand to accomplish this goal; the structure of financial incentives within the program itself works to keep people within the low-wage labor pool (see the following chapter). Finally, the AFDC program is targeted specifically at that group which is the mainstay of that pool: female family heads of all races.

If there are changes in welfare policy, it may not necessarily be because the function of welfare has changed. It may be due to changes in the structure of the labor force--especially in terms of low-wage workers--which have facilitated or required alterations in that policy. If changes are blocked, it may be due to their potential impact on the low-wage labor supply.

Welfare may serve other purposes as well--social stability, economic stimulation, even humane considerations--but, I will argue, the key to an understanding of the development of welfare policy lies in its connection to low-wage work.

To even consider the possibility that government shapes public policy in the interests of employers, one must go beyond the limits of pluralist methodology. An analysis of welfare policy development thus requires a perspective which can take in broad social and economic variables and which examines the welfare system in a total social context. I am concluding at this point that pluralist analyses have failed to do this and have therefore not provided a comprehensive explanation of the politics of welfare reform.

An understanding of welfare requires a methodology willing to consider precisely those assumptions rejected by pluralists. This is not to say that pluralist assumptions are automatically invalid or that conflicting assumptions are to be automatically accepted. There must, however, be at least a willingness to consider the possibility that government may act consistently and consciously in the interests of a particular class or group. There is not always agreement on methods within that class, and in a liberal democracy there will often be active opposition from other classes or groups. Thus government cannot always

act decisively or always get exactly what it wants. Insofar as liberal "rules of the game" prevail, the government may have to respond to organized groups, but it is never neutral. It uses its power to defend the existing economic system and the prevailing distribution of wealth; it may be more or less effective at different times in achieving internal consensus on how to use that power.

An issue such as welfare must then be examined in terms of the possibility that the government has a class interest at stake. The explanation of a particular policy direction, such as AFDC or FAP, requires an examination of the whole complex issue of welfare. In turn, there must be an attempt to relate the larger issue to the broad social, historical, and economic context. This requires a "hunch" about which parts of that massive context are the crucial factors; this choice depends to some extent on assumptions about which interests government is committed to defending. This approach will lead to answers that may only be logically, rather than quantitatively conclusive. But it will certainly lead to asking the right questions.

The study of welfare undertaken here is therefore also a test of policy analysis based on a non-pluralist approach. It is the hypothesis of this study that welfare policy is designed to be consistent with private sector decisions on the structure of the low-wage labor force; any policy direction taken in contradiction or ignorance of this connection will fail. To lay a basis for defending this hypothesis, we must begin to examine the relationship between welfare and the labor force.

NOTES

- <sup>1</sup>Arnold Rose, The Power Structure, (New York: Oxford, 1967), p.492.
- <sup>2</sup>Robert Dahl, Democracy in the United States (Chicago: Rand McNally, 1976), p. 41.
- <sup>3</sup>Ibid., p. 449.
- <sup>4</sup>David Truman, The Governmental Process (New York: Knopf, 1964), p. 257.
- <sup>5</sup>Ralph Miliband, The State in Capitalist Society (New York: Basic, 1969), p. 3.
- <sup>6</sup>Darryl Baskin, "American Pluralism: Theory, Practice, Ideology," Journal of Politics 32 (February 1970): 81.
- <sup>7</sup>Dahl, p. 488.
- <sup>8</sup>Ibid., pp. 373-374.
- <sup>9</sup>Thomas R. Dye, Politics, Economics, and the Public (Chicago: Rand McNally, 1966), Ch. 5.
- <sup>10</sup>Charles F. Cnudde and Donald J. McCrone, "Party Competition and Welfare Policies in the American States," American Political Science Review 58 (September 1969): 858-866.
- <sup>11</sup>Herbert S. Asher and Donald S. Van Meter, Determinants of Public Welfare Policies: A Causal Approach (Beverly Hills, Calif.: Sage, 1973).
- <sup>12</sup>Thomas R. Dye, Policy Analysis (University, Ala.: University of Alabama, 1976), p. 90.
- <sup>13</sup>Stuart Rakoff and Guenther Schaefer, "Politics, Policy, and Political Science," Politics and Society 1 (November 1970): 57.
- <sup>14</sup>R. H. Salisbury, "The Analysis of Public Policy," in Austin Ranney, ed., Political Science and Public Policy (Chicago: Markham, 1968), p. 164.
- <sup>15</sup>Thomas R. Dye, Understanding Public Policy (Englewood Cliffs, N. J.: Prentice-Hall, 1972), Chapters 5 and 6.

- <sup>16</sup>John C. Donovan, The Politics of Poverty (New York: Pegasus, 1967)
- <sup>17</sup>Leonard Goodwin, Bridging the Gap Between Social Research and Public Policy: Welfare, A Case in Point (Washington: Brookings, 1973).
- <sup>18</sup>Henry J. Aaron, Why is Welfare So Hard to Reform? (Washington: Brookings, 1973), p. 2.
- <sup>19</sup>Ibid., p. 69.
- <sup>20</sup>Michael Barth, George Carcagno, and John Palmer, Toward an Effective Income Support System: Problems, Prospects, and Choices (Madison: Institute for Research in Poverty, 1974), p. 125.
- <sup>21</sup>Sar Levitan, Martin Rein, and David Marwick, Work and Welfare Go Together (Baltimore: Johns Hopkins, 1972), p. 122.
- <sup>22</sup>Bill Cavala and Aaron Wildavsky, "The Political Feasibility of Income by Right," Public Policy 18 (Spring 1970): 321-350.
- <sup>23</sup>Daniel Moynihan, The Politics of a Guaranteed Income (New York: Vintage, 1973), pp. 8-9.
- <sup>24</sup>M. Kenneth Bowler, The Nixon Guaranteed Income Proposal (Cambridge: Ballinger, 1974), pp. 168-170.
- <sup>25</sup>James E. Anderson, Public Policy-Making (New York: Praeger, 1975), p. 19.
- <sup>26</sup>Jon Van Til, "Becoming Participants: Dynamics of Access Among the Welfare Poor," Social Science Quarterly 54 (September 1973): 345-358.
- <sup>27</sup>Charles E. Gilbert, "Policy-Making in Public Welfare: The 1962 Amendments," Political Science Quarterly 81 (June 1966): 223.
- <sup>28</sup>Matthew Holden, Jr., The Politics of Poor Relief (Beverly Hills: Sage, 1973).
- <sup>29</sup>Gilbert Steiner, Social Insecurity (Chicago: Rand McNally, 1966), p. 148.
- <sup>30</sup>Gilbert Steiner, The State of Welfare (Washington: Brookings, 1971), pp. 34-35.
- <sup>31</sup>Ibid., p. 35.

<sup>32</sup>Gilbert Steiner, "Reform Follows Reality: The Growth of Welfare," Public Interest (Winter 1974): 48.

<sup>33</sup>Frances Fox Piven and Richard Cloward, Regulating the Poor (New York: Vintage, 1971), p. 5.

<sup>34</sup>Ira M. Cutler, "Regulating the Poor Revisited: Testing the Model Against the Reality of Events," Public Welfare 31 (Summer 1973): 33.

<sup>35</sup>Piven and Cloward, p. 346.

<sup>36</sup>Eugene Durman, "Have the Poor Been Regulated?" Social Service Review 47 (September 1973): 339-358.

## CHAPTER THREE

### WELFARE AND THE LABOR FORCE

It is being argued in this study that welfare policy is a governmental action which supplements and supports private sector decisions on the structure of the low-wage labor force. Welfare reforms devised in disregard of this connection will either fail as legislation because of opposition from economic interests dependent on low-wage labor or fail as policy because of their disruptive effect on the labor market.

This chapter will attempt first of all to demonstrate that the low-wage labor force and the AFDC recipients population overlap considerably, meaning that most welfare recipients work or have a history of work, usually at low wages, and that most of the remainder are at least capable and desirous of work. Thus the distinction between "working poor" and "welfare poor" is largely without foundation.

Secondly, it will be shown that AFDC significantly affects the structure of the low-wage labor force by helping to keep large numbers of people within it.

If this kind of relationship between work and welfare exists, welfare policy development is explainable in terms of how policy-makers deal with this reality. It is not being argued that welfare has been explicitly and consciously designed to maintain a low-wage work force. It is rather that policy-makers are constrained--whether they are aware of it or not--to devise welfare programs which are consistent with the

needs of American capitalism, one of which is an adequate low-wage work force. Some of those involved in welfare policy development are more conscious than others of these limitations. One must then focus on the perceptions of policy-makers only in terms of what can be deduced about the actual relationship of AFDC to the labor force.

If the two propositions above can be verified, then AFDC is in a certain sense a "rational" policy because it serves an important policy purpose, albeit quite inefficiently. Even if the program was not originally designed for that purpose, it is of sufficient usefulness to the economic system and to important economic interests to make reform somewhat less urgent and more difficult politically.

To demonstrate an overlap between welfare recipients and the low-wage work force one must examine both the work history of welfare recipients and the identity of low-wage workers. The first question is whether welfare recipients are also jobholders.

Since 1967, the Social and Rehabilitation Service has conducted a biennial national case-record study of AFDC recipients. The 1973 study indicated that of 2,793,000 welfare mothers, 448,000 (16%) were employed, 321,000 (12%) were actively seeking work, and 97,000 (4%) were in work training programs. Thus, almost one-third of all welfare mothers were at the time of the survey active in the labor market. In addition, 464,000 (17%) had been employed sometime in the past two years. The survey notes that 240,000 mothers had registered voluntarily for work training in the WIN program.

Of the 1,530,000 mothers indicating definitely some kind of employment history, nearly half had been service workers, including private household service. The remainder had been employed as clerical

workers, operatives, or laborers.

Over one-fifth of the total indicated they had never worked, and another fifth had "unknown" work histories.<sup>1</sup> It is reasonable to assume that recipients might not readily admit to work since reporting earnings might lead to a cut in benefits.

A 1968 study of 5,000 active AFDC recipients by the Department of Health, Education, and Welfare showed 91% with a history of employment; 75% reported having worked full time. One-third of the sample reported being dependent on welfare entirely for the three years preceding the survey. Almost all reported that their highest wage had been less than \$2.00 per hour; half of them had been service workers, another one-quarter worked as operatives. Although the sample was biased toward the South, where more recipients work, Robert G. Williams concludes in reviewing the data that "the popular image of AFDC as a permanent way of life that excludes work as an alternative is belied by the survey data described here, which suggest a relationship between work and AFDC of considerable complexity and interdependence."<sup>2</sup>

The 1970 Census includes figures on the income sources and work experience of low income families. Of the 3,447,000 families with female heads and related children under 18, 35% subsisted on earnings only, 10% on a combination of public assistance and earnings, and 9% on assistance alone. Of the 1,493,000 poor families in this category, the figures were 27%, 13%, and 19% respectively.<sup>3</sup> The public assistance figures are probably far too low; the Census Bureau states "it has been determined that income earned from wages or salary in the Current Population Survey tends to be much better reported than other sources of income."<sup>4</sup> Even with that in mind, there is a significant work-welfare

combination apparent.

A number of other manpower researchers have also investigated the connection between work and welfare. One of the significant studies in this area, commissioned by the U. S. Department of Labor, was conducted by Joe A. Miller and Louis Ferman. On the basis of a survey of low-wage workers both on and off welfare, they concluded that differences between them could be accounted for by chance factors alone, with randomly distributed personal crises forcing low-wage workers onto AFDC as a temporary "problem-solving device". As the authors state, "These people are literally teetering on the edge and a slight push would send them into prolonged economic distress." In any case, work means no real financial improvement for welfare families, because low-wage employment pays less than combined welfare services.

What seems apparent is that we are dealing with two faces of wage poverty but at the same social stratum. . . . The low-wage labor market is essentially a woman's labor market dominated by low-level clerical and service employment. . . . The emphasis should not be on welfare recipients versus non-welfare recipients (meaningless categories) but rather on male workers versus female workers. Second, the emphasis should be shifted from one of a welfare problem to one of a labor market problem.<sup>5</sup>

As far back as 1952, a study sponsored by the American Public Welfare Association reported that "incidence of employment of ADC homemakers was not greatly different from that for all mothers without husbands in the labor force and with annual family income under \$2000. . . . Employment by homemakers continued to be frequent during the period of receipt of ADC."<sup>6</sup>

Sydney Bernard, in an unpublished 1965 dissertation on the use of public welfare by low-income families, concluded that "the social group that fills unstable, low-skilled, low-paid occupational roles are

most likely to turn to public assistance. Public assistance acts as a buttress to the economic system at this class level."<sup>7</sup> Martin Rein states in a 1969 study that "AFDC mothers are frequently active members of the subemployed labor force--the underemployed and low-wage workers . . . welfare status, therefore, does not necessarily represent a sharp break with the labor force, as the theory of assistance would imply."<sup>8</sup>

Mildred Rein and Barbara Wishnov cite a number of national and local studies to support this view. They note a pattern of high turnover and short duration on the welfare rolls, which might indicate the existence of a "small group of 'stable' AFDC families that uses public assistance continuously and a large group that rotates between being on and off."<sup>9</sup> They caution that "there is not a certain way of conclusively linking these two phenomena", given the inadequate data available, but conclude that there is some basis for making that assumption.

Levitan, Rein, and Marwick confirm the turnover statistics, noting that 40% of the families on the rolls at the beginning of 1970 were off by the following year, which, the authors claim, reflects the fact that welfare poverty is "frequently transitory". The high frequency of welfare "repeaters" is cited as another indication of the "interdependence between work and welfare".<sup>10</sup> In fact, the turnover phenomenon is an old story; the Social Security Administration reported the same pattern as far back as 1958.<sup>11</sup>

Local studies cited by Genevieve Carter further demonstrate the work-welfare connection. A Baltimore study by the Social and Rehabilitation Service, the administrative office for AFDC, showed 70% of the AFDC applicants expecting work within a year; 80% had held full-time employment. A New York study showed similar results. An American Public

Welfare Association study of closed cases in 1960 showed that 26% of all white and 41% of all Negro AFDC children were in families in which the mother had worked while on welfare. Carter concluded that "more AFDC mothers participate in the labor force, especially in the irregular employment economy, than has been recognized. . . . The welfare system and the irregular job economy interlace--when the AFDC mother's dead-end job is over, the welfare system becomes of necessity the source of economic support."<sup>12</sup>

Recognition of the work-welfare relationship has even found its way into the publications of the Social and Rehabilitation Service (SRS), which shares the social work concept of "dependent" recipients. Blanche Coll, writing in the SRS Record, notes that substitution of work for welfare has been a major national goal for almost ten years, and acknowledges the general trend toward participation in the labor force by mothers, including those on welfare. She adds that the "male-female earnings differential is one of the major barriers to large numbers of AFDC mothers."<sup>13</sup>

Much of the available data, therefore, supports the conclusion that most welfare recipients do work. There is one study which concludes that "current programs and economic conditions, at least in New York City, have not produced a common pattern of combined or alternating work and welfare incomes." Ostow and Dutka surveyed a sample of 1700 welfare recipients, deliberately weighted to overrepresent those they considered employable: women with grown children, and adult males. The fact is that this sample is actually biased against employability: AFDC males are probably the least "marketable" and AFDC women over 40 will naturally represent long-term welfare cases. Both groups are a small proportion of the total caseload. Ostow and Dutka disregarded precisely

those who might really be most employable: young women just starting on AFDC.<sup>14</sup>

There is evidently a sizable group of welfare recipients who do not work, and admittedly the work experience of many others is limited and sporadic. Nonetheless, there is not enough evidence to support the separation of the poor into "working" and "welfare" categories. Some poor people work and never go on welfare; some remain on welfare to the exclusion of work. Most combine both in order to survive. This group constitutes the bulk of the AFDC population.

Discussions of the employability of AFDC mothers as a whole are extremely ambiguous, largely because a single definition of "employability" does not exist. Conclusions depend on what standard is used. A Manpower Administration study defines employability as having "at a very high level of aggregate demand . . . a high probability of finding one or more hours of suitable work per week at some market wage". By this criterion the study concludes that it is very difficult for AFDC recipients "to earn as much as they could receive from all sources while on welfare . . . By and large they are incapable of being self-sufficient at their attainable welfare income levels".<sup>15</sup> The implication is that employment barriers are structural rather than individual.

Other studies on employability also end up implicitly or explicitly blaming the wage structure. The Greenleigh Associates 1964 Washington State study begins by pointing out that public myths about "welfare loafers" are false since 85% "are not in the labor market at all". Twenty pages later the report states that three-quarters had been in the labor market in the past ten years, but they "do not command skills which are necessary to compete in the present labor market"; jobs

in the past had been short term.<sup>16</sup> A small New York State study of "employable" recipients revealed that one-fifth to one-third of those not currently working were "reluctant to take low-paying jobs, the only jobs available to them".<sup>17</sup> Edward Opton, on the basis of a rather small California sample, finds no personality factors which would account for "unemployability", and believes that barriers to employment can be lowered only "by changing the society that gives meaning to them".<sup>18</sup>

Certain studies assert that welfare mothers are indeed employable, even when that term is used to mean marketable. Using educational level and employment history as tests, Perry Levinson notes an increase in employability since 1961:

<u>Employability</u>	<u>1961</u>	<u>1967</u>	<u>1968</u>
Low	74.6%	67.4%	55.5%
High	25.3%	32.6%	44.5%

Work barriers cited by recipients were ill health, day-care needs, and the labor market.<sup>19</sup> A six-state survey by Betty Burnside reports the same obstacles in the way of 60% of all recipients surveyed who said they were willing to work.<sup>20</sup> The previously cited 1968 AFDC survey showed that of 3500 welfare mothers neither working nor seriously disabled, 76% wanted to work. One-quarter of the sample was needed at home; another quarter cited the expense of child care, 16% ill health, and 13% unavailability of a suitable job as the major barriers to employment.<sup>21</sup>

None of these small studies is conclusive. If they show anything, it is that employability is a very subjective term, most often used to mean marketability. The most interesting example of this is the 1972 SRS leaflet entitled "Welfare Myths Vs. Facts":

MYTH: The welfare rolls are full of able-bodied loafers.

FACT: Less than one percent of welfare recipients are able-

bodied males. . . . With additional day care service and job training available, 34% [of AFDC mothers] would be potential employees.

Elsewhere, the leaflet lists an additional 22% of mothers at work or in work training--thus, scattered throughout this leaflet is the information that over a million employable women are on welfare, a fact obscured by its focus on able-bodied males. Apparently, the SRS does not want to bring the social work ideology of "dependency" into question.

If employability is defined not as marketability, but as the capacity to work given adequate jobs, day care, and training, clearly the majority of welfare mothers could be working. The question is not whether they are employable, but whether employers need them to work and how much they are ready to pay them.

Nonetheless, a National Opinion Research Council survey in 1969 showed that "a majority of Americans held poor people themselves responsible for poverty". Such characteristics as lack of thrift, effort, or ability were considered very important as causes of poverty by 45% to 60% of the sample. Low wages were blamed by 42%, poor schools by 35%, racism by 33%, and lack of jobs by 27%. The survey noted that support for "individualistic" explanations remained above 50% though all income groups, although structural explanations were emphasized by blacks, Jews, and the poor.<sup>22</sup>

This position, stated in more scholarly language, apparently dominates the social work profession and the welfare bureaucracy it controls. The individualistic and psychoanalytic orientation of social work is a matter of historical record. Although conflict over these directions has increased in recent years, the standard literature in

the areas of poverty and welfare still echoes the sentiments of the Charity Organization Society. The voluminous literature cannot all be reviewed here, but some typical examples may be cited.

Wilensky and Lebeaux, in a discussion of casework included in their well-known book on social welfare, note that "a man out of work, for example, will not usually be supplied with a job, but will be helped to understand why he will not seek, or cannot hold one--or why one is not available to him on his own terms. Casework's motto is 'help people to help themselves'."<sup>23</sup>

Burgess and Price, in their 1963 survey of welfare families entitled An American Dependency Challenge (note: A.D.C.), found that almost half had "some kind of behavior difficulty"--the mean number of problems being 5.5, "mental conflict" being most frequent.<sup>24</sup> Forty per cent of ADC adults were themselves reared in welfare homes--which the authors believe "may represent a pattern of social and/or psychological dependency".<sup>25</sup>

Henry Miller, in a 1965 article, states that

In order to justify the creation of a complicated, expensive and controversial rehabilitative institution, the profession must before too long be prepared to explicate these differential attributes [of AFDC families]. . . The most promising lines of research concern family life style characteristics. . . It is hypothesized that [AFDC families] are intellectually crippled and constrained in their cognitions; that they are stultified in their aspirations, confused in their beliefs and attitudes, that they are . . . 'hopeless families'.<sup>26</sup>

Somehow even the language of the Quincy and Yates Reports seems preferable to this.

Similar views, if not quite so extreme, predominate in the SRS, which has distributed booklets such as Growing Up Poor and Low-Income Life Styles, expressing the social work ideology. The latter, reprinted

three times since 1967, notes that in dealing with welfare dependency, "energetic patience must prevail. The alienated adult cannot be completely re-educated. His children can be somewhat swayed. But it is with his grandchildren that one can really have hope."<sup>27</sup> This represents no change from the philosophy which motivated "friendly visits".

Research into the whole concept of "intergenerational welfare dependency" has been reviewed by Norman Weissberg, who notes that "very few studies have been reported which focus directly on this problem". Following a discussion of research findings\* he concludes that what has been documented "is the dearth of meaningful data on the incidence, antecedents, and correlates of dependency upon public assistance exhibited by families from one generation to the next."<sup>28</sup>

In contrast, a study by Leonard Goodwin of 4000 subjects, including long and short-term welfare mothers, their sons, and "successful" blacks and whites living in the same areas of Baltimore and Washington, showed high attachment to the "work ethic" among all of them. Welfare mothers have lower expectations of their success, but Goodwin concludes that "this can be reasonably attributed to their different experiences of success and failure in the world."<sup>29</sup> Goodwin thus attributes to the social structure what social workers would see as "low self-esteem" or "dependency".

Two opposing perspectives on the welfare population have been

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\*Schneiderman (1964) reports that welfare clients differed from the two professional groups in that the former were less inclined than the latter to (1) believe that man may master nature (2) have a future-time-orientation (3) adopt a 'doing-accomplishing-go-getting attitude . . . Podell (1968) asked his AFDC respondents 'How often do you feel so beat down that you would just like to give up and be taken care of by someone else?' 34% answered 'never', 45% said 'sometimes', 19% responded 'fairly often'." Weissberg adds, "One wonders what the distribution of answers to this question would be among middle class respondents."

reviewed. The first is that welfare recipients are not much different from other poor people. Although some of the poor are employed more consistently than others, and some depend entirely on welfare, most combine work and welfare. There is no basis for a rigid separation of "working poor" from "welfare poor". Poor people can be considered as a single group, distinguishable from the rest of the population only by their lower incomes, and are poor through no particular fault of their own.

The second view, espoused by most social workers as well as most government officials and policy-makers, is that an individual's poverty is in some way a reflection on his or her character traits or culture. "Welfare dependency" in particular is said to represent a type of behavior and a set of attitudes which keeps people on welfare. This perspective on poverty and welfare may be couched in elaborate psychological and sociological language or in words such as "lazy, shiftless welfare chiselers"--it is essentially the same idea.

The contention of this study is that the latter view has no demonstrable basis in reality. The fact that new welfare programs have been designed partly on the basis of such ideas is part of the reason welfare reform has failed. Welfare operates in the real world. What is being argued here is that AFDC largely affects a working population bearing little resemblance to the preconceived notions of social workers. It is that demonstrable impact on the economy which determines the politics of welfare. Although the rhetoric surrounding welfare policy is one of "dependency" or "culture of poverty" or "unemployability", the reality lies in its impact on low-wage workers.

It is the first set of assumptions that seems more defensible

on the basis of existing data on the work history of welfare recipients, especially when this data is contrasted with the relative weakness of the literature on "dependency".

The question now becomes that of the nature of the low-wage labor force. In examining AFDC, it is not enough just to identify all those working for low wages, because not all of them are also poor. One must therefore look both at workers' hourly wages and weekly or annual earnings, as well as their family status.

"Low wage labor force" is a relative term, used differently by each existing study of this group. For our purposes, it can be defined--rather conservatively--as those whose hourly wages would not, on a full-time year-round basis, provide more than a poverty level gross income for a small family. This would in 1974 have given a figure of \$2.50 an hour or less. Again, in studying AFDC, it is best to focus especially on that part of the low-wage force which is also poor by government standards.

In 1972, the U. S. Department of Labor counted 11.2 million workers in nonfarm private industries earning under \$2.00 an hour. A closer look indicates that low-wage workers are concentrated in certain industries. In textile mills, apparel factories, the leather industry, hotels, laundries, and movies, 80% or more of the 3.5 million employees earned less than \$3.00 an hour in 1972. Between half and two-thirds earned less than \$2.30.<sup>30</sup>

Non-manufacturing industries such as retail trade and services rely heavily on low-wage workers. Nearly three-fifths of all workers paid less than \$2.00 an hour in minimum-wage establishments were in these two areas. Combined, they account for 70% of all low-wage workers, twice

their proportion of all workers.<sup>31</sup>

The Department of Labor publishes periodic compilations of wage and hour statistics; in 1976 these were combined into one volume. Using average weekly earnings as a standard, one is presented with a graphic picture of which industries are high-wage, which are low-wage, and who works in each (see Figure 3-1). There is no information for many of the categories of service and retail workers. The average weekly wage for all 13.75 million service workers, 55% of them female, was \$133.00. For 13.35 million retail workers, 48% of them female, it was \$104.00. The chart clearly shows that women constitute the majority of employees in low-wage industries. Figure 3-2 shows the breakdown of annual wages by occupational categories; within each category, women consistently earn less.

An attempt to analyze the hourly wage structure within occupations by sex, race, and education was conducted by Barry Bluestone, using figures from a 1967 survey by the Office of Economic Opportunity. The most important independent variable determining earnings status seems to be sex. Even in jobs where black and white males earn decent wages, women of both races with similar or better educations do far worse.

Figure 3-3 demonstrates that average hourly wages in each occupational area are lowest for females of both races. The proportion of women constituting the low-wage sector of each occupational area is higher than the proportion of men, as shown in Figure 3-4. Education has far less effect on upward wage mobility for women than for men; this is indicated in Figure 3-5.

Examining low-wage occupations in low-wage industries yields the figures illustrated in Figure 3-6. Generally, men are outnumbered

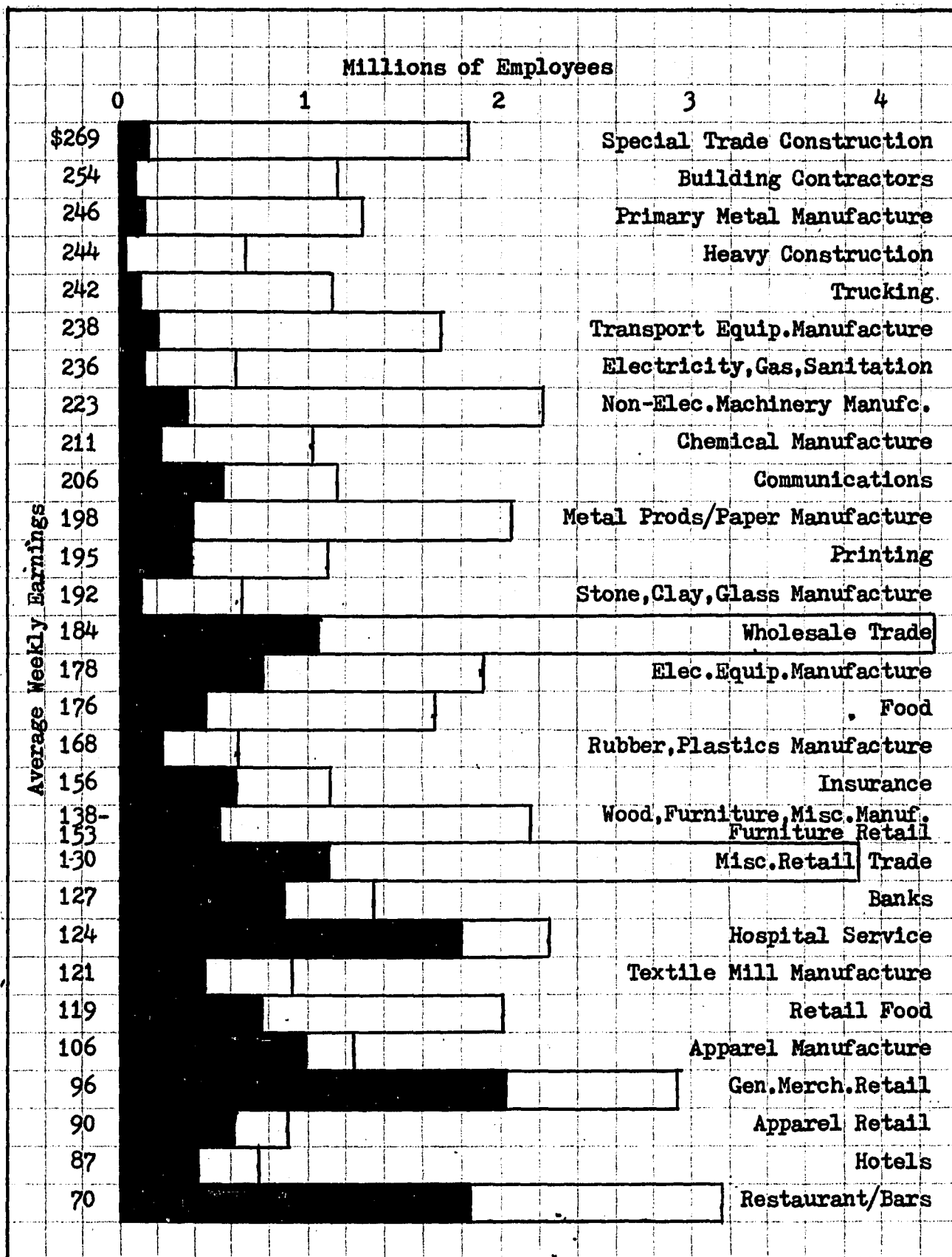


Fig. 3-1. Proportion of Female Employees in Selected Industries, by Average Weekly Earnings, December 1974. (Shaded area=Female)

SOURCE: U. S. Department of Labor, Employment and Earnings 1909-1976

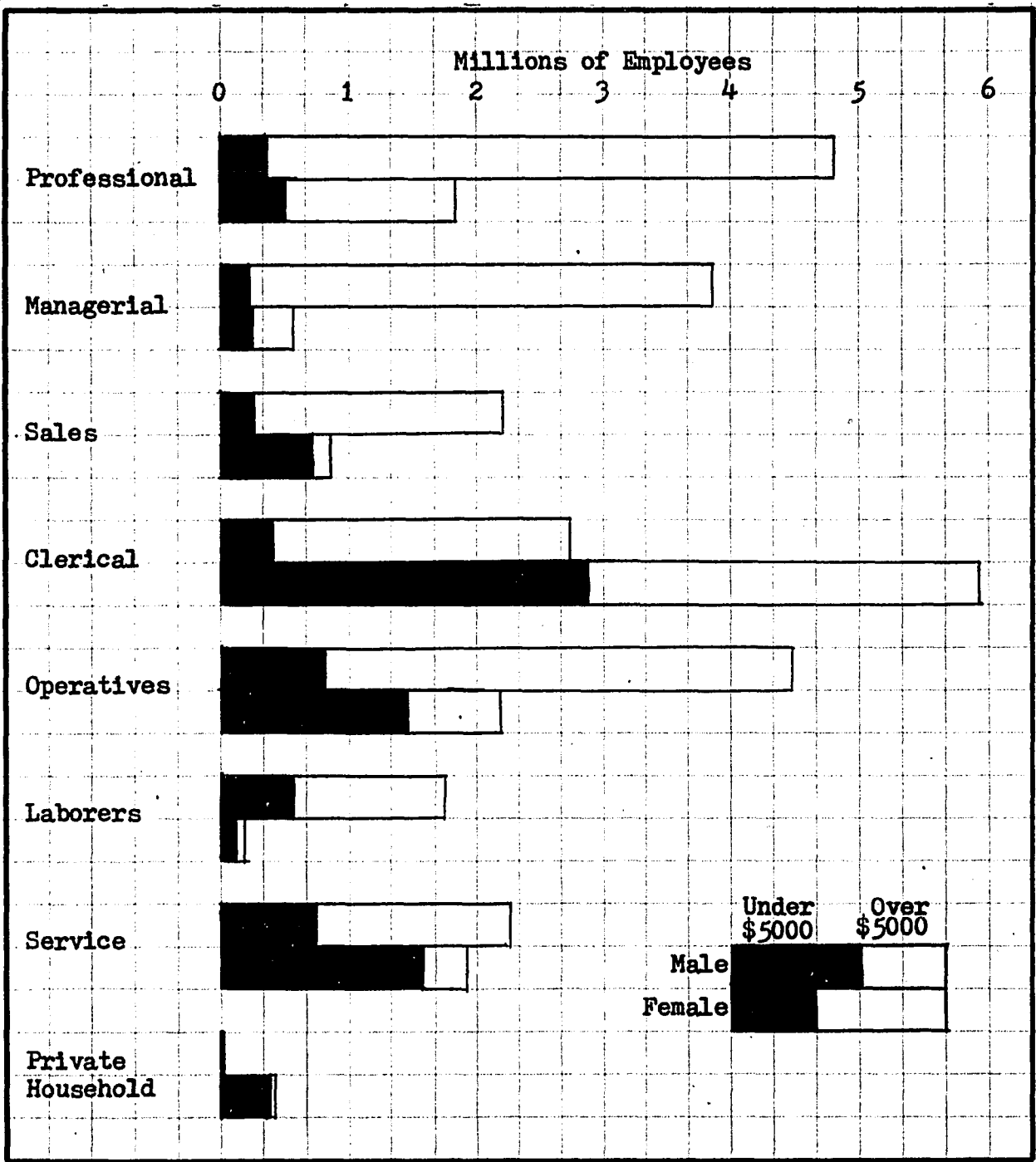


Fig. 3-2. Percent of Workers Over 16 Working 50-52 Weeks in 1969, Earning Under \$5000, by Occupation and Sex.

SOURCE: U. S. Census, Occupational Characteristics, Table 25.

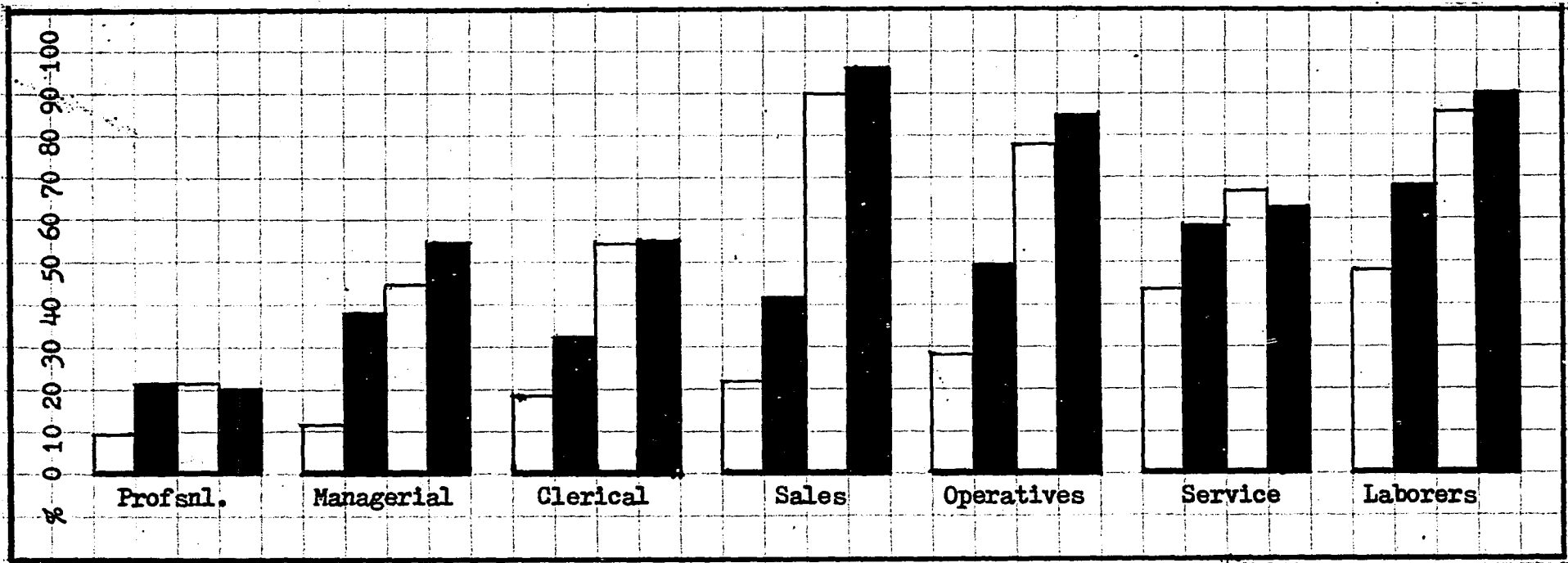


Fig. 3-4

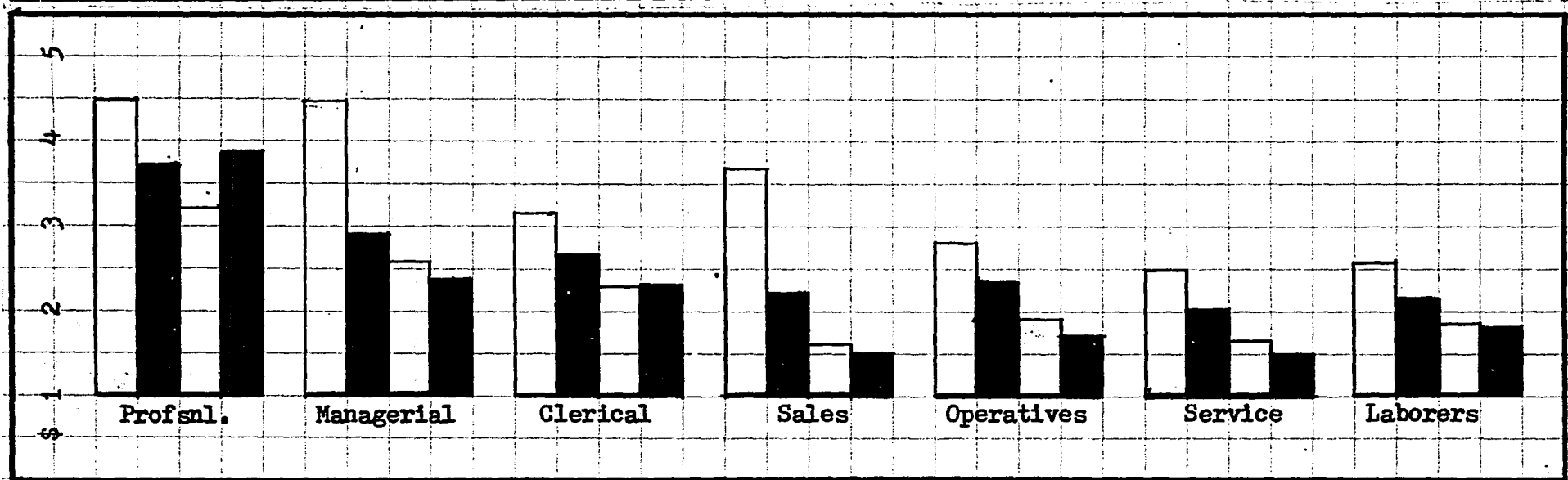


Fig. 3-3

Preceding Page: Fig. 3-3. Average Wage Rates by Occupation for Race-Sex Groups.

Fig. 3-4. Proportion of Low-Wage Employment by Occupational Category for Race-Sex Groups.

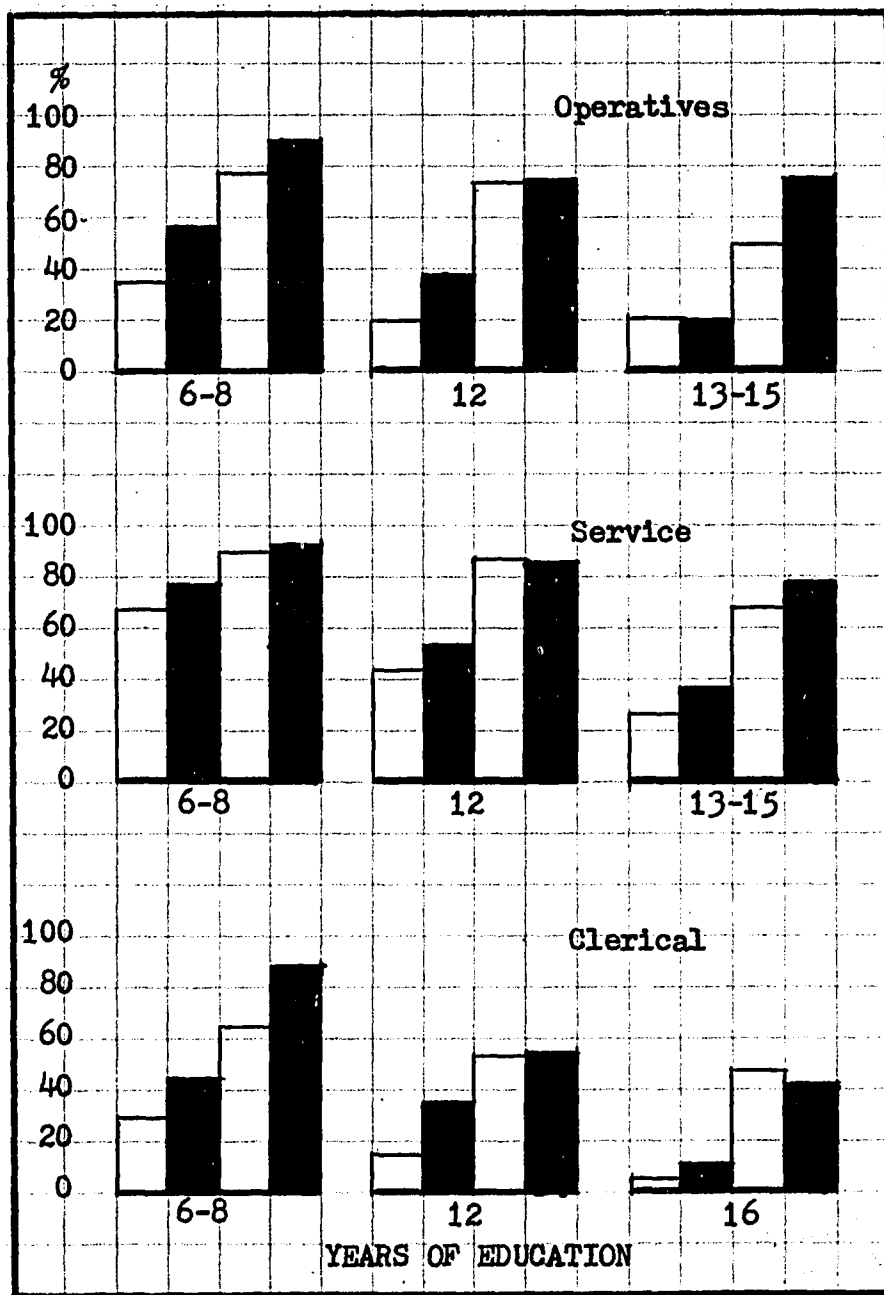


Fig. 3-5. Percent Low-Wage Employment by Occupational Category and Educational Level for Race-Sex Groups.

SOURCE: Bluestone, pp. 168 ff.

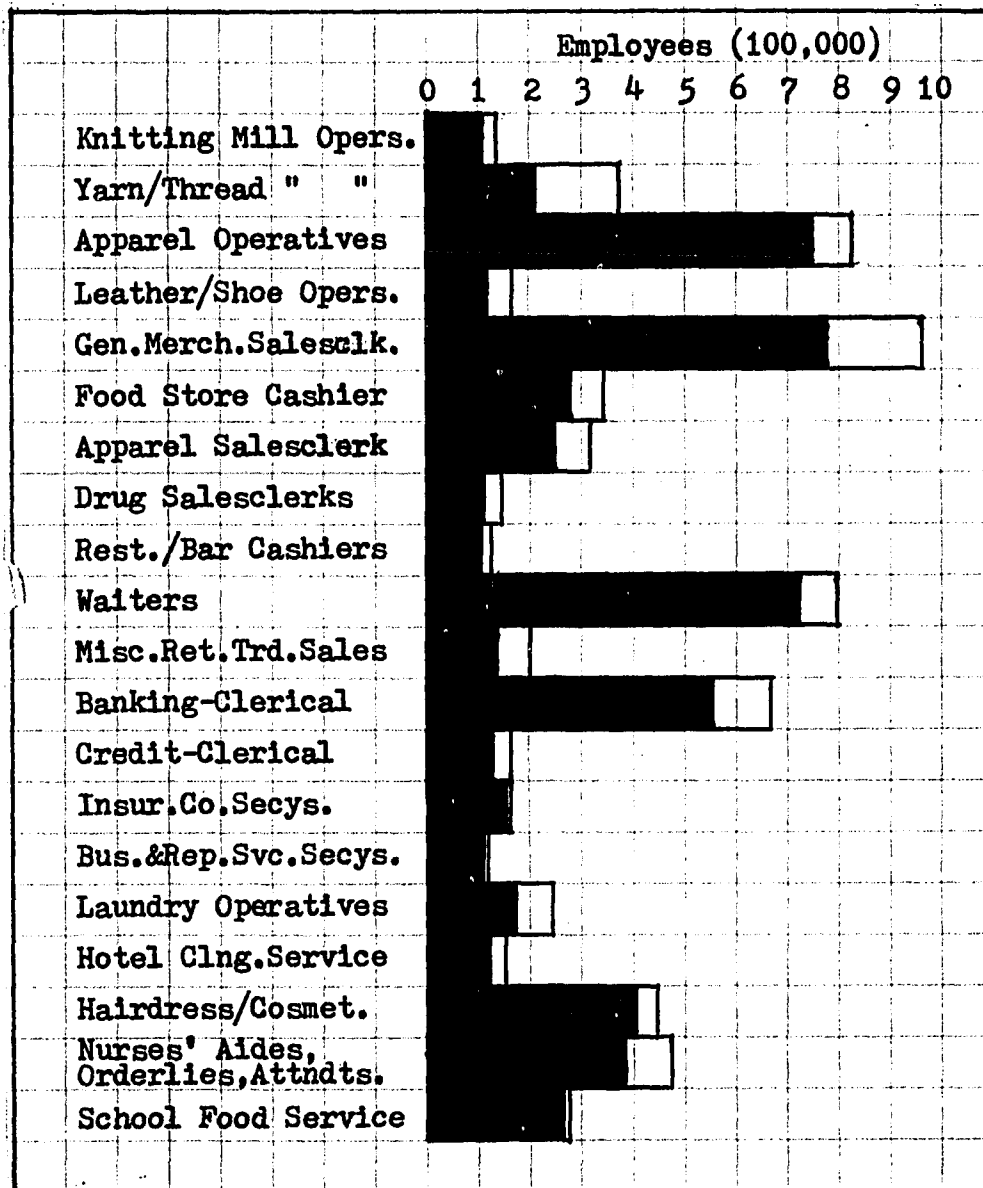


Fig. 3-6. Male and Female Employees in Selected Industry Jobs With Average Hourly Wage Under \$4.00. (Shaded Area= Female)

SOURCE: U. S. Census, Occupation by Industry

almost five to one in these low wage occupations. These figures do not include over one million private household workers, nearly 95% female. The only low-wage industry job which is predominantly male is farm wage-laborer. An exceptionally high-wage "female" job--telephone operator--is also omitted.

An overview of low wage earners by Vera Perrella confirms the

male-female division in the labor force. Of the 5.5 million workers reporting earnings under \$2500 for year-round full-time work in 1969, 3 million were men and 2.5 million were women. Forty percent of the men were self-employed, however, largely as farmers, compared to eleven percent of the women. In the non-agricultural sector, men were almost evenly divided between manufacturing, retail trade, and service; over half the women were in service occupations. Most low-wage women workers were single, and many were wives in middle-income families, but "for an appreciable number of wage and salary workers--among them adult men and women who are the main support of themselves and other family members, such low earnings persist throughout their work life."<sup>32</sup>

An important part of this low-wage labor force is part-time workers. The sector of the labor force labeled "involuntary part time" by the Bureau of Labor Statistics consists of workers who had to work less than 35 hours per week because of conditions not under their control. Of 2.4 million in this category in 1972, one-third were in retail trade, and 42% in finance and services. Women are again disproportionately represented.

TABLE 3-1

## INVOLUNTARY PART-TIME WORKERS, 1972

Race/Sex	% of Invol. P/T (A)	% of Labor Force (B)	Coefficient of Overrep. (A/B)
White Males	41%	61%	.67
Black Males	8	6	1.3
White Females	41	28	1.4
Black Females	10	5	2.0

SOURCE: Manpower Report of the President, 1973, pp. 161-162.

A New York Times report on the part-time work force presents an interesting picture:

Part timers are most obvious selling clothes at Sears or dispensing hamburgers at McDonalds. But they are also busily punching keyboards in offices, teaching in universities, selling insurance, or standing watch as security guards. Today one American voluntarily works part-time for every five and a half full time workers. A decade ago it was one part-timer for eight full timers, and 15 years ago it was one for ten. . . .

The implications of this swing have just begun to be studied but may be significant. Part timers, for example, provide a low-paid but eager work force, which delights employers. They are hard to organize, which disgruntles unions.

Employers pay part timers close to the minimum wage and give them few fringe benefits. Providing fringes accounts for 35 percent of labor costs at many companies.

'Loyalty? Absolute loyalty,' boasts Mr. Mangram of Control Data when he talks about his part timers, mostly black women . . .<sup>33</sup>

Although the workers described here are voluntary, the situation obviously applies to involuntary part-timers as well.

The data reviewed thus far is sufficient to conclude that women predominate in the low-wage labor force. This is not a new phenomenon by any means, as a review of the history of women in the labor force shows.

This history can be grouped into three periods. The first was from Colonial times to 1815, during which female wage-earners had their work "farmed out" to them at home. The next one hundred years saw the movement of women into factories and into private homes, followed after 1920 by their entry into clerical and non-private service sectors of the economy. Women who previously would not have worked have since 1940 entered the work force in droves.

None of these shifts meant economic advancement. The movement was from the bottom of one ladder to the bottom of another.

During the first period, there were almost no women wage-earners

outside the home except for a few farm workers. Most women either did unpaid housework or farmed themselves out for spinning and weaving at low piecework rates in the home. Idleness was in any case frowned on: "The colonial attitude toward women's work was, in brief, one of rigid insistence on their employment. Court orders, laws, and public subscriptions were resorted to in order that poor women might be saved from the sin of idleness and taught to be self-supporting."<sup>34</sup> The textile industry was among the first to grow with the industrialized American economy after 1790. It was about this time that Alexander Hamilton stated in his Report on Manufactures that women and children could be "rendered more useful" by factory employment.<sup>35</sup> The factory system in textiles took the work previously done at workers' homes and placed it under one roof.

The establishment of the factory system therefore substantially meant with us the creation of new work and made imperative a large increase in our wage-earning population. Moreover, this new work was identical with the work which women had long been doing in their own homes, and it was inevitable that the difference caused by the scarcity and high cost of male labor should be met by the employment of women.<sup>36</sup>

An 1816 Congressional report counted 100,000 textile mill workers --proportional to population, about the size of the construction industry today--of whom two-thirds were women.<sup>37</sup> Thousands of women left the farms to live in factory towns where the mills were located. Among the best known of these was the complex at Lowell, Mass., site of the first complete cotton factory, built in 1815.

These women were generally of native stock and from the small-farmer class. Their work was temporary and low-paid. The mill communities, as in Lowell, occasionally became centers of self-education and union activity. These were not the most beneficial activities as far

as employers were concerned, so it is not surprising to see the replacement of women by immigrants of both sexes as they became available, in the 1840's.

Native women, followed again by immigrants, entered into the less skilled branches of other industries such as shoemaking, cigar-making, and in the ready to wear garment industry. Wherever more advanced technology increased the skill level or the physical load of the work, men--especially immigrants--were hired over women. A contemporary female observer could say that "this is, therefore, further testimony in support of the theory that the woman is poorly paid, in part at least, because she is inefficient and is doing work which is less skilled than that done by men."<sup>38</sup> This of course is the employers' point of view. It was more likely that the traits used as an excuse for shifting women into less skilled work "may not even be traits proven to be of one sex or the other--it is sufficient that employers believe they are, or believe that one sex has an advantage over the other in some important respect."<sup>39</sup> That advantage is likely to be profitability.

Conditions of work were uniformly poor and wages extremely low. A contemporary summary of state reports describes the situation in 1890:

Massachusetts: At best the wage is a minimum and only the most rigid economy renders it possible for the earner to live on it . . .

Women work harder and more hours than men and receive much less pay . . . [Rhode Island]

It is in New York City on which focuses every evil that hedges about women workers. . . .

Owing to Eastern competition on the starvation wage plan, are found women and girls working for mere subsistence. [Indiana]

Wages are lower than in the East for the reason that Chinese came more into competition with women than with men. [California]

The average wage for women workers in 1889, according to this report, based on a survey of 22 cities, was about \$5.00 a week for a ten-hour

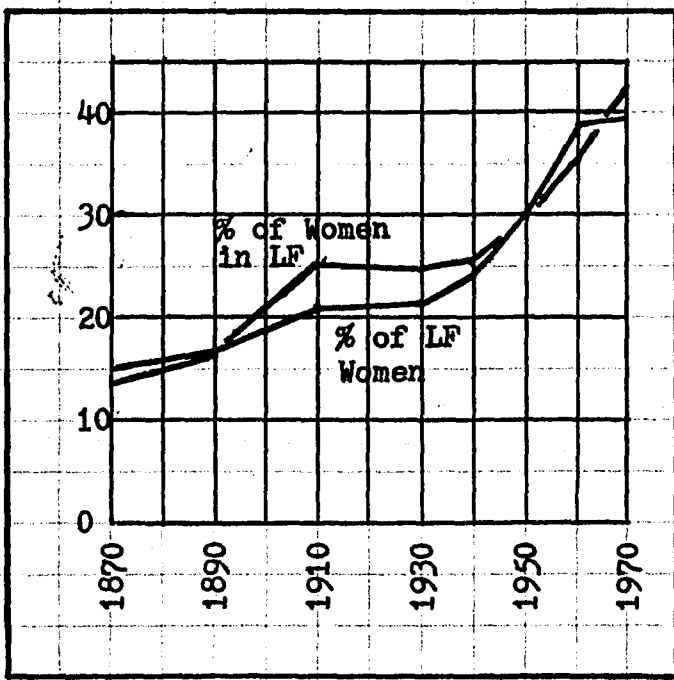


Fig. 3-7. Women in the Labor Force, 1870-1970.

SOURCE: Womens Bureau Bulletin #218; Oppenheimer, Female Labor Force.

day. Most women began work at fifteen, most were native born and single, and half supported others on their wages.<sup>40</sup>

Census figures become more reliable after 1870, and several trends become apparent. One is the constant increase in both proportion of the work force which is female, and the proportion of women working, as indicated in Figure 3-7. The figures are not entirely comparable from year to year in the census statistics, but clearly more women worked and more workers were women.

In the last half of the nineteenth century, the predominant occupations of women wage earners were private household service and textile and apparel operatives--these occupations alone accounted for 60% of all women workers. Most of the rest worked on farms; there were some teachers and nurses.<sup>41</sup>

Beginning in 1910-1920, a shift into clerical work started a trend which would last until the present. The most dramatic increase in clerical personnel began after 1940 and had not reached its peak by

1975. In the same year, there began a trend toward the replacement of younger single women in the labor force by older married women. In 1940, 49% of working women were single, 36% married; by 1965, 23% were single and 62% married--and so it has remained. In 1972, the median age of single working women was 22, of married women, 40.<sup>42</sup>

A 1969 study by Valerie Oppenheimer concludes that demand, not supply, had changed. Noting that male and female labor markets are "non-competitive" (i. e. separate), she states that the expansion of clerical work drew on a previously unused segment of the female population, which was readily available.

In discussing "sex-labeled" jobs, she explains that they result from the cheapness of female labor in large quantities. The occupations women have entered, including professions such as teaching and nursing, are those in which training is received prior to employment and where continuity is not essential. Clerical positions of the kind now offered to women require minimal training. This is quite consistent with Harry Braverman's thesis of the degradation of the work now available to women, which will be discussed shortly.

Special attention must be paid to the position of black female workers, who have their own history. Throughout the past century, black women have had a much higher rate of work-force participation than white women, and have had the worst jobs.

In 1890, one million of the four million women wage-earners were black--twice their proportion in the population. Almost all were domestics or farm laborers--the better-paying factory jobs (such as they were) went to white women. Not until the 1920's did black women enter the factories, as white women entered the offices. Most of them

were in the tobacco industry, where they did "heavy and dusty labor" at five to ten dollars a week. Forty percent were married women.<sup>43</sup> Farm workers were the worst off, earning in 1938 from fifty to one hundred dollars annually. As a contemporary report put it, "Long as may be the hours of the Negro domestic workers, low as may be her earnings . . . her economic status is much more favorable than that of Negro female agricultural laborers."<sup>44</sup>

By the late thirties, a tiny number of black women had made their way into office positions (generally in all-black firms), but only five percent of black women had such jobs as against 56% of white women.<sup>45</sup>

The occupational position of black women in the 1970's is still at the bottom of the bottom--it is just that this position is better paying than it was in 1936. Black women are concentrated in the least skilled clerical jobs, cleaning and health service jobs, as well as the more tedious factory worker positions.

The participation rate of black women is no longer so much higher than whites--the expansion of the female labor force has brought in more whites. What has apparently happened is that better clerical jobs have opened for previously non-working older white married women, and black women have been thrown out of farms and private homes into laundries, restaurants, hospitals, and typing pools.

For two centuries women have been consistent participants in the low-wage labor force. They have been offered the jobs males were unwilling to take. Forced into a poorer job market position by their disenfranchisement, and by their child-rearing responsibilities (voluntary or not), they have become the national source of cheap labor,

called upon in times of high demand, removed in time of low demand. As factories opened and males were still on the farms, women were recruited. As male immigrants became available at even lower prices, women were shunted aside. As the industrial revolution boomed, women were recruited once again. As white women have "advanced" into degraded white-collar positions, black women have been offered what was left.

The economic position of women workers has been defined by the power of employers--backed by and large by the government--to hire or fire in their pursuit of profit and productivity. In the process they have created a largely female low-wage labor force. It is in this force we find the three million AFDC recipients.

Contrary to popular belief, the situation has not improved in recent years. A Labor Department report in 1976 confirmed that the gap between men's and women's wages had increased in the past twenty years: "The earnings of men who worked full-time and year round in 1974 were 74.8% higher than those of women who also worked full-time and year-round. . . . In 1955, the gap was 56.4 percent."<sup>46</sup>

Nor is the prognosis any better. The Conference Board in 1976 projected that by 1985, "the vast majority of women will still be employed in traditionally 'female', low-paying jobs . . . more than two-thirds of the increase in female employment will be in clerical and service jobs. . . . The earnings differential between men and women will remain and in some instances widen in the coming years."<sup>47</sup>

Harry Braverman's analysis is most useful here as an explanation. He devotes two vivid chapters of Labor and Monopoly Capital to a discussion of the degradation of service and clerical work, and notes that women are prime candidates for these expanding low-wage sectors of the

economy:

Women form the ideal reservoir of labor for the new mass occupations. The barrier which confines women to much lower pay scales is reinforced by the vast numbers in which they are available to capital. These vast numbers are guaranteed in turn, for a considerable period of time, by the lower rate of participation in the working population with which women entered into the era of monopoly capital... . Women have been participating in employment at a very rapidly rising rate throughout this century. For capital, this is an expression of the movement to poorly paid, menial, and 'supplementary' occupations.<sup>48</sup>

Braverman maintains that work has been fragmented and trivialized-- "degraded"--in pursuit of profitability. The legal, political, and cultural suppression of American women has left them easily exploitable. Thus after employers have broken down work into its most profitable components, they could offer the low-paying remains to women, who had little choice but to accept. Women are thus the mainstay of the low-wage labor force. Even if males of minority races have not caught up to the employment and wage levels of white males, they are as a whole ahead of women of all races.

Housework and child care, of course, are forms of unpaid labor for women, but one need not take these into consideration to make a case. An examination of wage work is sufficient.

I am rejecting the hypothesis that this state of affairs is due to the particular mental and physical characteristics of women, whatever those are supposed to be. It is simply that women have lacked the political and economic power to demand a better position in the labor market. Given this situation, physical and biological differences can be used to make a case for employment only at low-skilled jobs at minimal wages. In a word, women are profitable only as cheap labor. The historical record shows they have been forced into this position by

employers, and the laws and cultural norms have not only reinforced this, but perhaps have their origins in this.

Are welfare recipients part of this low-wage labor force? To answer this question one must examine the characteristics of welfare recipients and the poor as a whole.

We have already reviewed the issue of whether welfare recipients are actually working and examined the types of work they do. The adult AFDC population consists largely of more than two million female family heads, the majority of whom have some kind of employment history in low-wage industries and occupations. In this regard they are not especially different from the poor as a whole.

In 1974, there were 24,300,000 people in the United States with incomes below the government's poverty line--the equivalent of \$5038 annual gross income for a nonfarm family of four. This broke down as follows:

- 2.8 million male family heads
- 3.3 million wives and other adults in these families
- 4.8 million children
- 2.4 million female family heads
- .8 million other adults in these families
- 5.4 million children
- 1.6 million male "unrelated individuals"
- 3.2 million female "unrelated individuals"<sup>49</sup>

The AFDC population comes from the poor female-headed families; a small proportion of the male-headed families are on AFDC-UP.

Thus 46% of all poor families had female heads, compared with 9% of all non-poor families. Six percent of all male-headed families were poor, compared with 35% of all female-headed families.<sup>50</sup>

The employment history of poor family heads as a whole is distinct

TABLE 3-2

## EMPLOYMENT EXPERIENCE OF FAMILY HEADS UNDER 65, 1969

	<u>Male Family Heads</u>		<u>Female Family Heads</u>	
	<u>Non-Poor</u>	<u>Poor</u>	<u>Non-Poor</u>	<u>Poor</u>
Professional	1%	4%	12%	2%
Managerial	13	4	4	1
Sales	7	3	4	2
Clerical	7	3	27	7
Crafts	23	14	3	1
Operatives	13	11	14	8
Transport	6	6	-	-
Laborers	5	10	1	1
Farmers	2	8	-	-
Farm Labor	1	7	-	1
Service	1	7	14	14
Private Hshld	-	-	3	7
Did Not Work	2	23	16	54
TOTAL (Millions)	36.28	2.50	2.95	1.55

SOURCE: U. S. Census, Low-Income Population, Tables 17 and 25.

from that of non-poor heads--it is sporadic and concentrated in low-wage areas (see Table 3-2).

An examination of the characteristics of the AFDC population suggests that recipients have traits similar to those of poor people as a whole in terms of demographics and employment experience. This in itself does not confirm the relationship between work and welfare, but does help discredit theories of welfare based on "dependency" and the social control of minority populations.

Table 3-3 warrants close examination. The most interesting conclusion to be drawn from it is that while welfare rolls have quadrupled since the fifties, the average welfare client is the same type

TABLE 3-3

## CHARACTERISTICS OF AFDC RECIPIENTS, 1942-1973

	1942	1948	1958	1961	1967	1969	1971	1973
Recipients (Millions)	1.3	1.6	2.8	3.4	5.0	6.6	10.2	10.7
<b>Families:</b>								
Avg. Mos. on AFDC	--	--	25	25	25	23	20	24
1st Time on AFDC	--	--	--	66%	59%	60%	66%	--
Non-White	22%	30%	--	43%	46%	46%	43%	46%
Hispanic	--	--	--	--	--	--	14%	13%
Illegit. Child(ren)	--	--	--	--	--	45%	43%	45%
Two or more	--	--	--	--	--	23%	21%	18%
<b>Father's Status:</b>								
Dead	38%	23%	11%	8%	6%	5%	4%	4%
Incapacitated	22%	27%	22%	18%	14%	--	10%	8%
Deserted	15%	17%	18%	18%	18%	16%	15%	15%
Not Married to Mother	10%	14%	20%	21%	27%	27%	28%	33%
Whereabouts Unknown	--	--	--	--	35%	39%	38%	42%
<b>Mother's Status:</b>								
Employed or Seeking Work--	--	--	--	19%	20%	18%	19%	27%
Education: 0-8 Yrs.	--	--	--	54%	35%	29%	26%	20%
12+ Yrs.	--	--	--	16%	18%	18%	22%	26%
Last Job: Clerical	--	--	--	10%	10%	--	--	10%
Operative	--	--	--	10%	7%	--	--	7%
Farm	--	--	--	7%	4%	--	--	2%
Service	--	--	--	26%	19%	--	--	18%
Household	--	--	--	28%	14%	--	--	7%
Unskilled	--	--	--	17%	13%	--	--	4%
Never Worked	--	--	--	--	25%	23%	23%	22%
Needed Home	--	--	--	--	39%	36%	37%	47%

SOURCES: Bureau of Public Assistance Reports, 1942, 1948; Social Security Bulletin, March, 1963; SRS AFDC Reports, 1967, 1969, 1971, 1973; SRS Trend Report, 1971.

of person.

There has always been a high percentage of blacks, a relatively low educational level, and most with some kind of work history, mostly in low-wage areas. The only significant demographic change since the 1950's is in the proportion of unwed mothers and in the level of education.

The proportion of deserted mothers has decreased slightly since 1948; the increase in unmarried mothers is considerable, but not overwhelming. Illegitimacy has been stable while the rolls increased from six to ten million, and multiple illegitimacies have decreased. Duration on AFDC, employment history, and racial composition have all been steady since 1961, while the number of recipients more than tripled.

This seems to show that welfare rolls grew as increasing numbers of the same socio-economic group found it profitable to sign up. If the welfare explosion were a "dependency" crisis of increasing desertion and illegitimacy, it might be expected that these percentages would increase; they do not. If it was a Johnson Administration move to quiet the black population, the non-white percentage would have increased; it did not. The real change in the AFDC population occurred in the fifties, as most widows left to go on Survivors Insurance, and families with disabled breadwinners could draw on Disability Insurance. This left low-wage workers, the number of which was as great or greater in the fifties than the seventies, and among whom the problems of desertion and illegitimacy were chronic. In the sixties, low-wage female family heads began to realize that AFDC made a convenient temporary supplement for times when low-wage work was not available or not sufficient to handle a money crisis.

What is really needed to test the relationship of welfare and work is a national longitudinal study of the work history of the poor-- a project not as yet conducted. In the absence of such data, one is left to defend tentative conclusions on the basis of fairly sound circumstantial evidence.

Most AFDC recipients are female family heads, who are disproportionately represented among the poor. At least half, and almost surely

more than half of all recipients have an active employment history, largely in low-wage industries and jobs.

The low-wage force itself is overwhelmingly female, including both family heads and single people. A large proportion of that low-wage force is also poor.

It seems reasonable to conclude that a significant proportion of the American low-wage labor force is subsidized by the AFDC program. AFDC is the one welfare program--medicaid might be another--whose eligibility standards practically restrict it to use by members of the low-wage labor force.

Most significant, however, is the actual effect of AFDC on individuals in the low-wage labor force: it keeps them there.

Since 1969, a welfare recipient who works loses only part of his or her benefits. Although previously the reduction had been dollar for dollar (even if loosely enforced and often evaded), the changes still left a prohibitively high implicit tax rate on additional earnings. This arises largely due to program overlap: at a certain level of income, "in kind" benefits such as medicaid and food stamps cease, thus actually lowering net income as earnings increase. This situation is referred to as a "notch" in benefit levels.

In Chicago, an AFDC family will lose money as soon as earnings go over \$8600; the loss will be greater if it is receiving additional in-kind benefits. In Detroit the break-even level is closer to \$7000; in Wilmington, Del., \$6800. A similar study for New York City concluded that "there is practically no advantage to the intact four-person family in increasing earnings from zero up to \$7000 gross income."<sup>51</sup> A detailed study of the work incentive program in Michigan concluded that

TABLE 3-4

EARNINGS, TRANSFERS, AND TAXES FOR FEMALE-HEADED FAMILY  
ON AFDC WITH 3 CHILDREN, 1971.

(A) Gross Income	(B) Take-Home Pay	(C) (B) Plus AFDC	(D) Cumulative Marginal Tax	(E) (C) Plus In-Kind*	(F) Tax Rate for (E)
CHICAGO					
\$ None	\$ None	\$ 3384	---	\$ 6021	---
576	546	3930	5%	6296	52%
4300	3968	5800	50%	7641	64%
8600	7414	7456	61%	8700	76%
8698	7436	7436	"Notch"	7515	"Notch"
DETROIT					
\$ None	\$ None	\$ 3152	---	\$ 5604	---
1106	1048	4200	5%	6210	45%
1170	1109	4261	5%	6265	14%
4300	4076	5305	67%	7271	68%
7060	6210	6225	67%	8191	67%
7100	6241	6241	60%	6241	"Notch"

\* Cash Equivalent of Medicaid, Food Stamps, Public Housing.

SOURCE: U. S. Congress, Joint Economic Committee, Studies in Public Welfare, No. 4, p. 102.

"almost no female-headed family on AFDC can work its way off welfare at zero cost to itself".<sup>52</sup>

In 1974, the Joint Economic Committee published a report summarizing previous research in this area. It stated that "many persons in groups once regarded as unemployable and therefore deserving of public help are in today's labor force. This is especially true of mothers, who society used to feel should not work. . . . It is imperative to recognize that millions of workers and potential workers already are recipients of welfare."

In comparing total benefits available to AFDC recipients, it concluded that there was no contest between AFDC and prevailing wage

rates in many states for jobs available to welfare recipients: "Sixty-one percent of all AFDC recipients live in the 28 states where the AFDC payment for a family of four exceeds the net pay from a minimum wage job; and ten percent live in the four states where AFDC plus food stamps exceed the sum of net earnings from a \$2.50 per hour job and food stamps."<sup>53</sup>

A Rand Corporation report for New York City in 1976 stated that "the combined cash and services received by a family in New York City exceed also the amount workers paid the minimum wage would gross in full time jobs."<sup>54</sup>

Thus not only are AFDC recipients offered somewhat more in welfare than they would be in a low wage full time job--at least in northern industrial states--but they also face economic disincentives against working toward a full time job paying much above \$7000. Of course, in the South the situation is much different. Half of the AFDC recipients in Mississippi received monthly payments of \$25 to \$49 in 1973; the proportion in Alabama was 25%. No AFDC family in Georgia got more than \$200.<sup>55</sup> This might be interpreted with reference to the more "liberal" policies of the northern states, but this would only explain half the picture. The disincentive effect of welfare contradicts explicit policy objectives. Why has it taken so long to make goals and actual policy consistent? Having rejected pluralist explanations, this study must provide an alternative.

At least part of the answer is that in fact what AFDC actually does is consistent with the needs of the economy; it is objectionable only for its cost and inefficiency. AFDC does not, in contrast to popular myth, pay people not to work. It pays them to work part of

the time for low wages. Welfare benefits everywhere are too low for a decent standard of living. At the same time, a welfare family is penalized for becoming self-supporting. Thus the most profitable position for a welfare mother is to get low wage work, preferably part time and perhaps "off the books", supplement it with welfare and in-kind benefits, and take care of the children during the time away from work. Even if full time work proved more profitable, such jobs are simply not available to welfare recipients.

This discussion raises some significant questions about the structure of the labor force as a whole. A clearer understanding of the relation of welfare--including programs other than AFDC--to the supply of labor in America is possible only if one can reach a clear conception of the structure of that supply. Not only are there quite sharply differing perspectives on this issue, but the government has established definitions of employment and unemployment which seem only further to obscure it.

Much more research is necessary in this area. From the point of view of this study, the most promising directions is the application of the Marxist concept of the "industrial reserve army" or "relative surplus population". Marx divided this group into three segments: the "floating" (job-changers following movements in capital and changes in technology), the "latent" (farm workers unemployed as agricultural technology advances), and the "stagnant" (irregularly and sporadically employed).

The industrial reserve army, during the periods of stagnation and average prosperity, weights down the active labor-army; during the periods of over-production and paroxysm, it holds its pretensions in check. Relative surplus-population is therefore the pivot upon which the law of demand and supply of labor works. . . . The relative surplus population exists in every

possible form. Every laborer belongs to it during the time when he is only partially employed or wholly unemployed.<sup>56</sup>

Marx' concept was that the industrial reserve army is organized by capital in the interests of maintaining a cheap and flexible labor force.

A notable recent attempt to apply this concept to the structure of the American labor force is that of Harry Braverman. It is his contention, as discussed in his book Labor and Monopoly Capital, that the division of labor within the American economy has developed in such a way as to guarantee the employers control over their workers and hence to insure stable profits.

Employers have systematically broken down work into its "mental" and "physical" components, appropriating the "mental" and fragmenting the "physical". The motive is profit, and the result is the degradation of work and the worker. This allows the assignment of the most repetitive, uninteresting, and physically burdensome tasks to the most "degraded" segment of the work force--the industrial reserve army, consisting primarily of women in the clerical and service occupations.

The concept of an industrial reserve army has in fact been borrowed by many contemporary non-Marxist economists, albeit stripped of its most important political implications. There is a wide acceptance of the concept of "subemployment" or "underemployment" as an inherent characteristic of the American economy.

This has been given a theoretical basis in "labor market segmentation" theory. This model, as described by Peter Doeringer and Michael Piore, sees two hiring lines for potential workers set up by employers: one for the primary job market and one for the secondary.<sup>57</sup> The jobs are divided in a manner consistent with Robert Averitt's

concept of the "dual economy", consisting of "center" and "peripheral" sectors. The center firms are large, vertically integrated, dispersed, diversified, and using mass-market techniques; peripheral firms are the opposite, hiring more temporary, unskilled, low-wage workers.<sup>58</sup>

Doeringer and Piore do not specifically use Averitt's model, but their own is related. The secondary labor market, they claim, consists of low-wage jobs under poor conditions in fringe areas of the economy. High turnover, poor advancement, and harsh supervision attract only unskilled workers with uneven work histories. The primary labor market consists of better jobs in basic industries, appealing to "steady" workers--such as male family heads--with more skills. This means two hiring processes and a certain level of unemployment in each group.

They contend that certain individuals will always be secondary workers: "It is the permanent and involuntary confinement in the secondary market of workers with major family responsibilities that poses the problem for public policy."<sup>59</sup> Mobility into the primary force is limited and not affected by aggregate demand, an increase in which would only lead to the hiring of a larger percentage of each group. Manpower training will have little use unless it offers a position in the primary market near the front of the line, which in any case would create new unemployment in the rear.

They say further that race and sex are "fairly accurate predictors" of which workers will end up in which market, and that hours are variable and wages steady and low in the secondary market, thus attracting those who cannot always put in an eight-hour day, such as female family heads.<sup>60</sup>

All this of course differs from orthodox economic theory, which sees one hiring line based on individual skills and individual choices about self-advancement. What is being suggested here is that the concept of an "industrial reserve army" or a "segmented labor force" perhaps provides a better picture of the labor force and thus a clearer view of its relation to welfare. It should be added that the difference between the two concepts is politically significant.

A Marxist views the industrial reserve army as a necessary and deliberate creation of capitalists to maintain productivity and profits. The non-Marxists do not address the question of intent at all. Their assumption seems to be that "subemployment" or the "secondary labor force" is somehow a malfunction of the system or of impersonal forces such as "racism" and "sexism", which could be perhaps remedied within the limits of the existing system.

This question is not one for this study to decide. However, it does introduce the problem of whether welfare policy making reflects a conscious attempt by policy-makers to help structure and maintain a low-wage labor force, and its resolution depends on which point of view seems more accurate. This issue will be dealt with in succeeding chapters. For now, what can be demonstrated is that a large group of low-wage workers, sporadically employed and disproportionately female, is a structurally-created and apparently inherent feature of American capitalism. It can also be shown that AFDC has its most significant impact on this group and in fact helps maintain it, notwithstanding policy-makers' intentions. Again, whether they are aware of this fact and whether they accept its "inevitability" will be taken up later. This chapter has only attempted to show that there is a group which

can be called a low-wage labor force, created by the economic system, and that AFDC has the effect of keeping women within this group.

Whatever it is called--"industrial reserve army", "underemployed", or "secondary labor force"--one thing is clear: the government does not officially recognize any such category.

The Bureau of Labor Statistics has stated that "because of the difficulty of drafting an objective set of criteria . . . no official Government statistics are available on the total number of persons currently underemployed." In any case, the BLS concludes that "underemployment in a highly industrialized country like the United States is not the serious problem it is for most underdeveloped countries."<sup>61</sup>

During the Johnson Administration, however, some officials saw underemployment as a policy problem. A 1966 Labor Department report cautiously concluded that "the data available do indicate that . . . a significant number of men are not in the labor force because they are discouraged or inhibited from finding or seeking the jobs in which they can make their maximum contribution."<sup>62</sup> No mention is made of women. The 1967 Manpower Report of the President noted considerable manpower underutilization, especially among blacks. The 1968 Report discussed the BLS survey of those outside the labor force who want jobs. In 1969, the Report suggested a classification of underemployed workers into four groups: employed below skill level, outside the labor force but willing to work, inadequately paid, and involuntary part-timers.

With the end of the Johnson Administration, concern about the plight of the underemployed faded. Manpower Reports issued since 1970 note the lack of progress in dealing with manpower underutilization, but lose the tone of urgency of previous reports, and gloss over the

TABLE 3-5

UNEMPLOYMENT AND LOW-WAGE WORK, 1958-1974  
(Millions of Workers)

Year	Unemployed	Involuntary <sup>1</sup> Part-timers	Outside Force <sup>2</sup> , Want Job	Full Time <sup>3</sup> Low-Wage Force	Total
1958	4.6	2.9		3.3	
1960	3.8	2.5		3.2*	
1963	4.1	2.3		2.7	
1966	2.9	1.7	5.3	2.3	12.2
1967	3.0	1.9	4.7	2.0*	11.6
1968	2.8	1.7	4.5	1.7	10.7
1969	2.8	1.8	4.5	1.3	10.4
1970	4.1	2.2	3.9	1.3	11.5
1971	5.0	2.4	4.4	1.3	13.1
1972	4.8	2.4	4.5	1.3	13.0
1973	4.3	2.3	4.4	1.3	12.3
1974	5.1	2.7	4.7	1.6	14.1

SOURCES: Manpower Report of the President, 1975; Handbook of Labor Statistics, 1975; Bureau of the Census, Consumer Income (Reports Series P-60), 1958-1974.

<sup>1</sup>Seeking full-time jobs; over 14 years of age until 1965; over 16 thereafter.

<sup>2</sup>Counted as outside labor force, would like job.

<sup>3</sup>Working full-time all year, earning below poverty level. Approximations for some years. (\*)

underemployment issue in a paragraph or two.

Using three of the 1969 categories, along with unemployment figures, the picture emerges in the table above of a relatively stable number of people who either want work, want more work, or cannot earn a living even working full time. Notwithstanding these figures, the government does not officially recognize them in monthly unemployment statistics.

The problem lies in the way the government uses the term "labor force". The official definition is narrow and quite arbitrary. The percentage of unemployed is derived from a monthly survey of 47,000 households by the Department of Labor, which produces a sample of every non-institutionalized civilian over sixteen. The sample is classified as employed, unemployed, or not in the labor force. Anyone who during the survey week worked in a paid position or worked unpaid fifteen hours or more in a family enterprise is counted as employed, as well as workers temporarily absent due to illness and similar reasons.

The unemployed are those who did not work during the survey week and who had engaged in "specific job-seeking activity" during the previous four weeks. Those temporarily laid off or waiting to report to a new job are also counted as unemployed.'

All others--those not working or seeking work--including those in the Armed Forces, are considered outside the labor force. This group is further broken down into categories such as "engaged in house-work", "in school", "disabled", and so on.<sup>63</sup>

The definition of unemployment is thus structured so as not to count those who might want to work but have not been looking actively. A closer examination of the non-participants in the labor force might indicate that their exclusion does not necessarily signify lack of desire for or history of employment.

Julius Shiskin, currently Commissioner of the Bureau of Labor Statistics, has said that "no single way of measuring unemployment can satisfy all analytical or ideological interests". He has proposed a seven-part unemployment index, each part including a larger portion of the labor force. Depending on whether the "U-1" rate or the "U-7" rate

is used, unemployment on Shiskin's scale was either 3% or 11% in 1975.<sup>64</sup> Similar criticisms and proposals for substitutes have come from others less highly situated, but the monthly percentage unemployment figure continues to be the focus of media attention and policy directions.

One such proposed index is that of Sar Levitan and Robert Taggart. The "Index of Employment and Earnings Inadequacy" (EEI) would consist of the percentage of those in the labor force who are unemployed and actively seeking work, discouraged job seekers, low-wage heads of household, and involuntary part-time workers.

This excludes full-time students and senior citizens, and is "screened" to omit workers whose spouses bring family income up to a reasonable amount. In March, 1972, by Levitan's computations, 12.87 million workers--almost 15% of the labor force--were "underemployed". Of these, 9.94 million suffered inadequate employment and earnings, for an EEI of 11.5%.<sup>65</sup>

Such new indices are steps in the right direction. But they do not define the full magnitude of the problem, and do not allow the clear location of AFDC recipients within the labor force. The difficulty is created by the BLS definition of "labor force". A worker is out of the labor force as soon as four weeks have gone by without "specific job-seeking activity". This group in 1974 consisted of 14.9 million men and 42.6 million women. Three-quarters of the women claimed "home responsibilities" as their reason for not working.<sup>66</sup> Superficially, this seems reasonable, but a closer examination reveals new complexities. First of all, the poor are disproportionately represented in this group, especially poor women (see Table 3-6).

Starting in 1966, surveys were taken by the BLS to find out

TABLE 3-6

## FAMILY HEADS OUTSIDE THE LABOR FORCE, 1970

	<u>Males</u>	<u>Females</u>
Family Heads in Labor Force (Millions) . . . . .	38.96	3.08
% of Total Family Heads . . . . .	85.5%	55.9%
% Below Poverty Line . . . . .	5.1%	20.0%
<hr/>		
Family Heads Outside Labor Force (Millions) . . . . .	6.63	2.43
% of Total Family Heads . . . . .	14.5%	44.1%
% Below Poverty Line . . . . .	25.0%	47.0%

SOURCE: U. S. Census, Low-Income Population, pp. 191-192.

how many of those outside the labor force would take a job if one were offered to them; nearly five million responded affirmatively.<sup>67</sup>

In 1976, 59.1 million people were counted as not in the labor force; 43 million (73%) were women. Of these women, 14% had worked the previous year, and another 18% between one and five years before. Eighteen percent had never worked--42% of those aged 16-24, but only 10% of those aged 25-59. Less than half of the women outside the labor force cited "home responsibilities" as the reason for not working; one-fifth cited "economic reasons" such as an end of temporary or seasonal jobs, or slack work; five and a half million of these women intended to seek work during the coming year.<sup>68</sup>

A census study of family heads not in the labor force shows significant, if transitory, attachment to work (see Table 3-7). To be outside the labor force, then, does not mean the absence of any work history or of the desire to work. All it means is that at the time of the BLS survey, an individual was not working and had not looked for

TABLE 3-7

## WORK HISTORY OF FAMILY HEADS NOT IN LABOR FORCE, 1970

		Family Heads Not in Labor Force	Worked Since 1964	Never Worked
Male	Non-Poor	4,970,000	3,030,000 (61%)	60,000 (1%)
	Poor	1,660,000	770,000 (47%)	70,000 (4%)
Fem.	Non-Poor	1,280,000	420,000 (33%)	280,000 (22%)
	Poor	1,160,000	450,000 (38%)	300,000 (26%)

SOURCE: U. S. Census, Persons Not Employed, p 79.

a job in the past month. It is essentially an arbitrary category which implies unemployability but in fact does not demonstrate it. Most welfare mothers are probably considered outside the labor force in spite of their frequent employment.

This, incidentally, is the problem with Levitan's "EEI"--it accepts the BLS definition of labor force and thus undercounts low-wage employment, especially among women.

Thus the presence of a significant segment of the labor force which is unemployed or working for low wages has been obscured by the official statistics. Regardless of what term is used to describe them, some ten to fifteen million or more people are unable to find a decent job at a decent wage even in times of relative prosperity. In terms of BLS categories, they are scattered among the unemployed and those not in the labor force. A meaningful definition of unemployment requires a concept of the labor force which includes everyone willing and able to work.

The importance of all this for the study of welfare is that the existing governmental classifications of labor force status are

inadequate for a full understanding of labor force structure and the employment history of individual workers. Most welfare recipients are classified outside the labor force, yet this has nothing to do with their desire or ability to work.

Does an expressed desire for work really mean a job would be taken if offered? Frank Furstenberg and Charles Thrall cite a longitudinal study in progress of the work experience of groups of workers. They conclude: "These data appear to support our assertion that when individuals say they are interested in working, even if they are not actively looking for a job, the likelihood is that they really do want to work and will respond to an opportunity for employment."<sup>69</sup> This seems to be borne out by the history of work training programs for welfare recipients. There is nothing conclusive about this, but it seems to make sense if one does not accept the idea that the poor are congenital liars.

The Census Bureau has published a rather revealing set of figures on what it calls the "labor reserve" --a category unrecognized by the BLS. This term refers to all those not in the labor force who had worked sometime since 1959. The Bureau's findings are shown in Figure 3-8. The millions of women classified as "labor reserve" do not necessarily intend to work. Clearly, however, many of them do, and the availability of such a "reserve" among women presents a possible explanation for the lower wages of women as a whole. It has been noted that there has been an increasing tendency among employers, especially those seeking clerical workers, to hire women over 40. This provides an example of the potential use of a "labor reserve", among whom are certainly most AFDC recipients.

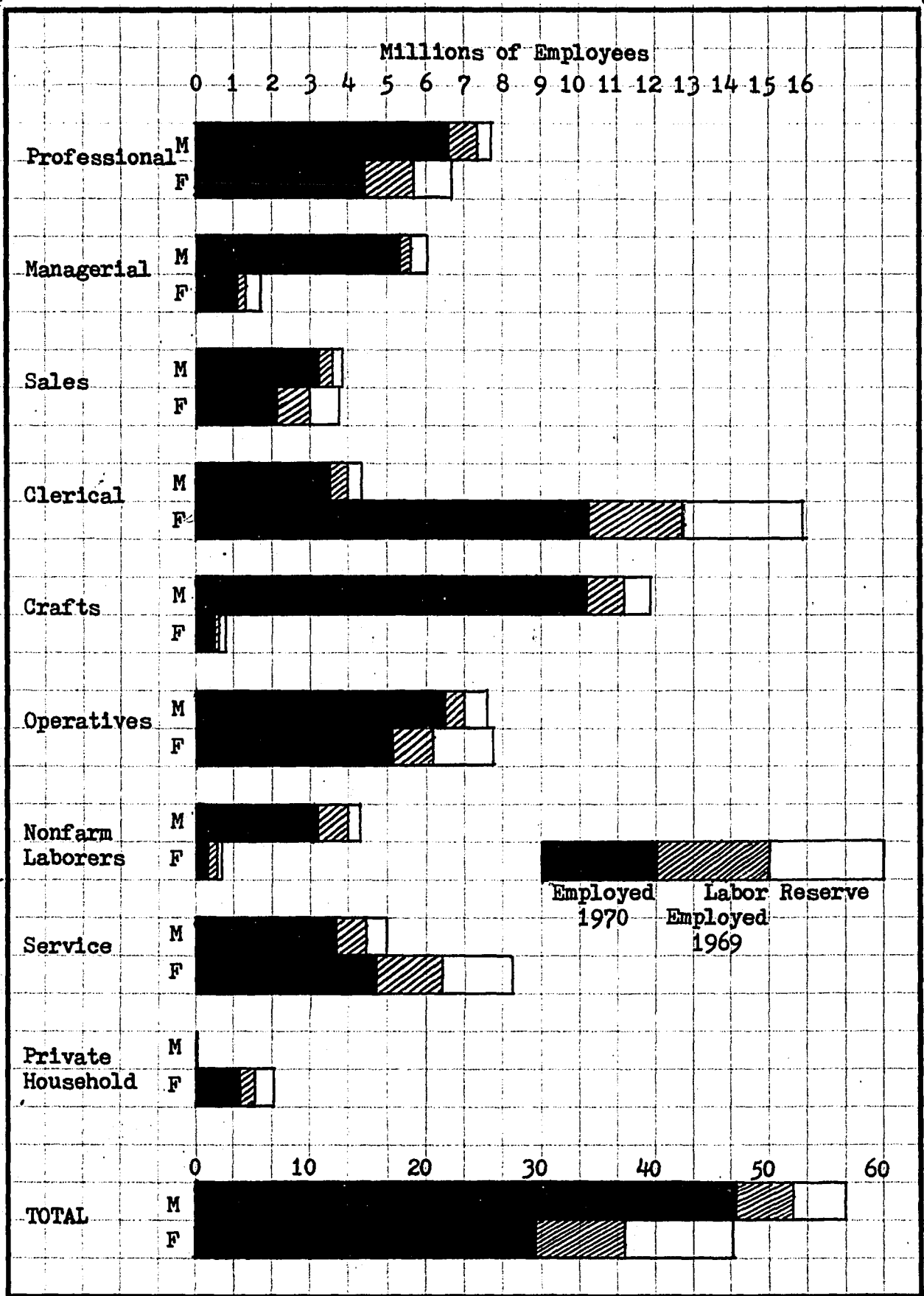


Fig. 3-8. Labor Reserve, 1970.

SOURCE: U. S. Census, Persons Not Employed.

The Census lists 1,116,000 female household heads, either single, divorced, or with spouses absent (about one-third of the total each), among the labor reserve.<sup>70</sup> Nearly half a million poor female family heads with children under eighteen were counted as part of the reserve, with a slightly smaller figure outside it.<sup>70</sup>

These figures are not conclusive in themselves, but are quite supportive of the notion that women are the mainstay of the low-wage labor force and welfare mothers are a sizable part of that group.

There seems then to be considerable evidence to confirm the initial two hypotheses of this chapter. At the very least, surely the conception of recipients as non-working "dependents" can be rejected.

AFDC serves a function quite necessary for American capitalism: it helps maintain a pool of low-wage labor. This in itself would not be considered a policy problem by government officials, who, in accepting the economic assumptions of capitalism, must also--consciously or not--accept the need for profound economic inequality and a large low-wage work force.

AFDC presents a policy problem because it performs this function, among others, inefficiently, inconsistently, and at too great a cost. The problem is to construct a welfare program which will neither create too much subsidized unemployment nor exert an upward pressure on wage levels. If these constraints are ignored because of stereotypes about welfare recipients, or because policy-makers are trying to be "humane", or for any other reason, the resulting solutions will be irrelevant and self-contradictory. This is the core of the difficulty facing the development of an adequate welfare reform, at least within the limits of American capitalism.

NOTES

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<sup>2</sup>Robert G. Williams, Public Assistance and Work Effort (Princeton: Industrial Relations Section, Princeton University, 1975), p. 16.

<sup>3</sup>U. S. Department of Commerce, Bureau of the Census, U. S. Census of Population, 1970--Subject Reports: Low Income Population, Table 29.

<sup>4</sup>Ibid., p. x.

<sup>5</sup>Joe A. Miller and Louis A. Ferman, Welfare Careers and Low-Wage Employment (Detroit: Institute of Labor and Industrial Relations, 1972), pp. 259-261.

<sup>6</sup>Gordon Blackwell and Raymond Gould, Future Citizens All (Chicago: American Public Welfare Association, 1952), p. 52.

<sup>7</sup>Dissertation Abstracts, XXVII, October-December, 1966, p. 1453A.

<sup>8</sup>Martin Rein, "Choice and Change in the American Welfare System," Annals 385 (September 1969): 100.

<sup>9</sup>Mildred Rein and Barbara Wishnov, "Patterns of Work and Welfare in AFDC," Welfare in Review 9 (November-December 1971): 9.

<sup>10</sup>Sar Levitan, Martin Rein, and David Marwick, Work and Welfare Go Together (Baltimore: Johns Hopkins, 1972), p. 50.

<sup>11</sup>U. S. Social Security Administration, Bureau of Public Assistance, Trend Report: Graphic Presentation of Public Assistance and Related Data, December, 1960, p. 51.

<sup>12</sup>Genevieve Carter, "The Employment Potential of Welfare Mothers," Welfare in Review 6 (July-August 1968): 2.

<sup>13</sup>Blanche Coll, "How Work Incentives Affect Welfare Rolls," Social and Rehabilitation Record 1 (May 1974): 10-14.

<sup>14</sup>Miriam Ostow and Anna B. Dutka, Work and Welfare in New York City, (Baltimore: Johns Hopkins, 1975).

<sup>15</sup>U. S. Department of Labor, Manpower Administration, The Potential for Work Among Welfare Parents, Manpower Research Monograph #12, 1969, p.8.

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- <sup>19</sup>Perry Levinson, "How Employable are AFDC Women?" Welfare in Review 8 (July-August 1970), p. 14.
- <sup>20</sup>Betty Burnside, "The Employment Potential of AFDC Mothers in Six States," Welfare in Review 9 (July-August 1971), pp. 16-19.
- <sup>21</sup>Williams, p. 16.
- <sup>22</sup>Joe R. Feagin, "We Still Believe That God Helps Those Who Help Themselves," Psychology Today (November, 1972): 101.
- <sup>23</sup>Harold J. Wilensky and Charles N. Lebeaux, Industrial Society and Social Welfare (New York: Free Press, 1965), p. 290.
- <sup>24</sup>Elaine Burgess and Daniel Price, An American Dependency Challenge (Chicago: American Public Welfare Association, 1963), p. 135.
- <sup>25</sup>Ibid., p. 158.
- <sup>26</sup>Henry Miller, "Characteristics of AFDC Families," Social Service Review 5 (December 1965): 408.
- <sup>27</sup>Lola M. Irelan, ed., Low Income Life Styles (Washington: Social and Rehabilitation Service, 1967), p. 9.
- <sup>28</sup>Norman C. Weissberg, "Intergenerational Welfare Dependency: A Critical Review," Social Problems 18 (Fall 1970): 271.
- <sup>29</sup>Leonard Goodwin, Do the Poor Want to Work? (Washington: Brookings, 1972), p. 118.
- <sup>30</sup>U. S. Department of Labor, Employment Standards Administration, Wages and Hours of Work of Nonsupervisory Employees in All Private Nonfarm Industries by Coverage Status Under the Fair Labor Standards Act, 1975.

<sup>31</sup> Steven Sternlieb and Alvin Bauman, "Employment Characteristics of Low-Wage Workers," Monthly Labor Review 95 (July 1972): 11.

<sup>32</sup> Vera C. Perrella, "Low Earners and Their Incomes," Monthly Labor Review 90 (May 1967): 35-40.

<sup>33</sup> New York Times, April 12, 1977, pp. 1, 56.

<sup>34</sup> Edith Abbott, Women in Industry (New York: Appleton, 1910), p. 34.

<sup>35</sup> Elizabeth F. Baker, Technology and Women's Work (New York: Columbia, 1964), p. 6.

<sup>36</sup> Abbott, p. 49.

<sup>37</sup> Ibid., p. 89.

<sup>38</sup> Ibid., p. 315.

<sup>39</sup> Valerie K. Oppenheimer, The Female Labor Force in the United States (Berkeley: Institute of International Studies, 1969), p. 102.

<sup>40</sup> Helen Campbell, Women Wage Earners (New York: Arno Press, 1972 [1893]), pp. 194-200.

<sup>41</sup> U. S. Department of Labor, Womens Bureau, "Womens Occupations Through Seven Decades," Bulletin #218, 1947.

<sup>42</sup> U. S. Department of Commerce, American Almanac 1974, p. 222.

<sup>43</sup> Womens Bureau, "Negro Women in Industry in Fifteen States," Bulletin #70, 1929.

<sup>44</sup> Womens Bureau, "The Negro Woman Worker," Bulletin #165, 1938, p. 6.

<sup>45</sup> Ibid., p. 12.

<sup>46</sup> New York Times, November 28, 1976.

<sup>47</sup> Ibid., September 9, 1976.

<sup>48</sup> Harry Braverman, Labor and Monopoly Capital (New York: Monthly Review, 1974), p. 385.

- <sup>49</sup>American Almanac, 1976, p. 399.
- <sup>50</sup>Ibid., p. 50.
- <sup>51</sup>New York Times, July 8, 1973.
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- <sup>53</sup>U. S. Congress, Joint Economic Committee, Studies in Public Welfare, No. 14, 93rd Congress, 2nd Session, April 15, 1974, pp. 5-6.
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- <sup>57</sup>Peter Doeringer and Michael Piore, Internal Labor Markets and Manpower Analysis (Lexington, Mass.: D. C. Heath, 1971).
- <sup>58</sup>Robert T. Averitt, The Dual Economy (New York: Norton, 1968).
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- <sup>61</sup>U. S. Department of Labor, Bureau of Labor Statistics, How the Government Measures Unemployment, Report #416, 1973, p. 9.
- <sup>62</sup>U. S. Department of Labor, Manpower Administration, Unused Manpower: The Nation's Loss, Bulletin #10, September, 1966, p. 2.
- <sup>63</sup>Bureau of Labor Statistics, How the Government Measures Unemployment.
- <sup>64</sup>New York Times, January 18, 1976, Sec. IV, p. 2.
- <sup>65</sup>Sar Levitan and Robert Taggart III, Employment and Earnings Inadequacy (Baltimore: Johns Hopkins, 1974).

<sup>66</sup>American Almanac, 1976, p. 345.

<sup>67</sup>Robert L. Stein, "Reasons for Non-Participation in the Labor Force," Monthly Labor Review 90 (July 1967): 22-27.

<sup>68</sup>U. S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings 23 (July 1976): 59.

<sup>69</sup>Frank Furstenberg and Charles Thrall, "Job Rationing and Unemployment," Annals 418 (March 1975): 57.

<sup>70</sup>U. S. Census, Subject Reports: Persons Not Employed, Tables 4 and 8.

## CHAPTER FOUR

### THE DEVELOPMENT OF THE FAMILY ASSISTANCE PLAN

This study has attempted to establish the validity of the following propositions:

(1) Historically, welfare policy has been adjusted to suit the needs of employers for low-wage labor. The general, if uneven, trend toward liberalization in this century has been politically possible due to the reduced demand for low-wage labor after the Industrial Revolution.

(2) Existing analyses of welfare policy, based on pluralist assumptions, do not adequately explain its development or the politics of welfare reform.

(3) There is a large low-wage labor force in the United States, largely female, whose workers resort to welfare as an occasional wage supplement. There is no real distinction between "welfare poor" and "working poor". AFDC has the effect of helping to keep workers in the low-wage labor force.

If these propositions are accurate, one has the basis for hypothesizing that welfare is a public policy with the implicit purpose of supplementing private sector decisions on the size, composition, and income of the low-wage labor force.

This does not mean that all policy-makers deal with welfare with that end in mind. What is being said is that, first of all, those

responsible for welfare policy development accept the values, goals, and assumptions of American capitalism, and that AFDC is--and new programs must be--consistent with them. This provides the limits within which the conflict over welfare policy is conducted. The American economic system needs a low-wage labor force of some size, the private sector has created one, and the government, if it wishes to maintain the existing system, has to cooperate, and has chosen to do so. AFDC is one method of accomplishing this end.

The problem is that it does so inefficiently, and at considerable cost. In addition, there is no consensus on the basic question of who should be in the low-wage labor force and how much they should earn. A properly functioning welfare system should not create too much unemployment, raise wages in the reserve labor force, or create social disorder. It must be in tune with the low-wage labor force needs of the economy. It is these goals which provide the context for an understanding of the politics of welfare reform.

The rhetoric and conflict surrounding welfare policy involves a number of different conceptions of who AFDC recipients are and what they should be doing. But if these individuals are a sizable segment of a low-wage labor force, and welfare reform has a significant impact on its composition and income, then that is the issue--whether those involved in the debate are aware of it or not. Those who understand this and have a material interest in the work-welfare connection thus have a political advantage in getting a welfare program of their choice. And given the nature of the issue, there will always be such people. Those who do not will be unable to devise or enact a coherent program. These will be individuals whose interest in the problem is purely

academic or theoretical. It is not that all policy-makers are conscious of the impact of welfare on the structure of the labor force; but those who are have been numerous enough to have gotten what they wanted, or at least to stop what they did not want. The American political system has always favored negative minorities with strong material interests. It is this group which got its way on the Family Assistance Plan.

This chapter will examine the development of the Family Assistance Plan to test this idea. It will be argued that those who were involved in drawing up the plan did not clearly examine its implications for the low-wage labor force, because their political focus was elsewhere. The concern of Johnson Administration liberals was for the relief of poverty; for Daniel Moynihan it was a solution to "dependency"; for Richard Nixon it was personal political reward as well as getting recipients off the rolls. These goals were inconsistent and based on conflicting and inaccurate assumptions. They borrowed ideas for programs which were based on several different social goals. None of those involved explicitly addressed the question of who would provide the cheap labor in the American economy--largely because they had no personal stake in this issue, and as a consequence were not aware of its importance to others who did--especially in Congress. The policy solution they chose to deal with the welfare crisis embodied all these inconsistencies and contradictions.

The Family Assistance Plan was basically a negative income tax, not a guaranteed income. It is vital to understand the difference. The latter simply established a basic minimum income below which no individual or family is allowed to fall under any circumstances. Ideally the money is provided with no strings attached. For example, the

government might decide that \$5000 for a family of four was the minimum; the Treasury would then simply give a needy family the difference between that figure and earned income.

A negative income tax, on the other hand, is something which is quite different. A family would be granted a certain tax credit, say \$6000 for a family of four. Above this figure, a positive tax would be due from the family to the government. Below it, however, the government would pay the family a "negative" tax. If there were a flat rate for both positive and negative tax rates of 25%, a family's income would increase as follows:

TABLE 4-1A  
IMPACT OF NEGATIVE TAX

Pre-tax Income	Deductible	Taxable	Rate	Tax	Net Income
\$ None	\$ 6000	\$ -6000	25%	\$ -1500	\$ 1500
2000	"	-4000	"	-1000	3000
4000	"	-2000	"	- 500	4500
6000	"	None	"	None	6000
8000	"	+2000	"	+ 500	7500
10000	"	+4000	"	+1000	9000

A similar chart for the guaranteed annual income, which can be understood as a 100% negative tax, would look like Table 4-1B on the following page.

Obviously there would be no reason under a guaranteed income for any family to work to increase its earnings from zero to \$6000; only above that figure would there be any gain. A negative income tax, on the other hand, would provide a consistent incentive, especially if the flat rate were maintained.

TABLE 4-1B

## IMPACT OF GUARANTEED INCOME

Pre-tax income	Deductible	Taxable	Rate	Tax	Net Income
\$ None	\$ 6000	\$ -6000	100%	\$ -6000	\$ 6000
2000	"	-4000	100%	-4000	6000
4000	"	-2000	100%	-2000	6000
6000	"	None	100%	None	6000
8000	(Net income above the \$6000 guarantee would depend on positive tax rates and deductibles)				
10000					

The Family Assistance Plan was designed on the negative tax model; it ended up including features of the guaranteed income. The two do not mix well because, although sharing certain values, they are based on opposite notions of the nature of man and modern society. Moynihan touches on this distinction briefly:

The original proponents of a guaranteed income tended to be apocalyptic about capitalism and more or less disdainful of bourgeois virtue. The original advocates of a negative income tax, by contrast, tended to be little impressed by social workers and less still by social visionaries. As the two ideas merged some of these distinctions in social purpose and political style were obscured, but they were never eliminated.<sup>1</sup>

The theoretical difference between the two concepts requires a greater elaboration which Moynihan does not provide. For this, one must examine the writings of Robert Theobald and Milton Friedman.

The basis of the idea of the guaranteed income is that increasing economic growth and prosperity have made the necessity for a work-wage connection obsolete. If a society is rich enough to provide for all its members without everyone working, there is then no rationale for requiring employment as a condition of subsistence.

Above all, "cybernation", the replacement of men by machines,

will make human labor obsolete. Says Robert Theobald, "The proposal for a universal guaranteed income can be justified on the ground that the evolution [of cybernation] ensures that most types of structured jobs will be taken over, within a relatively brief period, by advanced machinery."<sup>2</sup> Greater unemployment is thus inevitable. "I am convinced," he continues, "that if we desire to maintain freedom, a guaranteed income will necessarily have to be introduced." The key word here is "freedom".

Theobald is absolutely committed to a "free enterprise" system. A guaranteed income would facilitate the development of "consentives": i. e., "productive groups formed by individuals who will come together on a voluntary basis simply because they wish to do so".<sup>3</sup> This demonstrates the libertarian, almost anarchist ideology at the heart of the idea of a guaranteed income. Theobald explicitly states that the guaranteed income "is based on the fundamental American belief in the right and ability of the individual to decide what he wishes and ought to do".<sup>4</sup> Its purpose is to free what Theobald sees as inherent human capacity for creative and spontaneous productive activity by removing the worry and limitations imposed by the need to work for a living. Humans apparently require no other incentive to produce but freedom.

The 1964 report of the "Ad Hoc Committee on the Triple Revolution" has the same tone:

Because of cybernation, society no longer needs to impose repetitive and meaningless (because unnecessary) toil upon the individual. Society can now set the citizen free to make his own choice of occupation and vocation from a wide range of activities not fostered by our value system and our accepted modes of 'work' . . . it is essential to recognize that the traditional link between jobs and incomes is being broken. The economy of abundance can sustain all citizens in comfort and economic security whether or not they engage in what is commonly reckoned as work.<sup>5</sup>

The signatories to the statement included Theobald, as well as Erich Fromm, Michael Harrington, Tom Hayden, Robert Heilbroner, A. J. Muste, Gunnar Myrdal, Bayard Rustin, and Norman Thomas. Moynihan had good reason to label the guaranteed income "an idea of the left".

Not all of the left was enamored of the idea, however, as evidenced by a comment from Robert Lekachman:

Ours is still a job-directed society . . . In the American context a job subsidy is not replacement for an acceptable role in the community, a role that accompanies the holding of a job . . . Indeed, the Triple Revolution plan is little better than a bribe to the unemployed to go their way and not bother the rest of us. Work gives point and pattern to most people's lives. The men and women to be 'assisted' under the Triple Revolution scheme are the very ones who are least able to cope with 16 unoccupied hours a day.<sup>6</sup>

The negative income tax also is based on an ideology of individual freedom, but one that arises out of a different concept of human nature and social organization.

Milton Friedman is generally credited with being the originator of the negative tax concept. His goal is clear: "Although a number of my proposals would have the immediate effect of improving our economic well-being, that's really a secondary goal to preserving individual freedom."<sup>7</sup> "Each man has an equal right to freedom," he says in Capitalism and Freedom, and this is the point of the negative income tax. In fact, in a perfect free-market society, the tax might be a poor idea:

If we were starting with a clean slate--if we had no government welfare programs, no Social Security, etcetera--I'm not sure I would be in favor of a negative income tax. But unfortunately, we don't have a tabula rasa. Instead we have this extraordinary mess of welfare arrangements and the problem is, how do you get out of them?<sup>8</sup>

The negative tax is thus a transitional measure on the way to economic liberty and free choice in a competitive market economy. Ideally, it

would replace all other welfare measures, although Friedman does feel that political reality might require their retention.

Nowhere does Friedman say explicitly what is to become of the low-wage labor force, but the implication is clear: they will fend for themselves in the market, while being maintained at a subsistence level. They will be on their own because the goal of a negative tax is economic freedom and the restoration of the competitive market, not equality or even the alleviation of poverty.

In commenting on the acceptance of his idea by the left, Friedman says this stems from a confusion with the guaranteed income (which he deplors), a desire to add a negative tax to existing welfare programs (which he deems politically unavoidable), and disgust with the present welfare system (which he shares). The right opposes it, he says, for weakening incentives and for creating pressure for the redistribution of wealth--both of which he denies would result.<sup>9</sup>

Testifying on the Family Assistance Plan at Ways and Means hearings in 1969, Friedman supported the program, but criticized it for its high and inconsistent marginal tax rates on increased earnings, its unequal treatment of recipients, and its assignment to HEW as a welfare plan, rather than to the Internal Revenue Service as a tax plan. Significantly, no one on the committee dealt with his criticisms.<sup>10</sup>

Although the guaranteed income stems from a more visionary philosophy, both it and the negative income tax have their roots in radical individualism and free-market capitalism. As Friedman puts it, "men are different, because one man will want to do different things with his freedom than another, and in the process can contribute more than another to the general culture of the society in which many men

live."<sup>11</sup> Theobald agrees: "[A guaranteed income] will provide the individual with freedom to develop himself and his society."<sup>12</sup>

While income maintenance to Theobald is thus a revolutionary measure to free mankind's creative impulses, to Friedman it is only a step toward a free-market ideal. Friedman is cynical about human nature and does not believe in "something for nothing", either as public policy or as a guide to the human propensity to produce. Theobald, on the other hand, apparently has an implicit belief in human perfectibility. As he puts it, "my object in providing the individual with a guaranteed annual income is not to move back to unrestricted economic competition . . . but rather to move forward into a new social order."<sup>13</sup>

What they both share, however, is a notion of "freedom" as the highest goal, and the free market as the most rational form of social organization.

It can be argued, therefore, that to transform either program into an egalitarian anti-poverty measure is in direct conflict with their ideological roots and places them into a context in which they cannot succeed. This is precisely what happened to the Family Assistance Plan. Leon Keyserling aptly describes the quality of thinking which led to this situation:

To understand what Friedman is after, we need only read his book, Capitalism and Freedom. He would torpedo old-age insurance, unemployment insurance, and all minimum wage legislation. He would get rid of public housing. He would abandon free public education. He has a deep aversion to our great public parks; he would put them in private hands. He would even substitute a private army for our national defense forces. It is quite a commentary on the current state of public understanding that Professor Friedman, merely by proposing something that sounds new, has been welcomed warmly by an increasing number of perplexed liberals.<sup>14</sup>

In his book, Moynihan celebrates the convergence of right and left ideology in the formulation of FAP. It would be more in order to mourn; the attempt to mix radical individualism with welfare liberalism made FAP logically and politically untenable. If Moynihan failed to recognize this, it is because his point of view obscured his vision.

The liberals of the Office of Economic Opportunity who designed the Family Assistance Plan took the negative income tax and apparently without thinking placed it on top of all the other existing programs, thus creating a hybrid against which Friedman had specifically warned, for good reason. This automatically raised the issue of work incentive, because "notches" would reappear; Friedman had laid this problem to rest in the original plan. If there are no other welfare programs, and there is a flat tax rate both positive and negative, a worker works more and earns more, never falling below a certain minimum which by itself is inadequate for more than bare survival. Work then becomes a choice on the basis of material self-interest, and no one actually starves. There is no question of labor supply; it is still regulated by the free market.

Theobald also settles the labor market issue: it doesn't matter who works since there are enough goods to go around as a consequence of cybernation. All that is required is freedom for human creativity to develop.

However, to introduce a negative income tax into an existing welfare system creates a highly flawed guaranteed income, producing neither freedom nor equality. The question of work incentives and labor force effects is left unanswered and open to discussion, and thus develops into a political issue obscuring the need for welfare reform.

Thoughtlessly and carelessly, the formulators of the Family Assistance Plan did just this and signed the death warrant for their own program.

A second phase in the development of the Family Assistance Plan came with the work of the various advisory and investigatory commissions on the subject of welfare. Such bodies serve a number of political functions: they may bring an issue into public awareness; they may serve to develop legislation; they may be mere "symbolic" responses to public pressure. If anything, the commissions on welfare conferred a certain legitimacy on the idea of the guaranteed income; their actual political impact besides this was minimal. What is notable about them is the way they reflected the biases and perspectives of their respective constituencies. They offer particular insight into the thinking of the social work profession and the corporate elite.

Four commissions, two public and two private, were set up in the mid-60's to examine public welfare. The first of these was the Advisory Council on Public Welfare, appointed by the HEW Secretary in July, 1964, under the authority of the 1962 welfare amendments. On June 29, 1966, the Council submitted its report, entitled "Having the Power, We Have the Duty", which derived from a speech by Lyndon Johnson on income maintenance.

The Council was almost entirely a social work group. Of the twelve members, eight were affiliated with private or public social work institutions. The chairman, Fedele F. Fauri, was Dean of the University of Michigan School of Social Work.

The report itself accepted the basic tenets of social work ideology: "The examination of present caseloads highlights the fact

that most public welfare recipients, with the exception of children and the younger adults, cannot realistically be expected ever to become self-sustaining."<sup>15</sup> The analysis of poverty in the report emphasized heavily the need for services to help the poor adapt to the needs of a modern technological society.

Among the proposed solutions were a federal floor under welfare payments; and an end to categorical programs, with need as the sole criterion instead. A more equitable federal-state funding arrangement and liberalization of social insurance were also recommended.

Almost half the report was devoted to an elaboration of the need for more and better services:

In general, individuals have a complexity of problems in which the very determination of eligibility for money may involve the provision of a social service . . . Poverty and dependence are usually the ultimate results of a variety of social or emotional causes. . . . Not enough is yet being done to bring supportive, referral, preventive, and rehabilitative social services to all of the people now living within critically disadvantaged groups or to those who are struggling to maintain their place within the norms of social adjustment.<sup>16</sup>

A further need was seen to relieve the "social welfare manpower shortage", to mount large-scale programs in "extending social welfare research", to raise salaries and other incentives for social work administrators, and to increase participation in international social welfare research.

There could be no clearer statement of the position of the social work profession. The report was relatively conservative in its proposals for change in the welfare system, but quite expansive in advocating increased "rehabilitative" services under the auspices of a heavily subsidized social work profession. It is significant as one

of the many statements of the notion popular among social workers that welfare reform means providing them with more money to study and rehabilitate the poor. To judge by the report, there was no great enthusiasm for a guaranteed income, although this alternative was not explicitly rejected.

The report came out as Congress was beginning to consider what were to become the 1967 WIN amendments. They were based on a rejection of the social work philosophy underlying the 1962 amendments, widely regarded by legislators, especially by Wilbur Mills, as a failure.

The second of these commissions began its work on November 2, 1967, as 112 notables gathered at Arden House in New York in response to Governor Nelson Rockefeller's invitation to discuss the question, "What would you recommend as sound public policy [in public welfare] for the next decade?"

Nearly half the participants came from the corporate and financial community, especially those affiliated with larger institutions. Over thirty others were present representing public and private welfare agencies, ten each from the media and politics, five educators--and three labor union officials. The Steering Committee consisted of a dozen businessmen, headed by Joseph C. Wilson, chairman of the Xerox Corporation. It included the chairman of Inland Steel; a senior partner in a New York Stock Exchange firm; the chairman of Metropolitan Life; the chairman of Marine Midland Bank; vice-chairman of Ford Motor Company; the president of the Committee for Economic Development; chairman of Mobil Oil; and a vice-president of Pepsico. Appropriately, in convening the conference, Rockefeller proclaimed "it is largely the private sector of the nation that has historically demonstrated ingenuity

and inventiveness; the resources and resourcefulness that made America what it is today."<sup>17</sup>

The report of the Arden House Conference concluded that "only a small proportion of the adults [on welfare] can be helped to be self-supporting." Based on this, the Conference proposed a negative income tax: "The Steering Committee believes that the nation is now at a stage in its history when it can afford to give serious consideration to such a plan which would raise all 30 million American to at least the poverty level."<sup>18</sup> It called for national welfare standards, increased financial work incentives, day care, and eligibility determination by affidavit of the applicant. It placed a strong emphasis on the need to promote family planning. Government-subsidized job training was advocated. In individual comments and suggestions listed separately from the main body of the report, there were strong demands for further research--perhaps from the social workers.

Arden House is a clear statement of the position of the corporate elite on welfare policy. It is apparently what might be called a "liberal" program. It calls for a subsidy for the nation's poor without any work requirement. In fact, discussion of jobs and work is conspicuous by its absence in the report. These subjects are mentioned only in the context of government-funded training programs. The Arden House program represents the big business brand of liberalism--as well as the liberal wing of big business ideology. There is apparently no desire on the part of the more liberal representatives of the corporate and financial elite for any large-scale participation in the labor force by the poor--the direction it favors for welfare policy is to subsidize their obsolescence and hold down their reproduction.

A similar tone was set by the Committee for Economic Development, whose Research and Policy Committee issued a report in April, 1970, entitled Improving Public Welfare. The Subcommittee on Poverty and Welfare was headed by, again, Joseph C. Wilson, joined by several of his Arden House colleagues along with the chairman of Pan Am, the chairman of General Foods, and the president of Gulf and Western.

The report opened by praising the Family Assistance Plan as a "very important first step". Its basic recommendation was a "federally-supported program to provide a national minimum income with eligibility determined solely on the basis of need [including] working single-person families and working childless couples". The minimum for a family of four was to be \$2400. The report called for "increased opportunities for private or public employment". Interestingly, two non-business members of the committee added mild reservations, one calling for "assured opportunities", another calling for a public service employment program.<sup>19</sup>

The CED further recommended "that neither training nor work should be made a condition for continuance of public assistance to women heads of households"--a position firmly supported by liberal Democrats and the National Welfare Rights Organization. Day care, however, was advocated as a means of allowing mothers to work if they wished. The entire system was to be federally funded and administered.

If anything, the CED report was more "liberal" than that of Arden House, and certainly more than the Family Assistance Plan itself. This raises the interesting question of why at least one segment of big business was so willing to allow public money to subsidize unemployment. There is no mention in either Arden House or the CED report

of "dependency" or of the "cybernation revolution". Assuming this was not pure altruism, a possible answer is that a guaranteed income was "thinkable" and perhaps even desirable to the more liberal members of the corporate elite because the potential recipients served no productive purpose in their sector of American industry, leaving only the concern over the social dislocation arising out of an inadequate and inequitable welfare system. The types of businesses represented in Arden House and the CED are not that heavily dependent on low-wage employees, and thus have somewhat less material interest in the question of work incentives for the poor. As we shall see, FAP split the business community, with the National Association of Manufacturers in favor, and the Chamber of Commerce opposed. A possible explanation may lie in the differing labor force needs of each sector.

In January, 1968, President Johnson set up yet another commission: the President's Commission on Income Maintenance Programs. It was chaired by Ben W. Heineman, head of Northwest Industries.

The Heineman Commission had the distinction of being dominated by educators and politicians. Businessmen and social workers were relatively few.

Its report was submitted to President Nixon on November 12, 1969. The letter of transmittal praised FAP as representing "a major step forward towards meeting the needs that we have documented". The report continued, "Our main recommendation is for the creation of a universal income supplement program financed and administered by the Federal Government, making cash payment to all members of the population with income needs."<sup>20</sup>

The main assumption of the report was that most of the poor

could not escape from poverty "because most are already doing as much as can be reasonably expected of them to change their conditions . . . . Our economic and social structure virtually guarantees poverty for millions of Americans." The report emphasized the problem of low-wage work and financial insecurity. "With so many working at jobs that are both unpleasant and financially unrewarding, one wonders how the stereotype of the malingering poor can be sustained."<sup>21</sup>

The solution was a minimum income of \$750 per adult and \$450 per child annually--\$2400 for a family of four, with raises in the minimum hopefully to follow. The report condemned blanket work requirements as ineffective:

They do not fit individual cases well. The only meaningful determination of employability for an individual is the outcome of a freely operating labor market . . . . We do not think it is desirable to put the power of determining whether an individual should work in the hands of a Government agency when it can be left to individual choice and market incentives. Since we do not now have employment for those who want to work, employability tests lose much of their meaning in the aggregate. . . . Most of the poor want to work . . . the poor would like to do something with their lives beyond merely subsisting. By providing them with a basic system of income support, we provide them with an opportunity to do these things.<sup>22</sup>

Guaranteed employment is therefore out of the question because the "freely operating labor market" is to be left unhindered. That is why the Heineman Commission could issue such a damning indictment of the economic system and yet conclude that the best solution was a guaranteed income rather than a jobs program. The report is at least free of hypocrisy--it is openly willing to preserve a system that it admits has disrupted millions of lives.

This did not mean an end to job training. On the contrary, the commission advocated more of it, in addition to the continued "pursuit of fiscal and monetary policies which ensure the steady growth

of employment opportunities within the constraints imposed by the goal of reasonable price stability."<sup>23</sup> The commission also suggested pilot projects in public service employment.

Although not specifically rejecting either wage subsidies or guaranteed employment, the Commission somewhat vaguely dismissed these ideas as alternatives due to high cost and lower effectiveness in relieving poverty. Even limited employment programs "might best be used as complements to a basic income maintenance system should they prove feasible after further study".<sup>24</sup>

If the various commission reports show anything, they demonstrate that the guaranteed income is not just an idea of the radical left. The liberal wing of big business, at least, was willing to accept that part of Theobald's idea which advanced the notion that a good part of the labor force was now obsolete and could be pensioned off with a guaranteed income. If it did not accept his more visionary concepts, it could favor a guaranteed income in that it placed the government in the position of supporting that segment of the population for which much of big business had no particular need. This could make the Family Assistance Plan a radical measure acceptable to part of the business elite, much the way previous social insurance plans had been acceptable, and for much the same reasons: it "socialized" an economic loss. If the larger businesses could not or would not provide jobs for a segment of the population there had to be some means of preventing social disaster, preferably at the expense of government. The Family Assistance Plan fits into this category. This is not to say that was the specific motive of the Arden House or CED conferees, but that given labor market conditions made FAP acceptable to part of the corporate

elite.

The actual development of the Family Assistance Plan is described rather thoroughly in books by Moynihan, Bowler, and Burke. Each, however, emphasizes different aspects, and it is worth pulling the whole story together to give an idea of the nature of the political and ideological constraints which produced a mutated negative income tax.

Several days after his election, Richard Nixon picked Richard P. Nathan of the Brookings Institution to head a Task Force on Public Welfare, which included Mitchell Ginsberg of New York's Social Services Department, James Sundquist, also of Brookings, Robert Patricelli, minority counsel on the Senate Employment, Manpower, and Poverty subcommittee, and William Schmidt, Wisconsin welfare director.

This bipartisan panel operated under two constraints: one was Nathan's feeling that budgetary considerations limited the possibility for reform; another, as Moynihan recalls, was that "the cost of radical transformation was too great for a group of persons, no one of whom was close to the President-elect, to propose with any expectation of success."<sup>25</sup>

The task force thus aimed to modify the huge variations among states in AFDC benefits. Its report, submitted at the end of 1968 and leaked to the press, called for a federally-financed minimum national benefit. The federal government would pay 100% of a \$30 monthly average state payment per recipient, and one-half of additional benefits up to \$70. No state could average less than \$40 monthly per recipient. More radical changes might be desirable, however:

It is the conviction of some members of the Task Force that incremental improvements in the Public Assistance programs will fail in the long run to provide a basic income maintenance program . . . . If [Task Force proposals] do not provide satisfactory progress, we believe the new Administration should turn

its attention to longer-run alternatives, such as . . .  
the negative income tax.<sup>26</sup>

On January 23, 1969, Nixon formed the Urban Affairs Council, modeled on the National Security Council, consisting of himself, Agnew, John Mitchell, and the Secretaries of HEW, Agriculture, Commerce, Labor, Housing, and Transportation. Nine subcommittees were formed, including one on welfare, which consisted of the first five Cabinet officers listed above. Moynihan was Executive Secretary and Arthur Burns, Nixon's domestic affairs advisor, was Counselor.

Gilbert Steiner, speculates that Nathan had underestimated the readiness of politicians to accept a radical reform; at least HEW Secretary Finch, after reading the report, asked, "Is that all?"<sup>27</sup> The Urban Affairs Council, however, was not quite so hospitable to new ideas. Nixon's own response was "I liked it, but Everett Dirksen didn't."<sup>28</sup> The Council's reaction to the Task Force report was generally negative but Finch and Moynihan seized on Nathan's initiatives to advance their own ideas.

Nathan was in a position to fight for his suggestions in his new position as Budget Bureau Assistant Director for Human Resources. In a meeting with Tom Joe, an assistant to Finch staff member John G. Veneman, Nathan suggested a new sub-cabinet task force.

At this time, coincidentally or not, a Johnson holdover in HEW named Worth Bateman submitted a critique to Joe of the Nathan Plan, calling for a negative income tax with low benefit payments as a means of dealing with the work-incentive versus benefit adequacy tradeoff. The idea was nothing new. Bateman was one of a number of HEW officials who for years had fought for a negative income tax. Moynihan notes

that the Johnson Administration "was teeming with economist-planners drawing up various negative income tax schemes and trying to sell them to their superiors".<sup>29</sup> Bowler quotes an HEW official:

You have to understand that there had been a conspiracy among lower level bureaucrats in favor of a negative income tax since 1965. They are Democratic appointed officials--most of them economists--who have been pushing for a negative tax program since 1965--but they never could get Johnson or [HEW Secretary] Wilbur Cohen to go for it. What happened was that some of these guys, Bateman, Lyday, and Mahoney, stayed on for a while under Nixon and got involved in the welfare debate through Veneman.<sup>30</sup>

James Lyday, of the Office of Economic Opportunity, was called on by Joe's boss, Veneman, to form a working group to develop a substitute for the moribund Nathan Plan.

Thus the Family Assistance Plan was based on an idea by Milton Friedman, and developed by two liberal Democrats (Bateman and Lyday), under the supervision of two liberal Republicans (Veneman and Nathan), with the support of a bipartisan team (Finch and Moynihan). The plan became a legislative proposal because a conservative Republican President adopted it as his own. This kind of parentage not unsurprisingly produced something of a mongrel.

The essential design of FAP was developed by Bateman on the basis of Nathan's idea. Unlike the latter's 100% federally-funded low minimum guarantee with 50-50 federal-state funding above that level, Bateman came up with a higher federal minimum with no federal money at all above that point. The submission of this plan to Veneman met with protests from Tom Joe over the low benefit level resulting from the lack of federally-subsidized state supplementation. Bateman and Lyday rejected any raise in minimum support levels because "it won't fly if we do."<sup>31</sup> The final proposal called for a negative income tax,

federally-funded and administered, for all families with children. The minimum payment would be \$1500 for a family of four with a marginal tax on earnings up to \$3000. The reasoning, as a member of the Bateman group later explained, went thusly:

We felt the exclusion of the 'working poor' was the major inequity in the present program and that in fact, this inequity would be made worse if you improved the present system . . . We concentrated on families with children because we felt they were the ones in worst shape. . . . We were sort of backed into the \$1500 benefit level by the \$2 billion fiscal limit set up by Nathan and the need to set a level that . . . would provide some financial savings for the states.<sup>32</sup>

Finch, who had been kept advised by Veneman, read and approved the final memo on March 3. Burke and Bowler note that there was enough trepidation at the introduction of a "radical" proposal to lead to the suggestion that the bill be called the "Christian Working Man's Anti-Communist National Defense Rivers and Harbors Act of 1969". The approach to putting the measure across was to be "low key and guarded".<sup>33</sup>

The proposal was presented to the Urban Affairs Council welfare subcommittee on March 24. Present were Finch, Moynihan, Maurice Stans, Clifford Hardin, George Schultz, and Arthur Burns' assistant, Martin Anderson. The subcommittee response was noncommittal. Only Anderson grasped the meaning of the proposal--a negative income tax. Moynihan dealt with this by laughing it off:

'Let us call a spade a spade,' Anderson said. 'Let us remember Oscar Wilde's conclusion,' said I, 'that anyone who would call a spade a spade should be forced to use one.' The general impression in the room was that of two academics fussing, but both of us knew well enough what we were fussing about.<sup>34</sup>

There was a clear split in the Administration. Nixon wanted some kind of welfare reform; Finch and Moynihan were to take up the cause of the Johnson holdovers in a contest with Burns and his allies.

John Ehrlichman informed Moynihan upon his arrival for a meeting at Key Biscayne on April 4 that Nixon "liked the feel" of FAP.<sup>35</sup> At the meeting, however, attended by Nixon, Finch, Burns, Ehrlichman, Moynihan, and Bryce Harlow, the President appeared neutral while Burns and Harlow attacked the proposal on the grounds of political infeasibility.

Burns became the principal opponent, and on April 21 made his own proposal. It accepted the basis of the Nathan Plan, which he had previously opposed, and tied it to his own pet program, revenue-sharing. States would not receive revenue-sharing funds unless they provided minimum benefits averaging \$40 per recipient monthly. He also called for mandatory state participation in AFDC-UP, and increased training and day care. Said Burns:

The so-called Family Security System . . . is simply a specific application of the negative income tax, as formulated by Milton Friedman . . . we have been moving away from the concept of welfare as a matter of right . . . doing so would not end poverty [and] would have a very detrimental effect on the productive capacity of the American people.<sup>36</sup>

An April 26 meeting of the principal contenders over FAP dealt with the question of stronger work incentives, with Labor Secretary Schultz and Bryce Harlow pushing hard for them. This counterattack had two effects: Nixon solicited memos on welfare reform from all areas of government, and Finch began to move away from the pure negative income tax and became willing to accept work requirements.

As a result of that meeting, a technical panel was set up under Paul McCracken, chairman of the Council of Economic Advisors, to determine the relative costs of the Burns and Finch-Moynihan proposals. The differences were not great, but McCracken came down on the side of Burns'

suggestions as an "interim" measure. At the same time, Nixon turned the piles of memos over to Schultz to review the plans. This became the job of Jerome Rosow, his assistant.

The upshot was the introduction of an earnings disregard--a work incentive in the form of disallowing certain work-related expenses in computation of FAP benefits. Burke describes the reasoning behind this. Although Rosow later said "At the time I thought we were inventing the wheel", the idea of an earnings disregard was already included in the 1967 WIN program and was to take effect July 1, 1969. Moreover, as Burke describes it,

Getting welfare mothers to work had not been an objective of the original architects of the Family Security System. Democrats Bateman and Lyday assumed that the purpose of supplementing incomes of working poor fathers was twofold: 1) to combat poverty, and 2) to eliminate welfare's destructive incentives. Lyday, the negative income tax purist, was appalled at Schultz's proposal to increase work incentive by disregarding the first \$20 in weekly earnings.

'It was ridiculous,' Lyday said later. 'It was lousy staff work by Schultz's men. We were dealing with people who were already working. You don't need an earnings disregard for them. If Nixon had an extra billion to spend, it should have been used to raise the guarantee.'<sup>37</sup>

Schultz's arguments, however, impressed Nixon. And Nixon by this time had made up his mind in favor of FAP. None of the analysts are clear about the reasons for this decision. The consensus seems to be that Nixon wanted some kind of drastic welfare reform as evidence of an activist domestic policy. Moynihan addressed all his appeals to Nixon in that frame. He was ready to hear an FAP-type proposal, with work requirements attached. Burns, though respected, could offer only a patched-up AFDC as an alternative; Nixon wanted more.

In late June, Nixon assigned Ehrlichman the responsibility of drafting a bill, which was turned over to Edward Morgan, a member of his

staff, and Robert Patricelli, a deputy assistant secretary at HEW. For a month, the process went on secretly. By July, the secret was out, and Nathan, Rosow, and Anderson were included--or co-opted.

The President gave ten directives, including the elimination of "social workers snooping", a "work package", and a federal income floor. Directive number eight read: "We oppose a pure negative income tax because it includes no work incentive". This indicates the level of understanding of the concepts of negative taxation and the guaranteed income.

Bowler says that "they soon became bogged down with the same policy conflicts which had impeded the process during the preceding six months . . . The most troublesome decisions included devising an effective and fair work requirement and penalty for noncompliance, specifying payment levels and the earnings disregard and the tax rate in the new federal program with the state supplemental payment and the food stamp program."<sup>38</sup>

Some decisions such as the basic payment level were based on budget and political constraints, but some were quite arbitrary:

Many who attended the meeting with Ehrlichman that Monday were vague later about the details, but Rosow said he never would forget. When he arrived, Rosow was startled to hear the group talking about an FSS floor of \$1600 with an earnings disregard of \$500. This was not a cost trade-off! Cutting the disregard more than 50% would reduce the total FSS price tag! What was up?

'What?' Rosow almost shouted, 'Who said \$500?'

'The President,' he was told.

'It'll never work.' Rosow was emphatic. 'Schultz will never stand for it.'

Five hundred dollars a year wouldn't even cover the cost of going to work, Rosow thought.

'How about \$600?' someone suggested.

'No!' said Rosow

'What about \$60 a month, \$720 a year?'

'That's a nice round figure,' Anderson joked.

'Okay,' said Rosow.

'Okay,' said Ehrlichman.

So it was settled: \$1600 floor, \$720 disregard.

(Later, Administration witnesses would assure Congress that the \$720 figure had been carefully calculated on the basis of surveys of work expenses.)<sup>39</sup>

Last minute attacks by Burns resulted in a postponement of the bill's introduction, but in early August, at a Camp David meeting, Nixon calmly supported the Family Security System--replaced with the less "New Deal-ish" name of Family Assistance Plan--against repeated criticisms from Burns, Budget Bureau Director Robert Mayo, and Spiro Agnew.

The process by which the Family Assistance Plan evolved as a legislative proposal illustrates how lack of clarity and understanding in relation to the original ideological and economic base of the guaranteed income and negative income tax led to the development of a self-defeating and inconsistent program.

This is not to say that "purity" in ideas would have facilitated success--far from it. To propose a real negative income tax would have opened the door to overt and immediate political conflict. However, by trying to avert this conflict, the designers of the plan merely postponed it.

Work incentives, it has been pointed out, are built into a "pure" negative income tax system. If other welfare programs are eliminated, the only work requirement necessary is a low minimum benefit, adequate only for bare subsistence. As soon as liberal Democrats borrowed the idea and attached it to an existing social welfare system, they automatically re-opened the question of work. This forced them to deal with the issue by requiring work or training, including an earnings disregard, and co-ordinating the negative tax with other income maintenance programs.

Thus, instead of facing an open fight on the principle of a minimum income with no strings attached, they took the path which seemed politically more promising. But this expediency simply shifted the ground of the conflict. Proponents of FAP now had to defend a program based on the inconsistent goals of guaranteeing income and forcing work. Both Theobald and Friedman had recognized that one could not and should not do both. A negative tax or guaranteed income would have faced a battle only against the admittedly strong forces opposed to an "income by right"; the Family Assistance Plan opened a two-front war. Whether Bateman and his cohorts recognized it or not, they had to face up to the issue of the structure of the work force, and now they had to deal with both liberals and conservatives on that issue.

The definitive work up to now on the subject of the Family Assistance Plan is Daniel Moynihan's The Politics of a Guaranteed Income. It contains a thorough discussion of the history of the Family Assistance Plan and the attitudes and behavior of legislators and interest groups related to the concept of a guaranteed income. To a significant extent this dissertation covers much the same ground; the question may be raised as to the nature of the difference. The answer derives from the first sentences of Moynihan's book: "The issue of welfare is the issue of dependency . . . In a world where completed men and women stand on their own feet, persons who are dependent--as the buried imagery of the word denotes--hang."<sup>40</sup> A footnote on the same page seems to attribute this conception to the society at large rather than to Moynihan himself: "If American society recognized home-making and child-rearing as productive work . . . the receipt of welfare might not imply dependency. But we don't. It may be hoped the women's movement of the present time

will change this. But as of the time I write, it had not."

For all of his disclaimers, however, Moynihan clearly shares "society's" viewpoint. In the context of his discussion of dependency, he states that

. . . the sensibilities of American social reformers have grown increasingly offended by definitions of social problems which seem to locate the source of difficulty in the behavior of the individual in trouble rather than in some abstraction made up of persons not in trouble. . . . Dependency amounts to failure, a fate seemingly more dreaded among us than others. Americans feel the need to deny failure, or to ascribe it to the most generalized sources. If there is a pattern among us it is that of denying the existence of a problem as long as possible, and thereafter quickly ascribing it to some generalized failing of society at large.<sup>41</sup>

He obviously shares what he calls the society's idea that the problem of welfare "dependency" lies within the individual in some way not completely comprehensible to the field of social science. For example, he will not reject Arthur Jensen's conclusions on the racial inferiority of blacks; he merely states that "the only responsible course government could take was to proceed as if the hypothesis. . . was not true."<sup>42</sup>

Moynihan is fond of citing the limits of social science research. He notes the conclusion of a Labor Department study on "The Relationship of Employment to Welfare Dependency", which stated that "the information available is inadequate for understanding what is happening". This, to Moynihan, "illustrates both the extent and limits of government analysis at this time".<sup>43</sup> In describing FAP as the "professionalization of reform" he notes that "for all its advances the limits of social science information and understanding were immensely constraining. At times the greatest danger was the presumption of knowledge where none existed."<sup>44</sup>

It is thus interesting to note what he chooses as definitive

research. In reviewing what was available to policy makers in 1969 on the topic of welfare, he briefly cites Lawrence Podell's study on the strength of the work ethic among welfare mothers. He goes on for several pages, however, elaborating on the "relatively hard data" on dependency, citing articles on the "psychological impairment" of welfare families.<sup>45</sup> To cap it off, he concludes that "the problem of the American tradition in welfare is that it may be more protective of weakness than of strength."<sup>46</sup>

The social factors others might look to as the sources of "dependency" are accepted by Moynihan as unchangeable facts of life. This is apparent in his discussion of unemployment:

Save for three wartime intervals, there had not been full employment in the United States in upwards of forty years. Unemployment persisted, and at times reached depression levels, among precisely those groups most likely to be told to 'seek and keep employment'. There were no jobs, or at all events those involved did not have jobs . . . The fact of unemployment, having become almost a fixed condition of American society in 'normal' times, imposed subtle, unspoken, but severe constraints upon social policy. Some measures simply were not to be considered.

Thus it was out of the question that anyone in the Administration should consider the one move with respect to welfare dependency that otherwise might reasonably enough have been inferred from the available evidence, namely, to abolish the welfare system.<sup>47</sup>

He does not consider abolishing unemployment. But this would perhaps be an irrelevant solution, given the nature of the problem:

In the United States, a large and growing proportion of the dependent poor had got that way as a result of behavior not much sanctioned by the traditional moral standards of the society. A case could be made for raising the price of such behavior. But no such case was made. In the absence of a policy of full employment no such case could be made. The instinct of the President's advisors was to search for ways to provide more welfare rather than less.<sup>48</sup>

There is no discussion here of the reason for the absence of a

full employment policy. Apparently, whatever Moynihan sees as a fixed part of the environment requires no explanation. But even if there were such a policy, it would apparently be necessary to force work out of the "dependent" poor. In fact, the social disease of dependency might be incurable:

Dependency had become a social condition beyond the apparent power of social policy to affect, save possibly at the margin. This was the heart of the Administration's understanding of the matter. It is not a judgment that will be found in the archives. It was not even a judgment. It was simply an awareness of the limits of knowledge that gradually emerged and thereafter did not need to be dwelt upon or even acknowledged.<sup>49</sup>

Moynihan is being almost too coy. Once again, his own conceptions are attributed to someone else when clearly this was not the case. Once again, the "limits of knowledge" are invoked to defend his own biases. Moynihan does add that "no person of consequence in the planning of FAP thought 'the cause of poverty lies within the poor themselves' in the sense of ascribing blame." But even if one never blames an individual for being "psychologically impaired", he remains impaired, as did the poor in Moynihan's view.

There is some political cupidity in all this as well.

An income strategy such as FAP would restore--this was considered at the time--some sense of individual responsibility for outcomes. Where a services strategy tends to locate in government blame for services that do not succeed, an income strategy would tend to implicate the individuals, who would make their own choices in the market, in the results of them.<sup>50</sup>

This whole framework leads Moynihan to dwell at length on the rise of illegitimacy and family breakup in the 1960's as the major cause of the welfare explosion, and to describe AFDC as the unintended "central family policy of the United States in the 1960's"<sup>51</sup>

This was the genius of the Family Assistance Plan: it accepted

dependency, because none of the cures had worked. Moynihan never says this explicitly, but it is clearly his meaning. The lesson of the 60's was that services such as the War on Poverty had not worked to alleviate dependency; this exemplified the imperfection of our knowledge of social behavior. The solution was thus to hand the poor enough to avoid starvation and let them work it out for themselves. This is the standpoint from which Moynihan explores the fate of FAP. This was clearly not the point of view of most of his colleagues, who were either interested in an "income by right", or were struggling to make the welfare "loafers" work. The closest any group comes to Moynihan's ideological perspective is of course the social work profession.

Moynihan's framework is also the opposite of that which underlies this dissertation. If Moynihan was right about the reasons for the failure of FAP, he is right for the wrong reasons. From his point of view, welfare reform failed because "the hope of the program's advocates was that 'conservatives' would take the program at face value and that 'liberals' would see the reality behind it. As things worked out, the opposite happened."<sup>52</sup> What he means is that conservatives should have taken the FAP work incentives seriously but did not; liberals should have accepted the notion of a minimum income, but instead focussed on its low level while perceiving "workfare" as an oppressive reality.

On one level, this is true: Moynihan's grand strategy backfired. What he never explains is why this happened, and this is because he proceeds from a "dependency" framework. If, however, welfare is understood as a labor market issue, a different picture emerges.

The hypothesis of this dissertation is that the issue of welfare is an issue of labor force structure, not dependency. If this is true,

Moynihan's strategy could not work because his theories of dependency had nothing to do with the actual political interests and perspectives of anyone but perhaps the social work establishment.

He states that as soon as conservative senators began to take FAP seriously as welfare reform, the cause was lost because FAP was not welfare reform:

Liberal votes defeated Family Assistance, but this in the main was the triumph of conservative strategy . . . Once [Senator John J.] Williams [of Delaware] had demonstrated that Family Assistance could produce sharp work disincentives, the Administration, because of its own characterization of the program, was forced to try to eliminate them. It could never do so completely, and so could never satisfy the conservatives. Simultaneously, with each adjustment to eliminate 'notches' and 'galloping supplements' some family somewhere was deprived of a right-in-being. This could only arouse the liberals, whom save [Senator Abraham] Ribicoff [of Connecticut], had any great knowledge of the field, to a not unfamiliar self-certifying fury. More cunning ought not to be ascribed to the conservatives than they claim, but the liberal senators were reactive throughout, and it took no excessive skill on the part of Williams and his allies to obtain the desired response.<sup>53</sup>

Moynihan also adds that

. . . it was difficult to demonstrate that FAP provided welfare reform in terms of the general expectations of a man such as [Senator Russell] Long [of Louisiana]! it did not. The measure was not directed to correcting abuses. In part this reflected concern for sensibilities such as those of the NWRO [National Welfare Rights Organization]. But also in part it reflected plain ignorance. The planners of FAP had no idea how absurd the welfare system had become.

The problem was indeed ignorance, but not absurdity. Welfare reform foundered, because notwithstanding Moynihan's elaborate theories of dependency, the issue to most legislators was still one of work, or in the words of Senator John Williams, "Who do you think should wash your shirt?"<sup>55</sup>

Legislators would not work within Moynihan's frame of reference because the issue was not what Moynihan wanted it to be.

Interestingly, one of the few of those involved in the FAP fight for whom Moynihan has a kind word is George Wiley of the NWRO, who "became the first black leader to define the problem of his people as in significant measure that of the female-headed family in the Northern urban slum . . . He and his associates, and of course the women who followed him, made an imaginative leap that seemed to have regenerative qualities. Instead of denying dependency, they asserted it. In asserting dependency, they ceased in ways to be dependent."<sup>56</sup>

Unfortunately for Moynihan, few others saw the problem in such an "imaginative" way, not even Nixon, whom Moynihan cultivated by appeals to the Presidential ego. Even when Moynihan hits on the real reasons for the failure of his strategy, he glosses over it:

The potential effects of a guaranteed income in the South were impossible to conceal. . . . Southerners instantly grasped the reality. Family Assistance was income redistribution, and by any previous standards it was massive. It was a necessary and massive threat to an established political order that already knew itself to be half-disestablished. For Southern politicians there was nothing at all subtle about FAP.<sup>57</sup>

He notes the South's fear of change, and he tends to base this fear on the benefits accruing to blacks. But this is passed over in a few pages dealing with southern reactions. It is in fact the basis of the failure of Moynihan's approach; and it was not limited to the South, or to questions of race. If welfare is viewed as a labor market issue, and FAP as a threat to the existing structure of the low-wage labor force, it becomes clear why legislators saw through to the "reality" of the Family Assistance Plan.

There is one other book which attempts to deal with the failure of FAP. Although probably no more or less biased than Moynihan, Vincent and Vee Burke's Nixon's Good Deed succumbs to its biases far more

disastrously.

The blame for FAP's defeat, they say, lies squarely with the American people and the selfishness of interest groups: "Mr. Nixon's welfare reform tested the conscience and intelligence of America. Both failed. Americans cherished the work ethic and family stability, but not sufficiently to pay the price of large relief rolls . . . In a broad sense the American public is the welfare problem."<sup>58</sup>

The political barriers to the passage of FAP were the opportunism and short-sightedness of politicians and the "me-first" attitudes of interest groups: "Society must understand that every choice sacrifices one good for another . . . But the politician tries to cover up such conflicts . . . he knows that some voters want to have their [cake] and some want to eat it and he wants to please them all."<sup>59</sup> And further: "Instead of judging the family income floor for its effect on poor families on or off welfare, in North or South, special interest groups scrutinized the plan through the myopic lenses of self-interest."<sup>60</sup>

Needless to say, this kind of meralizing casts no light on the role of public opinion and interest groups in the history of FAP.

Similarly, they criticize the Senate Finance Committee for being "pupils [who] didn't want to learn facts or solve problems" the way Eliot Richardson taught.<sup>61</sup> Moreover, the "conservative philosophy that ruled their committee" doomed FAP from the start.<sup>62</sup> To the Burkes the defeat of FAP is literally a case of "reason versus politics". Not even Moynihan would go that far.

An article by Theodore Marmor and Martin Rein emphasizes the "contradictions" within FAP that led to its failure: expanding short-term costs to lower long-range expense; program overlap; and the "high-

benefit low-work incentive" dichotomy. They adopt an explanation here similar to that offered by Henry Aaron: program goals were in conflict. "The efforts to harmonize these objectives proved unworkable, and the problems raised were not clearly delineated. They were patched over, and the patchiness was revealed as special-interest groups reviewed with the Congress one or another program feature."<sup>63</sup>

Missing from this brief article is an explanation of why the contradictions were ignored by FAP's drafters, and why they resorted to patchwork. They also share Aaron's tendency to view them as logical rather than political and related to the structure of the labor force. It is necessary to examine more closely the particular economic and political impact of the Family Assistance Plan.

On August 8, 1969, President Nixon addressed the nation on welfare. Citing the inequities and disincentives of AFDC, he condemned as "wrong and indefensible" the maintenance of a welfare system "which makes it more profitable for a man not to work than to work . . . That is why tonight I therefore propose that we abolish the present welfare system and that we adopt in its place a new family assistance system." Nixon emphasized FAP's "workfare" features, distinguishing it from a guaranteed income, which "would undermine the incentive to work [and] establishes a right without any responsibilities."<sup>64</sup>

On October 3, the Family Assistance Act of 1969, HR 14173, was introduced by Rep. John Byrnes, ranking minority member of the Ways and Means Committee. Through numerous revisions in its legislative history, the basic plan was to remain essentially the same.

The bill's declaration of purpose echoed Nixon's speech. Noting the same inequities and disincentives, the purpose of the bill was to

be, first of all, "to expand the training and employment incentives and opportunities" for welfare recipients; secondly, "to provide more adequate level and quality of living . . . for dependent persons and families", and finally, "to strengthen family life and to establish more nearly uniform national standards of eligibility and aid; and to move to greater assumption by the Federal government of the financial burden of these activities."<sup>65</sup> Thus FAP was introduced as a workfare bill.

Eligible families consisted of two or more related individuals, at least one of them a child under 18 or a student under 21, whose "non-excludable" income was less than \$500 a year for the first two members and \$300 for each additional member, and whose resources outside of home and household or personal effects were under \$1500.

In calculating income, excluded were a student's earnings, sporadic income, child care costs, and the first \$720 of yearly earned income, plus 50% of the remainder. All unearned income--rents, dividends, other government benefits except food stamps--was to be deducted from FAP benefits on a dollar-for-dollar basis. Thus a family of four was eligible for FAP if its total earned income was less than \$3920 a year--\$48 less than the official 1970 poverty line.

All eligibles were to register for manpower services, training, and employment with the Labor Department's employment service. Any recipient failing to do so "without good cause" or refusing "suitable employment" would not be counted for the purpose of family benefit computation, although his income would.

Excluded from the work-training requirement were the old and disabled, anyone caring for a child under six, the mother in a family

headed by a non-excluded male, children, or those already working full time.

The amount to be paid to eligible families was \$500 per year for each of the first two members plus \$300 per year for each additional member minus non-excludable income. Thus a family of four with \$720 or less in excludable income would receive the full \$1600. The amount decreased by 50¢ for every additional dollar in earned income.

TABLE 4-2

## FAP BENEFITS

Excludable Income	FAP Benefit= \$1600 - $\frac{1}{2}(A-720)$	Net Income (A+B)
\$ None	\$ 1600	\$ 1600
720	1600	2320
1000	1460	2460
2000	960	2960
3000	460	3460
3920	None	3920

In addition to this, states were required to supplement this amount "to any family other than a family in which both parents are present, neither parent is incapacitated and the male parent is not unemployed." Thus, intact working poor families would not receive state supplements unless headed by an unemployed male. The June, 1970, revisions of the bill, drawn up in response to objections over this discrimination, eliminated all but single-parent families from receiving state supplements.

The amount of the supplement would be the difference between the state's need standard or maximum payment, whichever was lower, and the family's income minus certain exclusions (\$720 plus 1/3 of the remainder

up to \$3200 for a family of four plus one-fifth of anything above that). This complex formula was designed to prevent any significant decrease in payments to current AFDC recipients--although some decreases would nonetheless probably occur. The June revision changed the state supplement formula to the AFDC payment level as of January 1970 minus the sum of non-excludable income and FAP benefits, thus lowering the amount of state supplements.

An equally complex formula related to prior AFDC spending was attached for partial federal funding of these state supplements--the actual figure coming to about 30%. State savings were not that impressive. A later study by Senate Finance indicated California would do best--\$164 million. This represented one-third of total savings to all states. The remainder of the bill provided generous subsidies to states for social services, manpower training, and day care.

On its face, the program was simple and direct: a definite incentive for increased earnings, a work requirement with some teeth, a conditional minimum income, national standards, and funds for supporting services. The working and welfare poor were both covered on the sole criteria of need and children, with no tests except income and willingness to work. The problems, of course, came from what FAP left out or ignored.

The actual impact of this plan on the American social structure may well have been substantial, though not in the way its advocates foresaw. Even a modified negative income tax would have tremendous effects on the structure of the low-wage labor force and thus on the national economy as a whole.

The June, 1970 Senate Finance Committee report contained a

detailed set of figures on the impact of FAP. The 1971 cost of the program to the federal government would have been \$5 billion--about twice as much as the projected federal share of AFDC. More than twenty million Americans would receive family assistance, compared to 8.5 million on AFDC.

The most significant demographic change would be the addition of male-headed families, which would comprise half of the FAP caseload as against 20% of the AFDC caseload. The proportion of whites would increase considerably, from 48% to 61%. Fully 43% of all FAP families would be living in the South, as against about 25% of AFDC families. One-third of FAP family heads would be full-time all-year workers, compared with 10% of the AFDC population. One-third would be totally unemployed--one-eighth of the males, one-half of the females. Female service workers, male craftsmen, and operatives of both sexes would be the main beneficiaries.

The most dramatic contrasts appear when welfare recipient populations are broken down by state. The effects of the Family Assistance Plan on certain regions would be drastic. (See Table 4-3)

The South would have found its welfare rolls tripled or quadrupled. The AFDC program covered 2 to 7% of the population of each of eleven southern states; FAP would increase these proportions to 9 to 31%. Almost one-third of the population of Mississippi, and close to one-fifth of that of Georgia and Louisiana would receive federal Family Assistance checks.

Border states--notably Kentucky and West Virginia--and states in the upper midwest and southwest would have experienced similar increases. North Dakota's welfare population, for example, would have

TABLE 4-3

## IMPACT OF FAMILY ASSISTANCE ON STATE WELFARE CASELOADS

State	% on AFDC, 1970	% on FAP, 1971	State	% on AFDC, 1970	% on FAP, 1971
Alabama	4.8	15.2	Montana	2.6	6.6
Alaska	3.3	7.5	Nebraska	2.5	10.4
Arizona	3.4	10.3	Nevada	3.3	5.7
Arkansas	3.1	14.3	New Hamp.	1.8	4.6
California	7.7	9.0	New Jersey	5.9	6.6
Colorado	4.2	14.6	New Mexico	5.7	17.1
Connecticut	3.2	5.6	New York	6.7	10.0
Delaware	4.7	9.2	No. Carolina	2.9	17.3
D. C.	8.0	7.3	No. Dakota	1.9	14.5
Florida	3.8	8.7	Ohio	3.2	6.6
Georgia	5.7	18.9	Oklahoma	4.2	10.2
Hawaii	4.2	7.5	Oregon	4.9	6.0
Idaho	2.7	6.5	Pennsylvania	4.8	4.6
Illinois	4.4	6.5	Rhode Island	4.9	6.3
Indiana	2.2	5.2	So. Carolina	2.7	17.5
Iowa	2.7	7.2	So. Dakota	2.9	15.1
Kansas	3.1	6.1	Tennessee	4.3	16.2
Kentucky	4.3	13.2	Texas	3.0	11.0
Louisiana	7.0	21.6	Utah	3.7	4.1
Maine	5.2	13.0	Vermont	3.3	9.0
Maryland	4.1	5.9	Virginia	2.5	8.7
Massachusetts	4.5	6.3	Washington	4.4	7.9
Michigan	5.0	6.5	W. Virginia	5.7	14.6
Minnesota	2.6	7.9	Wisconsin	2.2	4.7
Mississippi	6.2	31.4	Wyoming	1.8	5.1
Missouri	3.7	7.0	Puerto Rico	21.7	27.7
			UNITED STATES	4.8	9.8

SOURCES: Statistical Abstract, 1975, p. 307; U. S. Senate, Committee on Finance, HR 16311: The Family Assistance Act Revised and Resubmitted, June, 1970.

increased from 2% to 1%.

The least impact would be felt in urban industrial states. The rolls in California, Michigan, New Jersey, Illinois, and Massachusetts would have undergone minimal expansion. In New York the increase would be from 6% to 10%. In Pennsylvania, and the District of Columbia, under the June revision of the bill, welfare rolls would have actually decreased.

Such an increase in recipient population could not help but have an impact on labor markets in the states most affected. The question is what kind of impact.

A writer in Fortune, in an article cited by Moynihan at some length, saw it this way:

The Family Assistance Act of 1970, now before Congress, could very well make a revolution in the shanty-towns and rural hovels of the Deep South, down where the present grant for a family of four is as little as \$60 a month, and where fully half the eligible families are excluded-- in some cases because of registering to vote. The new program, if passed would have an explosive effect on black (and poor white) incomes and give a powerful boost to black political movements all over the lower South . . .

'There's not going to be anybody left to roll those wheelbarrows and press those shirts,' says Georgia Representative Phil Landrum . . . 'They're all going to be on welfare.' . . . James Jones, a young black who is field coordinator for the Federation of Southern Cooperatives in Atlanta says that if the program really delivers a minimum basic income as advertised, 'I know a lot of white people who will get told to go to hell.'<sup>66</sup>

A Wall Street Journal writer presented a similar view. He noted the strong opposition of southern politicians to FAP, which to some extent was based on the "welfare bum" stereotype. He added, "But there are other objections that run deeper. Chief among them is the fear that the bill would speed a reshaping of the economic and social structure in hundreds of southern communities, especially rural ones, which would receive more aid than anywhere else. And of course a major beneficiary of that reshaping would be Negroes."<sup>67</sup>

The actual effect of any negative income tax on labor force participation has been much debated but no consensus has arisen on the basis of research.

The best known of the numerous studies done is the New Jersey

Income Maintenance Experiments of 1968-1971, in which selected families received an income maintenance supplement. The OEO researchers concluded:

There is . . . no indication of a precipitous withdrawal from the labor force by families who receive income maintenance payments . . . It appears that an income assistance system may give poor people, particularly the working poor, the ability to seek out better jobs. Their dependence on the vicissitudes of low-wage labor markets will be reduced because when faced with unemployment, they will be able to search for higher-paying, more permanent employment. If this is true, it should be viewed as a significant step forward in our policies for dealing with poverty.<sup>68</sup>

It might be added that employers of low-wage labor would greet this "step forward" with considerably less enthusiasm.

There was also some differential between the work performance of husbands and wives in the experiment, with the latter tending to cut down on work as long as the husband was employed.

The OEO experiments were relatively brief and not without flaws, so results must be viewed cautiously. Nevertheless, there is something very common-sense about these conclusions: with new money coming in which was not in itself adequate to live on, working wives might take advantage of the program to stay home if they wished; male or female family heads could afford to hold out for better jobs-- assuming they wanted to work. This would not be unlike the effect of unemployment insurance on middle-income families, which lessens the need to accept the first job coming along and permits a certain amount of choice.

There might be little effect on those already receiving AFDC, although FAP would be a more secure source of income, thus perhaps lessening the risks of going off welfare to find a job.

If this were indeed to be the effect of the Family Assistance Plan, then clearly it would have a tremendous impact on the work force in those states facing large increases in their welfare rolls. Low-wage labor markets would find themselves with less women willing to work, and heads of families holding out for better wages and conditions, especially if the \$1600 minimum moved upward. In short, the bargaining power of the low-wage labor force would be significantly enhanced.

It cannot be argued that those who opposed FAP clearly saw all these consequences, although those most involved in destroying FAP, such as Senator Russell Long, were aware of them. Nevertheless, a Mississippi Congressman or a retail-trade employer in Georgia or a farm-labor contractor in the Midwest would have to be quite blind not to visualize the consequences of up to one-third of the local population receiving a federal check.

The greatest advantage would have accrued to the 12 million individuals added to welfare rolls by FAP. AFDC mothers, however, would generally lose money (as much as \$480 for a mother of three in New York City earning \$3320). Unemployed fathers, especially in states without AFDC-UP, would have fared much better under the bill before the June revisions.

These continued inequities were the result of poor coordination with existing programs, and with federal income and social security taxes. In short, the "notch" problem remained.

This was to be dramatically illustrated by Senator John Williams of Delaware in the Finance Committee hearings, and would be instrumental in the defeat of FAP. But this inconsistency by itself would not have been enough to kill the bill; the Administration made sincere if somewhat

sloppy attempts to revise FAP and eliminate the notches. It was used by enemies of FAP as a coup de grace to finish off an idea they never liked.

The Family Assistance Plan met opposition for a number of reasons. The common ground for all of them, however, was a concern with the effect of a negative income tax or guaranteed income on the work force. Those who assumed that welfare recipients were inherently lazy objected to subsidizing idleness. But the more thoughtful conservative opposition, which was originally inclined to support Nixon and welfare reform, was upset about the impact on the work force itself. Accepting neither the idea of income by right nor social work ideology nor a concept of the poor as lazy, the conservatives perceived FAP as a fundamental change in the American system of social rewards. Even among those southerners who used the coarsest arguments about lazy, shiftless, drug-peddling welfare loafers, most had an underlying concern about where the cheap labor would come from. It was this realization of what FAP would mean that buried it in Congress. A revolution of this kind could not be put over by subterfuge.

NOTES

<sup>1</sup>Daniel Moynihan, The Politics of a Guaranteed Income (New York: Vintage, 1973), p. 127.

<sup>2</sup>Robert Theobald, "The Background to the Guaranteed Income Concept," in The Guaranteed Income, ed. Robert Theobald (Garden City, N. Y.: Doubleday, 1967), p. 99.

<sup>3</sup>Ibid., p. 104.

<sup>4</sup>Ibid., p. 103.

<sup>5</sup>U. S. Congress, Legislative Reference Service, Resolved: That the Federal Government Should Guarantee a Minimum Income to All Citizens, 90th Congress, 1st Session, October, 1967, p. 184.

<sup>6</sup>Ibid., p. 192.

<sup>7</sup>Milton Friedman, There is No Such Thing as a Free Lunch (LaSalle, Ill.: Open Court, 1975), p. 37.

<sup>8</sup>Ibid., p. 27.

<sup>9</sup>Legislative Reference Service, p. 75.

<sup>10</sup>U. S. House, Committee on Ways and Means, Hearings on the Subject of Social Security and Welfare Proposals, 91st Congress, 1st Session, 1969, pp. 1944-1945.

<sup>11</sup>Milton Friedman, Capitalism and Freedom (Chicago: University of Chicago, 1962), p. 195.

<sup>12</sup>Theobald, p. 105.

<sup>13</sup>Legislative Reference Service, p. 167.

<sup>14</sup>Leon Keyserling, "Guaranteed Annual Incomes," New Republic, March 18, 1967, p. 22.

<sup>15</sup>U. S. Advisory Council on Public Welfare, Having the Power, We Have the Duty (Washington: U. S. Dept. of Health, Education, and Welfare, 1966), p. 10.

<sup>16</sup>Ibid., p. 54, p. 65.

<sup>17</sup>U. S. Congress, Joint Economic Committee, Income Maintenance Programs, 90th Congress, 2nd Session, June, 1968, p. 449.

<sup>18</sup>Ibid., p. 463.

<sup>19</sup>Committee for Economic Development, Improving the Public Welfare System (New York: Committee for Economic Development, 1970).

<sup>20</sup>U. S. Presidential Commission on Income Maintenance, Poverty Amid Plenty (Washington, 1969), p. 7.

<sup>21</sup>Ibid., pp. 21-23.

<sup>22</sup>Ibid., p. 60.

<sup>23</sup>Ibid., p. 66.

<sup>24</sup>Ibid., p. 145.

<sup>25</sup>Moynihan, p. 71.

<sup>26</sup>Ibid., p. 72.

<sup>27</sup>Gilbert Steiner, The State of Welfare (Washington: Brookings, 1971), p. 114.

<sup>28</sup>M. Kenneth Bowler, The Nixon Guaranteed Income Proposal (Cambridge, Mass.: Ballinger, 1974), p. 42.

<sup>29</sup>Moynihan, p. 133.

<sup>30</sup>Bowler, p. 45.

<sup>31</sup>Vincent J. and Vee Burke, Nixon's Good Deed: Welfare Reform (New York: Columbia, 1974), p. 58.

<sup>32</sup>Bowler, p. 46.

<sup>33</sup>Ibid., p. 47.

<sup>34</sup>Moynihan, p. 144.

- <sup>35</sup>Ibid., p. 165.
- <sup>36</sup>Ibid., pp. 181-182.
- <sup>37</sup>Burke, p. 86.
- <sup>38</sup>Bowler, p. 55.
- <sup>39</sup>Burke, pp. 97-98.
- <sup>40</sup>Moynihan, p. 17.
- <sup>41</sup>Ibid., p. 24.
- <sup>42</sup>Ibid., p. 245.
- <sup>43</sup>Ibid., p. 82.
- <sup>44</sup>Ibid., p. 240.
- <sup>45</sup>Ibid., pp. 89-92.
- <sup>46</sup>Ibid., p. 93.
- <sup>47</sup>Ibid., p. 95.
- <sup>48</sup>Ibid., p. 96.
- <sup>49</sup>Ibid., p. 353.
- <sup>50</sup>Ibid., p. 108.
- <sup>51</sup>Ibid., p. 42.
- <sup>52</sup>Ibid., p. 217.
- <sup>53</sup>Ibid., p. 535.
- <sup>54</sup>Ibid., p. 461.

<sup>55</sup>U. S. Senate, Committee on Finance, Family Assistance Act of 1970: Hearings, 91st Congress, 2nd Session, 1970, p. 1915.

<sup>56</sup>Moynihan, p. 330.

<sup>57</sup>Ibid., p. 385.

<sup>58</sup>Burke, pp. 1-2.

<sup>59</sup>Ibid., p. 6.

<sup>60</sup>Ibid., p. 137.

<sup>61</sup>Ibid., p. 158.

<sup>62</sup>Ibid., p. 177.

<sup>63</sup>Theodore Marmor and Martin Rein, "Reforming the Welfare Mess: The Fate of the Family Assistance Plan, 1969-1972," in Policy and Politics in America, ed. Allan P. Sindler (Boston: Little, Brown, 1973), p. 19.

<sup>64</sup>Moynihan, pp. 220 ff.

<sup>65</sup>Ways and Means, p. 65.

<sup>66</sup>Richard Armstrong, "The Looming Money Revolution Down South," Fortune, June, 1970, pp. 66, 69.

<sup>67</sup>"Welfare Reform--The Southern View," Wall Street Journal, Dec. 15, 1970, p. 22.

<sup>68</sup>U. S. Senate, Committee on Finance, Income Maintenance Experiments, 92nd Congress, 2nd Session, Feb. 18, 1972, p. 38.

## CHAPTER FIVE

### INTEREST GROUPS AND WELFARE REFORM

Interest groups had little direct impact on the legislative history of the Family Assistance Plan. Only the National Welfare Rights Organization and the U. S. Chamber of Commerce, both opposed to FAP, launched any major lobbying effort. But the fate of the bill was not the result of their efforts. "Pressure" had little to do with Congressional voting on FAP, especially in committee. Public opinion was generally favorable.<sup>1</sup> Most of the constituencies potentially affected by FAP were not deeply involved in the conflict.

In any case, the positions taken by interest groups reflect the nature of the issue of welfare reform and shed some interesting light on pluralist group theory. Groups split not on the abstract issue of welfare reform--none supported AFDC as it stood--but on the particular issue of its impact on the work force. Moreover, each group reached different conclusions on the nature of that impact. This would seem to support two arguments made in the preceding chapters: that welfare reform is an issue of work and wages, and that FAP was inconsistent and self-contradictory on these issues. Such factors structured the response of interest groups, and those most active were the one most threatened by what they felt to be the labor force effects of welfare reform.

The elite of the AFL-CIO responded at first with strong opposition to FAP. One week after Nixon's welfare reform speech, George

Meany made the following statement:

We have long shared and vigorously pressed the idea that the nation's existing welfare system is grossly deficient and in need of comprehensive reform . . . We only wish the President's proposals met that need . . . If Congress were to accept the proposed new structures, it would have to vastly increase the sums requested for no adequate solutions are possible at a bargain basement price tag. But even the structures will fail for they make no provision for the basic need--decent jobs and living wages for those working at the bottom of the nation's economic ladder. Instead of forcing America's worst employers to pay a realistic minimum wage, it is proposed that the taxpayers support those employers who pay substandard wages.<sup>2</sup>

In October, the AFL-CIO leadership adopted a brief "Policy Resolution on Eliminating Poverty". It called for a \$2.00 minimum wage extended to all American workers. This, it was claimed, would lift one-third of all the poor out of poverty. For those not working, the resolution proposed broader social insurance coverage and a federalized minimum standard for welfare. Its sole mention of FAP was that "the Administration's proposal would supplement the wages of underemployed workers and those forced to work at extremely low wages, but without requiring the employer to raise wages to a decent level."<sup>3</sup>

On February 23, 1970, the AFL-CIO Executive Council issued a statement saying "we cannot support the Administration's welfare proposal."

A fundamental fallacy in the Administration's proposal is its failure to pay decent wages. . . . [FAP] subsidies to substandard employers.<sup>4</sup> of the working poor. . . . The simple solution for poverty is that employers be required to pay decent wages. . . . [FAP should] provide no hidden subsidies to substandard employers.<sup>4</sup>

Apparently this attitude had modified somewhat a few months later. Testifying at Senate Finance Committee hearings, Clinton Fair, the AFL-CIO legislative representative, supported FAP as an initial step, but added strong reservations about the "suitable work" requirement, and demanded that jobs required of recipients pay the prevailing or minimum

wage, whichever was higher.<sup>5</sup>

The AFL-CIO had evidently taken some time to arrive at the conclusion that FAP could be used as a tool for extending the minimum wage-- a change in strategy perhaps necessary once the House had passed the bill. But without the added provisions, the unions saw FAP as largely a subsidy for low-wage employers.

This may not actually have been the case. Indeed, Sen. Russell Long opposed FAP because it was not this kind of subsidy, among other reasons. The OEO study cited earlier indicated that FAP might actually raise wages. The ambiguities and contradictions of the Family Assistance Plan could easily lead to directly opposite conclusions concerning its effect on the work force. There is little doubt, however, that an unchanged FAP would have taken the steam out of the drive for a \$2.00 minimum wage. A guaranteed income is, in one sense, a minimum wage, but paid for by taxpayers rather than employers--a crucial distinction. In the long run, it could also weaken union organizing attempts among low-wage workers. In any case, both the actual and perceived effects of a quasi-guaranteed income on wages and on the labor force determined the AFL-CIO position on FAP. The union goal, at least on paper, was jobs at decent wages. FAP would not achieve this, and conceivably could undermine its achievement.

Business interests split on FAP: the National Association of Manufacturers favored the bill, the U. S. Chamber of Commerce was strongly opposed.

The difference among the three major business groups has perhaps been best summarized by Herbert Stein: the Committee on Economic Development is "Wall Street" business; the NAM is "Pittsburgh business";

and the Chamber is "Main Street" business.<sup>6</sup> This is of course something of an oversimplification and ignores the divisions within each group. Nor can it be said that each organization actually represents all its constituents.

Nonetheless, the Committee for Economic Development does tend to speak for the liberal wing of large financial and corporate institutions, and it had come out in favor of a guaranteed income with almost no strings attached. The NAM supported the Family Assistance Plan, with some reservations: "Of the myriad proposals made to date, HR 16311 appears to us to offer the best hope of straightening out the welfare 'mess', of eliminating the controversy and discontent which have surrounded categorical assistance in general and the AFDC program in particular."<sup>7</sup>

The NAM was not inclined toward generosity. It advocated an increased penalty for work refusal, the termination of aid for unemployed fathers, a phaseout of food stamps, and the elimination of federal subsidies for state FAP supplements. Its apparent goal was the cutback of all other welfare programs outside of FAP, a position made clear in a 1972 letter to the Senate Finance Committee concerning HR 1:

Quite explicit in the introduction of the Administration's proposal was the assumption that less emphasis would be placed on other federal programs that channel various social welfare services to the population. The 'income strategy' was to replace emphasis on model cities, federally funded anti-poverty programs, food stamps, etc. However, we see no evidence that Congress is willing to accept this income strategy as a substitution for other programs.<sup>8</sup>

This position, akin to that of Milton Friedman, indicates that the NAM took "workfare" seriously. FAP, it claimed, "directs us away from, rather than closer to, a flat-benefit guaranteed annual income.

. . . It would strengthen the thesis that public welfare is not a blanket 'right'." The NAM found the plan to be an improvement over AFDC in terms of the "notch" problem.<sup>9</sup>

This position came out of clear understanding of the work-welfare relationship, as an article by Archer Bolton, chairman of the NAM Government Operations/Expenditures Committee, demonstrates:

[The welfare explosion] represents in part a rejection of low-level jobs even by those who do not have skills required for more productive work. This attitude is supported in many areas by high benefits that compete with wages for the lower skilled jobs and by an overly permissive and non-professional welfare administration.<sup>10</sup>

There is a tendency here to separate welfare and working poor, but the quote indicates an awareness of the relationship between welfare and low-wage work.

An earlier article notes that "welfare reform is of particular concern to the business community because of the considerable direct costs involved and, more important, because of its potential impact on the entire labor market, on work attitudes, and national productivity." FAP was acceptable if it ended "too much talk about 'dead-end' jobs on the part of some welfare administrators" and if it used only "the most objective criteria . . . in referring applicants for work or training."<sup>11</sup>

The NAM was thus willing to support a welfare reform containing stiff work requirements. The U. S. Chamber of Commerce apparently rejected FAP as such an alternative. This is reflected in the conclusions of a 1971 Chamber-sponsored report on HR 1, a plan similar to FAP:

The study's findings show that:

Each of the income payment plans analyzed would discourage work by low-income family heads.

Male family heads would keep working but would work fewer hours.

Female family heads, in large measure, would withdraw from the labor force.

Because the reduced work would cause these families a loss of earnings, their family income would rise by much less than the amount of the income payment . . .<sup>12</sup>

Testifying at Congressional committee hearings, Karl Schlotterbeck, the Chamber's Economic Security Manager, made it clear that he felt FAP would outdo the work disincentive effects of AFDC. He attacked the "myth" that AFDC caused family breakup and vigorously opposed aid to the "working poor":

First, the allocations of increased federal expenditures result in wrong priorities. If AFDC is the welfare problem, no priority in welfare reform should be given to increasing incomes of whole families that are self-supporting and not on AFDC.

Second, the justifications of HEW and Labor Department spokesmen for a major welfare policy change are based largely on beliefs about facts.

Third, the proposed mix of welfare in cash, and 'in kind', would result in an obvious potentially powerful work disincentive to adults on family welfare.<sup>13</sup>

In contrast to Russell Long, he did not favor the idea of subsidizing low-wage employers: ". . .if you pay them a low wage and subsidize it, let us not fool ourselves, because we would be paying a higher price to get that work done."<sup>14</sup> In other words, the long-range effect might be to raise wages.

Schlotterbeck's proposal was "rehabilitation" of low-wage workers through government training programs--actually, the public sector assumption of the cost of job training.

The Chamber worked hard to defeat FAP, taking out full-page newspaper ads (a first for the Chamber), writing all fifty governors, and launching a telegram campaign aimed at Congress.

Why the NAM-Chamber split? Moynihan mentions it, but does not try to explain it. He notes the difference between the Chamber and the CED, describing the latter as having been established "by men who found

they could make more money" with a liberal position on social issues. The NAM is referred to as having a base similar to the Chamber and a tradition even more conservative.<sup>15</sup>

On closer examination, the two organizations differ significantly. Although both have a sizable small-business membership, the NAM tends to represent the manufacturing sector, while the Chamber includes service and trade industries as well. More important, the NAM policy committees tend to speak for the larger companies.<sup>16</sup> Although such companies contribute a disproportionate share of both organization's fund, the Chamber's policy committees are dominated by medium and small businesses.<sup>17</sup>

This might make a difference in terms of positions on FAP. Smaller trade and service industries have a much larger stake in the maintenance of a low-wage labor pool than do manufacturing industries, or for that matter large non-industrial corporations, although all of them together rely on the existence of this pool. The Chamber in particular, however, had nothing to gain and everything to lose by "spoiling" the work force of its constituent industries with a guaranteed income. They did not perceive FAP as a subsidy (as did the AFL-CIO), and, to judge by Schlotterbeck's statement, would not have supported it anyway. The NAM could maintain a slightly greater degree of detachment; the labor force of its member companies tends to be in the unionized, high-wage sector. Their concern may have been less influenced by the issues of low-wage labor, although they obviously took this into account. The intense Chamber involvement and the relative inaction of the NAM could have derived from the stakes each had in the proposal. The differing perceptions might be explained in terms

of the confusion inherent in FAP--its "workfare" aspects could be taken seriously or not. The NAM's face-value acceptance of these aspects as being sufficient might be a function of its more abstract and less intense concern with the issue of welfare reform. The Chamber having more to lose would look more closely.

The CED's even more "liberal" position puts this in even sharper relief. Large corporations and financial institutions could afford to support a guaranteed income--or allow its more liberal spokesmen to espouse it--in the interests of general economic and social stability, much in the way the National Civic Federation had supported progressive legislation at the turn of the century. Smaller manufacturing industries would have to be more cautious. The trade and service sectors could not afford the risk; and perhaps its direct material interest, expressed through the policy committees of the Chamber, gave it the clearest view of all, even clearer than that of the AFL-CIO.

Daniel Moynihan spends twenty pages in his book describing how the social work profession

. . . did all in their power to insure that a guaranteed income was not enacted . . . The de facto strategy of social work groups was to seek to kill the program, first by insisting on benefit levels that no Congress would pass and no Congress would approve, and second, by raising issues about details of the legislation which allowed the entire initiative to be labeled oppressive, regressive, or worse.<sup>18</sup>

These same demands are interpreted by the Burkes as showing that "social workers seemed to feel a compulsion to atone for past neglect by rallying behind demands of the welfare poor, no matter how absurd."<sup>19</sup>

The social work profession as a whole apparently did little to influence the course of the legislation one way or the other. Moynihan's

rather conspiratorial interpretation simply does not hold for the whole profession, and certainly social workers were not the only ones to raise questions about benefit levels and work requirements. The "liberal guilt" cited by the Burkes has more often been a cover for social work paternalism and manipulation of the poor; it is naive to accept it at face value.

Only one group with a social work constituency openly opposed FAP: the American Federation of State, County, and Municipal Employees, representing among others 30,000 welfare workers fearing the loss of their state and local jobs.<sup>20</sup> Another group, the National Council of State Public Welfare Administrators, was split, though generally in favor.<sup>21</sup>

The American Public Welfare Association supported FAP, at least publicly. Roy Nicks, its president, told the Senate Finance Committee that the bill was "a significant and constructive step in the direction of welfare reform."<sup>22</sup> He backed the \$1600 figure as a reasonable start. However, he came out strongly for the exemption of mothers from the work requirements, and suggested the expansion of social services.

The National Association of Social Workers, on the other hand, was quite negative. Whitney Young, its president, declared to the Finance Committee, "[FAP] will not, as written, bring either the necessary changes in the welfare system or the assurance of equity to the recipients. This bill does contain some concepts which we can endorse as forward steps."<sup>23</sup> He denounced the support level as inadequate, objected strongly to the work requirements, and proposed that manpower provisions and income maintenance be dealt with separately. "Throughout this legislation," he stated, "there is the relentless implication

that the poor are shiftless, lazy, worthless, and irresponsible . . .  
 HR 16311 rests on a web of vengeful fantasies . . ."24

The basis of the difference between the APWA and the NASW is not clear. The latter includes in its membership social workers in private agencies--its opposition to FAP may well be related to the historic opposition of this group to any large-scale expansion of public welfare, for fear of job loss.

It is important to note that both shared a strong opposition to the work provisions of FAP. They supported the mothers' right to a "free choice" of whether or not to work, in the interests of "family life". The work requirement was in fact one of the main reservations held by all social work groups about FAP. The profession has an implicit stake in the existence of "dependent families". Since the era of Mothers' Pensions, it has defended the idea that mothers belonged in the home as a mainstay of the family. It has no particular material interest in full employment or training programs; if the government pursued a policy of work at decent wages for all women, supplemented by day care, social workers would be minus most of their clientele. Social work groups are thus not inclined to support any effort to move its clients into the mainstream of the job market, whether such effort has a repressive tone or not. Apparently, the social work groups took seriously the bill's intent to force mothers to work.

In any case, Moyhnan's blanket condemnation of the profession does not seem justified, at least for the misdeeds he cites. Social workers did not work that hard to either help or hinder the passage of FAP.

The National Welfare Rights Organization (NWRO) deserves special

attention. It actively opposed FAP, but its direct impact was probably limited to a few liberal legislators, most notably Sen. Eugene McCarthy. Although many others in Congress voiced their support for the NWRO program of a guaranteed income above the poverty line, this did not prevent most of them from supporting FAP.

The NWRO rose and fell swiftly. Its history provides an interesting test case of a certain kind of group theory. Darryl Baskin has noted that the pluralist model of politics "teaches political vocabularies and role orientations resulting in forms of behavior that confirm the appropriateness of its own categories."<sup>25</sup> The NWRO was a unique example of the imposition of a middle-class world view and pluralist organizational style on a working class group. This programmed it for failure.

Welfare rights groups had appeared as early as 1962, in California; local groups began to develop in other areas as well. The formation of a national group arose out of the establishment of the Poverty/Rights Action Center (PRAC) in Washington in May, 1966. Its founder was Dr. George Wiley, a black professor of organic chemistry at Syracuse University, who had left CORE. He had been on a CORE advisory group with Richard Cloward.

The purpose of PRAC was the development of a national "Poverty Rights" organization. Since it had to deal with what Gilbert Steiner terms a "potential constituency that would be disaffected by a long time lag between planning and results", its first step was to hold demonstrations in a number of cities in sympathy with a Cleveland welfare rights group march to Columbus, the Ohio capital, on June 30, 1966. The demonstrations were fairly successful.

Two months later, it held a national convention in Chicago of local welfare rights organizations, setting up a National Co-ordinating Committee to determine policy. In February, 1967, a second conference was held, where a national legislative program was developed. "By the summer of 1967," writes one observer, "the NWRO had become a coherent, functioning national organization with its principal objective expressed in its slogan, 'More Money Now!'"<sup>26</sup> Its general goal was "jobs or income now", with an emphasis on income. Specifically, it demanded a guaranteed income of \$6500 for a family of four. A statement entitled "For a Life Free From Poverty" says that the poor have a "right to a job" but "the job is not there". It concluded, "Now if a predominantly free enterprise economy cannot provide jobs for all its members, then the society is responsible for seeing that the jobless are adequately cared for, and prepared to re-enter the labor pool in the future."

There was no demand for full employment or job programs. The emphasis was on money--the income guarantee, available on the basis of declared need. Admittedly, this would cost sixty billion dollars or more, but this could be found by "a more thoroughgoing analysis of the defense budget" and an end to tax loopholes.<sup>27</sup>

The NWRO became an official organization at a convention in Washington, D. C., in August, 1967. Two significant policy decisions were made: to limit membership to welfare recipients, and to reject the Piven-Cloward tactic of "overloading" the welfare system. The organization opted for a strategy of fighting for immediate tangible benefits in the form of supplementary welfare payments, and began its first activities against the WIN program, which it categorized as "slave labor".

In December, 1968, the NWRO "National Self-Help Corporation"

won a \$435,000 grant from the Labor Department to "explore ways of involving welfare clients in leadership roles in WIN". "Slave labor" was now the source of NWRO's income. This windfall, along with dues and contributions from churches and community groups, was used to finance what by 1970 was a national organization of more than 25,000 members, with an annual budget of half a million dollars. A year later, NWRO was dying, wracked by internal factional disputes, and having lost most of its battles.

The NWRO had money, membership, and the ear, if not the heart, of the liberal community. An explanation of their rapid collapse and their limited impact is in order. Pluralists attribute it to their inability to continue the "payoff" for its own members; but perhaps the payoff strategy itself was at fault.

The organization's staff set its tone and direction. George Wiley was the overriding influence. It has already been noted that Daniel Moynihan thought well of Wiley, who not only shared his notions about dependency, but was one of the few prominent blacks who "understood the analysis of The Negro Family [Moynihan's notorious 1965 report] and was not unsympathetic to it."<sup>28</sup>

report] Gilbert Steiner has described Wiley's organizational style:

Wiley wants a self-sufficient, dues-supported organization that will not depend on churches, unions, or the poverty program. He believes that the way to reach this goal is to make NWRO attractive to its potential constituency in much the same way that the International Ladies Garment Workers Union makes itself attractive to its potential constituency--by emphasizing a unique, shared experience, and by building in the trappings and techniques of middle class organizations that Americans are apt to join. Welfare clients, in other words, are attracted by an opportunity to do the things that other, more affluent persons do and simultaneously to reinforce each other in efforts to better their conditions.<sup>29</sup> (Italics mine)

When faced with dissent from other NWRO staff on what they called the National Headquarters' "paternalistic, frequently racist attitudes about recipients",

. . . Wiley met the problem in the style of a high powered middle class administrator. He captured a critical black, Hulbert James, who had been director of the highly effective New York City affiliate . . . With James dissociated from the black caucus and installed in a newly created position of director of operations, the next move was to reorganize the publications department out of existence, thereby eliminating seventeen black caucus members, including John Lewis. Offered a job in public relations, Lewis declined and chose instead to try to appeal to the recipients.<sup>30</sup>

The significant word in both quotes is "middle class". Wiley, himself a professional, set the NWRO goal as one of achieving a middle-class life style, and used conventional "middle class administrator" techniques to get there.

His views on women in the work force were clearly expressed in a dialogue with Rep. Martha Griffiths at Joint Economic Committee hearings in 1968:

WILEY: Our feeling is that . . . the vast majority of welfare recipients . . . should not be in the labor force because they have other important responsibilities at home . . . the important thing is that the men, that the people who are able to be heads of households or ought to be legitimate heads of households be the ones that get those jobs . . .

GRIFFITHS: Now I regret to say, Mr. Wiley, that you are speaking to the most dedicated feminist we have in Congress . . .

If this system continues you are going to have forever in this country a group of people who are on welfare . . . Those people have a right to participate in the economy of this country. They have just as much right to have a job as anybody else has. . . . I am not for just consigning poor people forever to welfare.<sup>31</sup>

This highly revealing exchange was to be repeated a year later at Ways and Means Committee hearings on FAP (see chapter six).

Wiley's goals were essentially conservative. He was not out to organize all the poor, just the welfare poor. He was not out to change

the system, but only wanted to make his welfare mothers feel like middle class people; he was not out for full employment, but to keep mothers at home so men would get the jobs. Wiley's ideas bear a striking resemblance both to Moynihan's ideas on the problems of the black family, and to social work ideology in general. In fact, Wiley's program seemed to be an attempt to restore black males to their "proper" position as breadwinners.

This direction manifested itself in NWRO activities. The "slave labor" program, along with a \$260,000 OEO grant, became the source of its income. The NWRO now had a stake in the payoffs from the liberal institutions it attacked. An aide to the NWRO described its strategy as a "very Alinsky thing . . . Regardless of whether you could end poverty, you could get some money."<sup>32</sup> Even the "militant" tactics of Piven and Cloward were too much for the NWRO. As Piven later pointed out, "[The NWRO] didn't get as much as they could while conditions were favorable because of their preoccupation with becoming influential in a way in which the system tells them to be influential." Added Richard Cloward:

Our strategy was, grab what you can and run like hell. Ours was much more of a guerrilla strategy. Hit the centers, drive up the rolls, take advantage of the times to get something for people while you can . . . The only kind of effective political influence which low-income people can ordinarily exert, and then only at certain times, when the rest of the society is afraid of them, are these disruptive tactics.<sup>33</sup>

Perhaps it was the appearance of militancy that the NWRO rejected; in fact, the Piven-Cloward strategy was even more short-run. It utterly rejected the possibility of programmatic social change as a consequence of organizing the poor.

An observer at NWRO's 1970 conference noted that the rhetoric

was inflammatory, "but deep down, it seemed, the mood wasn't revolutionary--merely a hungering after a good-sized slice of the American pie."<sup>34</sup> Moynihan summed it up: "The organizational interest of the NWRO was to improve the circumstances of this constituency, preferably in steady increments associated with crisis bargaining."<sup>35</sup>

The "credit card" struggle in New York is an example. In 1968 and 1969, Hulbert James, the New York welfare rights leader soon to be "captured" by Wiley, pushed a campaign to get department store credit cards for welfare mothers. This was to a limited extent successful. The goal is especially significant in light of what has been said: welfare mothers could now share in the middle class credit addiction. They were now to be part of the American Dream, as symbolized by a Korvette's credit card.

The NWRO's position on FAP made sense in these terms. But their addiction to the quick payoff isolated them from liberals who supported them, but who also supported FAP as a reasonable beginning. The major beneficiaries of FAP, it has been shown, would have been the poor not at that time on AFDC, especially the southern working poor. Welfare mothers had little to gain--and maybe something to lose. The Burkes confirm this:

For AFDC families already receiving benefits higher than FAP's floor, the President's program offered no additional benefits and some disadvantages. . . . FAP would make it more difficult to gain benefit increases in the future and would reduce some working mothers' welfare supplements. 'The working poor would get money but they'd take it from us,' worried Mrs. Jeanette Washington, NWRO representative at an autumn 1970 meeting with liberal groups.<sup>36</sup>

Likewise Moynihan:

Any large allocation of limited disposable resources to a new system could not serve the interests of NWRO . . . the organization was surely right in perceiving that the short-term effect

of Family Assistance would be to improve the conditions of the nondependent poor relative to the dependent.<sup>37</sup>

Apparently, the NWRO stuck to its short-term guns, guided by the philosophy of its leadership. Nixon's plan had originally been greeted warily but positively by a surprised NWRO. That support quickly changed to opposition. The organization pushed its \$6500 guarantee with no work requirements; if the Family Assistance Plan was anything short of this, it was unacceptable. It had to fight for "more money now". From Moynihan's point of view this organizational "imperative" is what forced an otherwise reasonable man like Wiley to oppose FAP.

Other analysts conclude at this point: NWRO died when the payoffs were no longer forthcoming. Gilbert Steiner, writing at the height of NWRO's influence, says

The Poor Peoples Campaign was a comparative failure and the NWRO is a comparative success. One likely explanation lies in NWRO's preoccupation with a single, specific program--public relief . . . Even in public relief, demands of the NWRO boil down to core questions: improving access to financial aid and achieving more adequate support levels.<sup>38</sup>

There is of course the question of why the organization fell apart the following year. It is the answers given by pluralists to this question which illustrate some of the inadequacies of pluralist theory.

Mancur Olson has advanced an hypothesis which has become widely accepted in pluralist thinking. He states that organizations must provide at least some tangible and immediate benefits exclusively for their own members in order to survive. In other words, organizations based on ideology, altruism, or long-run payoffs for large groups including non-members are usually short-lived or change into more typical forms.<sup>39</sup> As Steiner puts it, "NWRO's history and style thus lend support to the proposition that formal organizations have certain unflinching characteristics

whether they are businessmen in Rotary clubs, undergraduates in fraternities, physicians in medical associations, or welfare mothers in NWRO."<sup>40</sup>

The problem with Steiner's example is that the NWRO differs from the other groups in one significant way: it was a group of poor working-class women whose goals and tactics were set by middle-class organizers with pluralist--specifically Olson's--assumptions. Its organizational characteristics were imposed upon it by people with ideas like those of Steiner. This is made clear in the two existing major studies of the NWRO.

Laurence Bailis wrote Bread and Justice based on his experiences as a welfare rights organizer. He says that organizers like himself built the Massachusetts Welfare Rights Organization on the following model: 1) the welfare recipient will make a sacrifice if "doing so will bring her tangible benefit"; 2) the maintenance of continuing personal contact; and 3) "the less asked [as a condition of membership] the better." All efforts were to be geared to the quick payoff. The result:

Despite a spectacular birth and a vigorous youth consisting of well-attended meetings and militant demonstrations, the typical MWRO affiliate soon moved into a period of doldrums marked by a loss of interest by the general membership, and then moved towards a lingering death.<sup>41</sup>

The largely white middle-class male staff, while avoiding a visible leadership role, organized "the ladies" along their own principles. Staff was "non-ideological"; one-third had come to learn how to organize. Some, such as Bailis himself, would get advanced degrees out of this experience--such are the benefits of a short-run strategy for welfare mothers. "Ideology and long-range goals," says Bailis, "were not discussed simply because few people were concerned with such

matters; their attention was on the short run."<sup>42</sup>

The motivation of the welfare mothers' own leadership was money and status, which is not especially surprising since these were staff goals for the organization. Both staff and leadership were "minimally concerned" with FAP or other "programmatic" matters. "The vast majority of MWRO members joined in order to receive supplementary welfare benefits and participated in further activities only insofar as they were related to the receipt of those benefits."<sup>43</sup> This happened to be the way the organizers set it up. The failure of MWRO, according to Bailis, is due to the fact that an organization of the poor can succeed only if the payoff keeps coming; and the government was not agreeable to this.

Clearly it is more accurate to say that any strategy based on the expectation that the government will continue to award "tangible benefits" to poor people is dead-end. It assumes that the problem of poor people is lack of "access" or "resources" or "countervailing power", which are necessary in order to "bargain" with the government. The fact may be that the government has no intention of bargaining away its purpose of defending the unequal distribution of wealth in society.

Moreover, the materialism ("consumer-orientation" in Bailis' words) and power plays which Bailis criticizes among "the ladies" were a direct result of a strategy of "take the money and run". In other words, welfare mothers behaved according to the patronizing expectations of the middle class staff because such behavior was a condition of membership in the MWRO.

Larry Jackson and William Johnson, adopting a more explicit pluralist framework, examine the New York Welfare Rights Organization. The first actions of this group began with a "Winter Clothing Campaign"

in 1965-66, an idea developed by Ezra Birnbaum, described in the book as a "student of community development". A "Minimum Standards Campaign" followed, using Piven-Cloward tactics; the Mobilization for Youth was heavily involved at the time. In 1967, Hulbert James stepped in, launching a program with the aim to "secure large sums of money for individual members of welfare rights groups."<sup>44</sup> Some success was achieved toward this millenarian goal.

The following year, in a logical extension of its assumptions, the organization staked its future in a fight against "flat grants". Previously, welfare recipients could receive special grants for particular needs; the flat grants would standardize benefits. This would remove the source of the payoff. The New York WRO leadership decided to fight this, for "the movement's success in organizing and recruiting recipients rested on its success in securing tangible benefits for its members." The goal of the drive was two fold: prevent the termination of special grants, and, "while the system lasted, to extract from it as many benefits for the membership as was humanly possible". The strategy failed, and on September 1, 1968, the flat grant program took effect.

In succeeding months, most remaining special grants and the flat grant itself were also terminated. As a result, local caseworkers no longer had an appreciable influence over the monthly grant level. As a result, also the local welfare rights organizations lost their organizational focus and much of their influence. They were no longer able to provide as tangible a benefit to their membership as they did prior to September 1, 1968.<sup>45</sup>

Thus, the authors conclude,

The unfortunate fact as far as the welfare rights movement is concerned, is that efforts to obtain an increase in grant levels from the state legislature or Congress, were they successful, would benefit all recipients and not just welfare rights members only. These efforts would result in public

benefits which, by their very nature, are not as likely to provide as great an incentive to membership in welfare rights groups as did special grants. One can understand why, since 1968, the movement had declined in New York City.<sup>46</sup>

This is saying that unless the NWRO succeeded in achieving its own narrow, special goals, it would fail, even if it achieved some larger public benefit.

While the special grant was critical to the short-term success of the movement, it was also a highly vulnerable organizing tool. What the state gave, the state took away. The establishment reasserted its control over the welfare system and its authority over recipients by the simple expedient of terminating the special grant.<sup>47</sup>

The authors of this study then launch into an array of elaborate but uninformative statistics to explain this phenomenon.

Nationally and locally in the NWRO, middle-class organizers with pluralist ideologies proceeded from the assumptions that welfare mothers could only respond to immediate personal material self-interest and that the only possible attraction for them was quick money and middle-class trappings. The system was expected to respond, at least for a while. When the effort collapsed in spite of considerable money and support, the organizers blamed everything but their own strategy. If anything, the NWRO experience shows that the "immediate tangible benefits" strategy is absolutely self-defeating for a working-class group. Such an approach will meet stiff and immediate resistance from a hostile government, as soon as it recovers from the initial attacks. The leadership will fall in with this approach and begin to compete among themselves. The NWRO organizers had a narrow view of the capacities of people to organize for long-run goals, especially if those people were poor, female, and black. The fact that some of the organizers were black made no difference. They were, however, middle class and committed to their system

and life style. The NWRO was run into the ground by its organizers, who organized a self-fulfilling prophecy of failure.

The two histories which are most significant are the Chamber of Commerce and the NWRO. The former was the only non-poor group which had a direct stake in the Family Assistance Plan--it had the most to lose. It worked the hardest and perhaps had the clearest view on the impact of the plan on its own interests. This view was based on the assumption that the low-wage labor market would become smaller, thus driving up wages, and lowering its own profits. This danger was too serious to allow the Chamber to accept the meager work requirements of the Family Assistance Plan.

The Chamber of Commerce got its way, and in fact for the reasons it espoused. This was not a result of its own efforts, but a result of the fact that its philosophy and interests were shared by those who were in the best position to kill the legislation. This is to be the theme of the next chapters.

The National Welfare Rights Organization might well have had a considerable impact if it had been allowed to broaden its approach and find allies among the non-welfare poor or even among the non-poor. It was, however, deliberately focussed by outsiders on the narrowest possible goals. When these goals proved unattainable, the entire organization collapsed. The real tragedy of the NWRO is that its executioners have been the only ones to write its obituary.

NOTES

<sup>1</sup>Daniel Moynihan, The Politics of a Guaranteed Income (New York: Vintage, 1973), p. 268.

<sup>2</sup>New York Times, August 15, 1969, p. 17.

<sup>3</sup>U. S. House, Committee on Ways and Means, Hearings on the Subject of Social Security and Welfare Proposals, 91st Congress, 1st Session, 1969, p. 1795.

<sup>4</sup>U. S. Senate, Committee on Finance, Family Assistance Act of 1970: Hearings, 91st Congress, 2nd Session, 1970, p. 1747.

<sup>5</sup>Ibid., p. 1748.

<sup>6</sup>Patricia Goldman, "Washington Pressures: US Chamber works to erase negative image and improve grass roots clout," National Journal 4 (April 1, 1972): 565.

<sup>7</sup>Statement of A. L. Bolton, Jr., Representing the NAM on HR 16311 Before the Finance Committee," Sept. 9, 1970, p. 1.

<sup>8</sup>Letter from W. P. Gullander, President, NAM, to members of Senate Finance Committee, April 27, 1972.

<sup>9</sup>"Statement", p. 12.

<sup>10</sup>A. L. Bolton, Jr., "Plain Talk on Welfare Reform," NAM Reports, August 23, 1971.

<sup>11</sup>A. L. Bolton, Jr., "Welfare Reform in Perspective," NAM Reports, May 3, 1970.

<sup>12</sup>Chamber of Commerce of the U. S., The Effect of Three Income Maintenance Programs on Work Effort, July, 1971, p. iv.

<sup>13</sup>"Statement of the Chamber of Commerce of the U. S. on HR 16311 to the Senate Finance Committee," Sept. 1, 1970, p. 12.

<sup>14</sup>Committee on Finance, p. 1898.

<sup>15</sup>Moynihan, p. 289.

<sup>16</sup> Andrew Glass, "Washington Pressures: NAM's new look is toward goal of business unity," National Journal 5 (January 5, 1974): 15-23.

<sup>17</sup> Goldman, p. 568.

<sup>18</sup> Moynihan, p. 308.

<sup>19</sup> Vincent and Vee Burke, Nixon's Good Deed: Welfare Reform (New York: Columbia, 1974), p. 176.

<sup>20</sup> Ibid., p. 145.

<sup>21</sup> J. K. Iglehart and Dom Bonafede, "Welfare Report," National Journal 5 (December 5, 1970); 2638.

<sup>22</sup> Committee on Finance, p. 1382.

<sup>23</sup> Ibid., p. 1760.

<sup>24</sup> Ibid., p. 1765.

<sup>25</sup> Darryl Baskin, "American Pluralism: Theory, Practice, and Ideology," Journal of Politics 32 (February 1970): 72.

<sup>26</sup> Larry R. Jackson and William A. Johnson, Protest by the Poor (Lexington, Mass.: D. C. Heath, 1974), p. 34.

<sup>27</sup> National Welfare Rights Organization, "For a Life Free From Poverty," Social Welfare: The Forensic Quarterly 47 (August 1973): 306-307.

<sup>28</sup> Moynihan, p. 385.

<sup>29</sup> Steiner, p. 288.

<sup>30</sup> Ibid., p. 292.

<sup>31</sup> U. S. Congress, Joint Economic Committee, Income Maintenance Programs, 90th Congress, 2nd Session, June, 1968, pp. 77-78.

<sup>32</sup> Richard Rogin, "Now It's Welfare Lib," New York Times Magazine, Sept. 27, 1970, p. 81.

<sup>33</sup> Ibid., p. 83.

<sup>34</sup>Ibid., p. 87.

<sup>35</sup>Moynihan, p. 334.

<sup>36</sup>Burke, p. 159.

<sup>37</sup>Moynihan, p. 335.

<sup>38</sup>Steiner, p. 281.

<sup>39</sup>Ibid., p. 288.

<sup>40</sup>Mancur Olson, The Logic of Collective Action (New York: Schocken Books, 1968).

<sup>41</sup>Laurence Bailis, Bread and Justice (Lexington, Mass.: D. C. Heath, 1974), p. 55.

<sup>42</sup>Ibid., p. 85.

<sup>43</sup>Ibid., p. 104.

<sup>44</sup>Jackson and Johnson, p. 109.

<sup>45</sup>Ibid., p. 126.

<sup>46</sup>Ibid.

<sup>47</sup>Ibid., p. 127.

## CHAPTER SIX

### THE FAMILY ASSISTANCE PLAN IN THE HOUSE

Congress has become an institution with a negative policy-making role, especially in domestic policy: the executive proposes, the legislative disposes. The initiatives of Presidents become the target of entrenched locally-based constituency interests in Congress. Of course, the chief hurdle in this obstacle course is the standing committee.

The Family Assistance Plan, as a welfare measure, was referred to the Ways and Means Committee in the House, and after House passage, to the Finance Committee in the Senate. Each of these two powerful committees has its own distinctive character and style of work, and each has been the object of considerable study by political scientists.

The legislative history of FAP adds some interesting data to the study of Congressional committees, which shall be examined in the following chapters.

This is not, however, the central focus of the examination of FAP in Congress. The point here is to offer an explanation for its legislative demise in terms of the central hypothesis of this study. The Family Assistance Plan came apart in Congress because it was constructed out of pieces that did not fit together. Its opponents were able to destroy it by picking out its structural weaknesses. This was

a consequence of building a legislative strategy for the bill which ignored the connection between welfare and manpower issues.

The designers of the plan took the negative income tax out of its ideological context of free-market capitalism and individualism and transformed it into a welfare-state antipoverty measure. They then attempted to make it politically more palatable by adding a work requirement and presenting it as a "workfare" bill. This tactic seriously underestimated the capacity of legislators to perceive the potentially revolutionary effect of the Family Assistance Plan in terms of its impact on the labor force, perhaps because its advocates themselves did not perceive this clearly. A measure of this kind could either guarantee income or reward work; it could not do both either in reality or in appearance. Only a pure negative income tax could actually do this, and there was no constituency for it.

There is no study, including Moynihan's, which examines the attitudes of Congress towards FAP from this point of view. This study is maintaining that individual perspectives on welfare reform arise out of assumptions and interests related to the use of low-wage labor. These ideas may not always be conscious and explicit, but they are always present, and therefore have to be considered in any political strategy around welfare reform. This was not done with FAP. The aim of this part of the study is to show how legislators' views on work and wages affected their positions on FAP and thus determined the fate of welfare reform. It should become apparent that the opponents of FAP had clearer and more consistent views based on sharper sets of interests on the subject of labor force structure than did its supporters. The failure on the part of FAP's proponents to deal explicitly with work

and wages may have seemd like the only possible political strategy to get it across, but in fact it doomed the bill; the issue runs too deep in the fabric of society to be simply ignored or lightly dealt with.

The primary source material here is the public record, with all its omissions and the unanswered questions it raises. Interviews would have been a useful supplement, but were precluded by the time and expense involved.

There is no attempt here to correlate statistically Congressional voting decisions with views on labor force structure. The data is not available, and in any case this approach might not be fruitful. The point being made here does not require such methods. What is being said is that welfare reform programs must deal explicitly with the structure of the labor force, because the two questions are not only related in fact, but are seen to be related by important interests in society which are well-represented in Congress--especially in Senate Finance--and are in a position to veto unacceptable approaches.

The hearings held by the House Committee on Ways and Means and the Senate Committee on Finance in 1969 and 1970 are the case in point. There were other doubts and misgivings about FAP, but throughout the deliberations there is a constant tone of concern on the part of legislators, especially moderates and conservative, around the question of labor force effects. Liberals, on the other hand, tended to support the bill on the basis of its resemblance to a guaranteed income, and dealt not at all with labor force effects. This seems to arise not out of any emphasis on egalitarian priorities, but out of what appears to be a superficial understanding of the complexities of welfare, as well

as a set of values related to social work ideology and a set of political interests related to their constituencies.

For whatever reasons, whether out of ignorance or calculation, supporters of the Family Assistance Plan chose not to deal directly with the question of labor force effects until it was too late. There was no way legislation of this sort could be put over in this manner. It was not enough to simply include the mandatory provisions for work and training and to moderate the notch problem. Even a modified guaranteed income or negative tax was not going to get by without a very serious discussion of the work issue. The review of Congressional hearings and debate which is to follow will illustrate this.

As mentioned earlier, the legislative history of FAP offers some new information on the behavior of Congressional committees.

The Ways and Means committee has been described by observers as a consensual group based on "restrained partisanship". By resolving conflict within the committee, it has had a remarkable record of success in getting committee-approved bills passed on the floor. What is different about the FAP episode is that Wilbur Mills took an unaccustomed advocate's role in pushing this "radical" legislation. Had he not done so, the bill might never have passed the House.

The behavior of the Senate Finance Committee and its chairman, Russell Long, was rather more typical. Finance has always been considered a more "ideological" committee--its deliberations on controversial bills have been partisan and contentious, and the role of its chairman has been to exacerbate rather than moderate conflict. The Family Assistance Plan was to become a victim of this type of committee behavior. The relation of the history of FAP to the existing literature on the committee

system shall be reviewed at the end of each of the next two chapters.

What must be emphasized, however, is that the particular style of behavior of the committee or its chairman was not the independent variable which determined the fate of the Family Assistance Plan. The nature of the welfare issue itself, and the reaction of certain constituencies, would have found expression somewhere in the Congressional system. Wilbur Mills' consensual style and Russell Long's abrasive behavior undoubtedly had an effect on the type of reception FAP received in Congress, but these idiosyncrasies themselves did not dictate the politics of welfare reform. There is a tendency in the existing literature on Congress to attribute the fate of certain policies to behavioral styles or individual quirks. This is not the point of view of this study. To personalize the issue of welfare reform would be to miss the point entirely.

The basic sources of information in the next two chapters are the committee hearings and the Congressional Record. Committee hearings are most revealing during the impromptu debates arising out of random comments made by participants. Prepared statements are tailored for an audience of one kind or another and are usually quite uninformative. Specific technical questions are often irrelevant (although the nature of the irrelevance may be significant) and answers are usually evasive, noncommittal, or designed to please the questioner, especially if he or she is on the committee.

In the seven volumes of Ways and Means hearings, there are a number of exchanges which reveal most clearly the points of view of committee members and certain witnesses on the subject of low-wage work. Most committee members were not present or present only part of the time.

The eight or nine committee members who expressed their ideas on the subject show a wide range of opinions.

Wilbur Mills, for example, took what might be called an "education and training" position on the problem of low-wage work. The solution, he felt, rested with mandatory education and training to make "unemployables" marketable; from that point it was up to the private sector, which was to coordinate its efforts with assistance from the government.

This was expressed in a dialogue with Dr. Alice Rivlin:

MILLS: It would seem to me that the greatest resource we have is manpower and when I say manpower I mean women as well if they want to work. I don't see much in this program that has been advanced that satisfied me any more than I see in the existing welfare program in this regard...I have been greatly disappointed with the performance so far of the 1967 amendments even though there is a requirement for training. I don't know how we can help them to improve their own lot in life. To me it is education and training that does it. Most of them are in this position, I presume, because of lack of skills, are they not?

RIVLIN: Yes.

MILLS: Aren't they capable of being trained to greater skills?

RIVLIN: Oh, I think so.

MILLS: We have done far more with the poverty program in one county in my state in training people than I think they have done altogether under the 1967 amendments in my state, state-wide, in training people to do things that were available.

.....  
The great question in my mind, and in Mr. Bush's mind, and in the minds of the other members of the committee, is what else do you do? If you don't use a degree of compulsion how do you get this great bulk of people to realize that they are so much better off if they get training and go into suitable employment?

Nobody here wants to return them to a type of employment where they can't make a living. None of us wants that. I want them trained so that whatever ability they have can be maximized and they can take their proper place in this economic maelstrom that we have and make their contribution...we are not doing enough to develop the resources that these people have and that we are losing daily or yearly because they don't do more to see to it that these people are off the welfare rolls and back on the tax rolls.

RIVLIN: I agree completely.<sup>1</sup>

In a discussion with Mitchell Ginsberg of the New York City Department of Social Services, Mills expressed his belief that "surely the business community, the community itself, working with people in your department, working with people at the federal level, can coordinate the situation and find people who want to work and jobs suitable for these people who want to work after they are trained."<sup>2</sup>

In questioning Joseph C. Wilson, chairman of Xerox and of Nelson Rockefeller's Arden House Conference, and Victor Weingarten, director of the conference, Mills pressed the same point, much to the discomfort of the witnesses.

WEINGARTEN: . . . We come to the conclusion that there are relatively few able-bodied men [on AFDC] able to work . . .

MILLS: Let me ask you how you know that? That is equal to some of the cliches that I get from [HEW] Department people themselves. They never back it up. They start off with that as a premise . . . I am not arguing with you. I just don't want to continue working with myths. I want facts.

Mills then rolled out the "facts" about AFDC recipients' trainability and employability, to which Weingarten could only respond, "Yes, sir." Wilson broke in to describe how "after very great difficulty, many halting starts and failures, we are beginning to learn a little bit about how to [train] some of these people . . . if we will spend a great deal of extra time and effort . . ."<sup>3</sup>

Mills continued: "I am a little bit discouraged, however, when I find that most of the witnesses who come before the committee are thinking only in terms of keeping them in status quo by insuring that they get everything that is required for minimal living standards." That happened to be the position of the Arden House Conference. Wilson

had criticized the \$1600 figure as too low, and backed "freedom of choice" for mothers: "While we believe that many mothers with children over six will welcome the opportunity for work or training and will seek employment, we believe the public interest might best be served if that option were left with the mothers."<sup>4</sup> In response to Mills' request that businessmen develop comprehensive lists of job openings and match them to new trainees, Wilson replied with a successful example of this in Rochester, N. Y., but added, "I am not sure whether any particular group of industries can cope with this on a national basis, however."<sup>5</sup>

Mills was serious about education and training and was asking a representative of the liberal corporate elite whether he was ready to assume the responsibility for absorbing welfare recipients into the labor force. Wilson was saying--quietly--that they had no intention of going to all that trouble. This is consistent with the position of the top corporate and financial echelons as expressed by Arden House and the CED. The reasons have been stated in previous chapters: giant businesses and financial institutions have no direct material concern with the low-wage labor force, as long as one of some size exists and as long as it is stable and peaceful. Mills, however, still believed that the responsibility of job creation lay with private enterprise; it is not clear whether he understood Wilson's response.

Mills was ready to accept FAP as a means of getting people to work, if business would assume its share of the responsibility. It apparently was not, although Mills chose not to pursue the point. He certainly did not accept the idea that welfare recipients were unwilling to work. He never used the word "rehabilitation" in the social work sense of the word that emotional or psychological problems underlay

the "dependency" of welfare recipients. This is in sharp contrast to a number of other, ostensibly more liberal members of the committee. One of these was James Corman, Democrat of California:

Getting to the problem of rehabilitation, it seems to me that there are both tremendous fiscal and social reasons to rehabilitate people so they can get back to work. It also seems to me that we have never taken a realistic approach as to the per capita cost of rehabilitating people who are the most difficult to rehabilitate, and who I suspect, make up a substantial part of the people who live on public assistance.<sup>6</sup>

Another was Republican John Byrnes of Wisconsin, no liberal, but the man who had introduced FAP into the House:

One of the things that has been called to my attention . . . is that there is a large problem as far as some of the training of some of these people and their capacity to work, some of them even that have a skill. It concerns the problem of the alcoholic . . . Am I right when I say that there are quite a number of cases, in the aid to dependent children particularly, I think, where you do have possibly a male in the house, where the reason that the unemployment exists is because of alcoholism or because of narcotics, or because of some factor that is treatable?

Needless to say, Miss Switzer of the Social and Rehabilitation Service was then delighted to elaborate on the numerous programs designed to treat the unemployed.

It should be added here that these are not isolated comments selectively chosen to prove a point. The bulk of the discussion in the hearings that dealt with FAP (much of it was on social security) is of a technical nature related to program structure and cost and a large number of specialized issues and local problems. A fair reading of the material shows that work requirements were the most contentious issue, followed by benefit levels, even if in terms of number of pages these topics do not comprise most of the discussion. Both are related to questions such as who is on welfare, who should be, do they work, for how much, and should they work at all. Quotes have been chosen for

inclusion when they deal with such questions. The contention of this study is that these are the key political questions, and that the history of FAP bears this out.

Corman and Byrnes thus show a related set of assumptions about welfare recipients which Mills, for one, did not share, although all three favored FAP--for different reasons.

The major representative of social work thinking on the committee was Rep. Al Ullman of Oregon. At the very beginning of the hearings he made himself quite clear:

My concept of welfare is that it should be built on individual rehabilitation and I see here no rehabilitation. I see here an incentive to eliminate rehabilitation and put people on the shelf in the kind of philosophy that we are wealthy enough, we can afford to pay people to exist. I want to bring everyone within the mainstream of constructive activity in this nation and that takes intensive, concentrated, specific programs.<sup>8</sup>

Later that day, Ullman elaborated on how it was necessary to deal with the "hard-core unemployed", who need

. . . social services in order to get them into habits of getting up in the morning, and wives getting their husbands out, and cooking breakfast and getting them off to work, getting into an organized regimen of active participation in society. Most of these people have no home organization and are not mentally or physically adapted to constructive participation.<sup>9</sup>

Getting millions of welfare recipients up and off to work would certainly have kept the social work profession busy, at least in the morning hours. In fact, Ullman is not far from Moynihan on the subject of dependency; the difference is that Moynihan favored putting recipients on the shelf while Ullman wanted to get them off. This is a crucial difference. Ultimately, he was one of the three committee members to oppose the bill.

A social work ideologue could either support the bill for its

emphasis on services and its provision of a minimum income, or oppose it on the same grounds as Ullman. A guaranteed income, however, does in fact ultimately undermine the impetus for "rehabilitation", which may account for the lack of support for FAP by the social work profession.

Sam Gibbons, Democrat of Florida, was one of the few on the committee to raise directly the issue of low-wage work, in this case with Alice Rivlin:

GIBBONS: Isn't it true that we just have some jobs in society that are not really attractive? For instance, I used to discount this but now I believe it is true. I often run into people in my part of the country who are engaged in farming. We don't have any cotton but we have a lot of farming to do. They complain constantly that they can't get employees. They say if they get one on a job he will stay for 3 or 4 days until he gets enough money to get a bottle of wine and then he goes off and they can't get help. If they had a complete system of supplying all the needs I don't know whether you would ever get some people to do some of the jobs if we just had some people that could say, "I can get a home and I can get a roof and the medical care and the food I want."

Some people's wants and desires are so small that I don't think they would ever rise above that and maybe we would never get the crops harvested. Isn't that one of the things we have to face in our society?

RIVLIN: Well, I think there is a problem that there are jobs that need to be done that just are not very attractive but I would not favor using the welfare system as a way.

GIBBONS: I am really searching for a way to find ways to make this job attractive. How can you make a job of picking oranges or picking strawberries or tomatoes, or even corn, attractive enough to keep people doing that all the time? It is hard work. It is back-breaking work.

RIVLIN: I have never run a farm. I am not an expert on agricultural problems. . . .

GIBBONS: It is a real tough problem. I know the farmers in my area. If just one told me I would think it may be just that one farmer but in the last 7 or 8 years I have talked to hundreds of farmers who stop me and say, "I just can't get the labor I need to help harvest the crops." . . . It is a very difficult job.

RIVLIN: Well, it is. . . . I think there must be some way of organizing farming so that farm laborers are paid what the rest of the society regards as a living wage and work under reasonable conditions.

GIBBONS: Well, the farm employers in my area tell me that they pay real good wages. It is very hard to see whether the wages are accurate but some of the wages they cite would be very attractive. But it is a problem you still haven't licked.<sup>10</sup>

Apparently Rivlin did not understand why Gibbons went off into what she saw as a farm policy problem. But Gibbons was talking about the work-welfare relationship. He had an apparently honest concern for the difficulties of low-wage work, although he was firmly on the employers' side. These perspectives help explain why he was one of the few southerners to support FAP--though not without reservations.

Charles Vanik, a liberal Democrat from Ohio, also raised the wages issue, although from a different point of view, in questioning Labor Secretary Schultz.

Vanik supported the AFL-CIO position that jobs required under FAP should pay the federal minimum wage; Schultz disagreed. Pushing Schultz for information on the actual salaries of low-wage jobs, he got no answers. Said Schultz, "What you want is the result of a survey."

VANIK: Well, I would appreciate having inserted in the record at this point, if we can, Mr. Chairman, the lowest prevailing possible wages that will be allowable under this law.

SCHULTZ: That is not the kind of information one can have.

VANIK: Why, sure.

SCHULTZ: . . . There are all kinds of aspects of figuring out what the word 'prevailing' means, and it depends somewhat on the clustering of rates, and things of that kind, and you find that out at a particular time or place.

VANIK: I think we ought to have some idea about what the individual will be confronted with when he finds a job offer that may be incredibly unrelated to the services he must render, or provide him nothing more but a chance of just having to face the alternative of either taking this tremendously impossible job at incredibly low pay, thereby creating a condition of enslavement in the law.

SCHULTZ: . . . There are a lot of aspects to a job that could make it impossible . . . What we are really pushing for here is

the kind of training capability and supply service capability that will allow an individual to have a chance . . . to get into a good paying job.

The record as printed included a chart of the state minimum wages, rather than prevailing wages. Most were \$1.00 to \$1.50 an hour; thirteen had no such laws, eight of them in the South.

Concerns such as Vanik's were often repeated during hearings in both House and Senate, and Administration witnesses dealt with them much as Schultz had. They would not allow an issue to be made of wage rates, and had no intention of FAP becoming the basis of a general wage hike--even if that was in fact what might have occurred.

The role of women in the labor market is a key issue related to welfare reform. The subject was brought out by the persistent questions of Rep. Martha Griffiths, Democrat of Michigan, who had long been involved with the welfare issue. There are two encounters worth describing in detail: one with Rep. Allard Lowenstein, New York Democrat, and one with representatives of the NWRO.

Many Congressmen testified during the hearings, but almost all on the subject of raising social security benefits, which was part of HR 14173. Lowenstein was one of the few who talked about FAP. He strongly supported the plan, and noted that "the vast majority of AFDC recipients, as much as 99% according to one federal survey, cannot in fact go to work for one good reason or another."<sup>12</sup> He also felt that mothers had a right to choose to raise their children. This was apparently too much for Griffiths.

GRIFFITHS: I thought I was answering a fellow revolutionary and I am afraid that I observe a supporter of the status quo . . . Would you think it was fair where a widower is left with four or five children under 6 that he be permitted to choose whether he

would work or not?

LOWENSTEIN: Yes...I certainly would.

GRIFFITHS: ...I think if you are going to permit women to remain at home, then you have to say that men too should be permitted to have a choice--

LOWENSTEIN: I think so.

GRIFFITHS: If that is the only person. But I think, in fact, what we are doing in saying that the woman has the right to remain at home is that we are reinforcing the old beliefs within society. We are making her forever into a second-class citizen. And I think that the difficulty with this is that unknown perhaps to the rest of you, human life is changing. Thousands of children are being born out of wedlock. The mother has already made a choice. Thousands of children are being taken away from their father. The mother makes that choice also.

I think that the choice you have to give here is the choice for a decent job and that you have to say to her, as you have to say to the father, "You may make the choice of having the child or not or taking it away from the father or not, but when you make this choice you also make another one. You are going to support the child.

LOWENSTEIN: The question of discrimination between the sexes is always a tantalizing and sometimes a messy question--

GRIFFITHS: Is the real question here. This is really the question.

LOWENSTEIN: It is something that needs to be carefully explored. I do feel strongly that if a woman has minor children, children under the age of 6, preschool children, whatever the woman's "choice" was in having them, the fault is not the child's, the choice was not the child's. The child ought not to be deprived of some home, of some maternal care, of some family, simply because the child arrived because of a woman's prior choice. And that is why I would be very reluctant to say--

GRIFFITHS: But, you see, you have to assume then once you do this that that mother is the ideal person to have for the child. The truth is that in many instances the woman who makes that choice is exactly the wrong person to have with the child...I think for you to assume that first the mother has that right to stay at home if she wants to, for you to reinforce this in law, is to reinforce an old position of women in this society. That is one thing. And it is a myth that wasn't true a hundred years ago. Many women supported their families. So this is wrong to start with.

Second, to assume that the woman who makes the choice is always the ideal person is really quite incorrect.

Finally, you as a man may feel that you are obligated to

support all women and children. But I as a woman know that every woman who works has in general drawn about half the average wage of a man. And I feel that it is ridiculous to ask that woman to pay taxes to support in much better style a woman who has perhaps outraged every sense of American family life and is being supported by women who work.

LOWENSTEIN: Well, the problem is, unless the State should be encouraged--or at least allowed--to thrust itself into each family situation to determine who is best equipped to take care of pre-school children, you have a very difficult process to go through.

GRIFFITHS: Right, so I am going to get away from that. I am just going to say, 'If you want to have the child, you have it... All we say to you is that the only thing we owe you is the right to support it. Now, if we can't give you that right... then we will take care of it...'

...In fact, not only do I think that you have to do it this way. I think that those who ask to support us with a higher and higher level are really espousing the philosophy of a slave.

LOWENSTEIN: I don't see what you do with the children if you require that. If the woman doesn't have a sister or a mother to take care of the children--you don't have State nurseries in this country.

GRIFFITHS: We are going to have State nurseries. This we are going to do.

LOWENSTEIN: Then we project whole new areas of government activity, since these nurseries would presumably have to be compulsory. I begin to see what you mean about who is and who is not a revolutionary...

GRIFFITHS: If we keep reinforcing the old myths by law, then we will never break away from it. They are myths.

At this point, Rep. Phil Landrum, Democrat of Georgia, asked Griffiths to yield.

LANDRUM: I know it is delicate and dangerous for an old-fashioned guy like me to step into a revolutionary conversation between two such erudite people of the opposite sex...Let me say this. I believe that there has never been a person as near completely first class because of the qualities with which she was endowed at birth as a woman. I don't think there is anything that our Creator could give that is greater than the quality that a woman has to inspire an infant, to nurture an infant, and inspire it when it reaches that stage to grow into something.

An old crusty man like me just simply doesn't have those qualities...when we think of turning over infants, youths, in their formative years to some hard-knuckled old man and let them have the impression to begin with that he is going to develop

the qualities that are necessary to make them refined, cultured, and inspired children, we are just not going to do that, Mrs. Griffiths, and, bless your soul, why don't you come up and help these women get into the business of being mothers?

GRIFFITHS: I will not yield any further after that,

Griffiths made clear in further discussion with Lowenstein that "free choice" for welfare mothers was in fact no choice at all.

GRIFFITHS: It is necessary if women are ever to participate in the decisions of the world that women work. If you are going to say to any particular group, "You stay home with these children; that is your job," you are really asking the country not to provide jobs. You are putting her permanently into that class...

LOWENSTEIN: My basic feeling is that we ought to apply the same standard to welfare mothers in dealing with their problems as we do to mothers who are not on welfare. In other words, I would not want my wife, were I to pass from the scene, to be required to go to work and leave our infant children, our children below school age, in the hands of somebody or something impersonal...

GRIFFITHS: If you died at this moment, though, your wife would have a choice, wouldn't she, as to whether she went to work or not, because she is probably a trained woman and could get a job?

LOWENSTEIN: We are agreed that there should be a choice, but not that they should be required--

GRIFFITHS: A welfare mother didn't really have that choice. This whole thing is a myth, too. She doesn't have training. She can't go to work. She can't choose a job. What job? ...If you don't have the requirement then, she can never make the choice.

Lowenstein concluded by saying, "I want to thank my distinguished colleague from Georgia, Mr. Landrum, for his delicate and courtly effort to help me through this thicket. I have heard that politics makes strange bedfellows, but maybe welfare makes even stranger bedfellows."

But Rep. James Burke, Democrat of Massachusetts, would not let the subject die:

BURKE: I would just like to make this observation with this reference to the myths.

I watched the Walt Disney show the other evening showing these fellows who were raising ostriches. They had three little baby ostriches, and the mother ostrich took care of them, fed them, protected them against the attacks by a potential enemy.

I think that what we are dealing here with is nature's law, and I think that we might be taking an approach that is contrary to nature's law . . . when we say to the mother that 'you have to get out of the home, go to work, be absent from the home maybe 8 or 9 hours a day,' and deprive those children of the maternal interest of the mother, we are doing something a little bit contrary to nature, and it is much more than a myth.

Lowenstein had found another ally.

LOWENSTEIN: I hope it's clear--I'm sure I speak for Mr. Burke and Mr. Landrum as well as myself--I hope it's clear that none of us are against ladies having careers. We have right here with us the proof of what distinguished careers they can have when they seek careers. The point is rather that they ought not to be deprived of the opportunity to raise their families if that is what they prefer to do. I don't think that position is necessarily inconsistent with Mrs. Griffiths' concern that there be equal opportunity for women.<sup>13</sup>

This entire debate may seem humorous, or perhaps pathetic.

But in one way it is quite serious and goes to the heart of the issue.

It is especially significant because Martha Griffiths was perhaps the one representative most deeply involved the the issue of welfare, and was sharply aware of its implications for the labor force.

She had chaired the 1968 Joint Economic Committee hearings on the guaranteed income. As chairman of the JEC Subcommittee on Fiscal Policy, she supervised the production of the more than fifteen volumes of "Studies on Public Welfare" between 1972 and 1975. As of her retirement in 1975, she was the welfare expert in Congress. As is evident from the discussions quoted, her impact was not necessarily consistent with her expertise, however.

Representative Griffiths was no radical. The Almanac of American Politics described her as a moderate Democrat. Yet on the issue of

welfare, she was indeed something of a "revolutionary": women, she maintained, must be "forced to be free" economically if they were to share power in the society, even if that meant a network of compulsory "State nurseries". She, of course, did not address the crucial question of whether a capitalist economy was prepared to absorb these newly-trained mothers. This placed a limit on her radicalism. Whether she realized it or not, however, she was the only one directly confronting this question from the point of view that all women had a right--even a responsibility--to participate in the economy on a level equal to men. Relative to almost every male in Congress, she stood out as a trailblazer, albeit a lonely one, and one with not many followers if any.

Her ultimate solution was an "income strategy" which included tax breaks for low-wage workers not on welfare, as well as a type of guaranteed income. She did not go so far as to call for the restructuring of work in America:

At what sort of jobs should welfare recipients be expected to work? . . . From all around we hear that if work isn't meaningful or if it is a dead end job, then people shouldn't be expected to work at all . . . There probably is no specific occupation today that all persons would call 'meaningful'. What will be satisfying to some will be drudgery to others.

It is wonderful to hope that all people can lead fulfilling work lives, but our society is nowhere near achieving that goal. Neither, I surmise, is any other nation, and our national guilt could be better assuaged in coming to grips with soluble problems. I believe it would be more helpful to persons who hold poor jobs to supplement their wages than to disparage their jobs.<sup>14</sup>

Within the limits of her basic acceptance of a private enterprise system, Griffiths went about as far as she could go. And, as the resident expert on the issue of welfare, she saw it clearly as a

low-wage labor-market issue, and knew that it was women who were getting the short end of the stick.

The question of bringing welfare mothers forcibly into the labor market became a major question of principle for liberal males. They were firmly opposed on grounds of the importance of motherhood and freedom of choice, causes rarely supported by conservatives in the debate on welfare. This anomaly could only have arisen in the context of an issue such as labor force structure. Again and again, liberals raised the banners of individual freedom and the sanctity of the family in their defense of the idea of keeping welfare mothers at home to tend the children. This is at least in part a result of adherence to social work ideology, which had preached the same thing for decades, and in fact was the basis for the original Mothers Pensions. The way in which this concept was particularly defended by males in Congress can perhaps be explained only with reference to stereotypes about the proper role of women--as mundane as that may seem. Such ideas stem from ignorance about the role women had always been assigned in the work force, as Martha Griffiths pointed out.

It is not at all surprising to find the National Welfare Rights Organization advancing the same ideas. The day before Lowenstein's testimony, George Wiley, Beulah Sanders, NWRO first vice-chairman, and Carl Rachlin, general counsel, came to testify against the Family Assistance Plan.

Wiley stated that the plan, while moving in the right direction, "fails to go to the heart of the matter, which is the inadequacy of the income which is provided and available to poor people to raise and nurture their families."<sup>15</sup> He called for the NWRO program of a \$5500

guaranteed income.

Sanders added that "a mother should have the right to stay home with her children rather than be forced to work . . . She should have the right to say whether her children should be put into a Government-run center."<sup>16</sup> Milton Friedman would no doubt have been in strong agreement.

Griffiths then pursued the "widower" line of questioning, and a repeat of the 1968 Joint Economic Committee hearings ensued.

GRIFFITHS: I observe that you believe that the solution for at least part of this is that the mother must be permitted to make a choice of remaining at home with her children under 6, maybe for all children. But you also equally emphasize that you expect all able bodied men to work. Do you believe that a widower with five children under 6 should be required to work?

WILEY: A widower?

GRIFFITHS: Do you believe that [he] should be required to work?

SANDERS: Of course not. That is impossible. . . .

GRIFFITHS: Let's ask Dr. Wiley. You just now started to agree with her. What you should have done was to have let her write this testimony in the first place, because I think she is right. In reality, what you are asking for in the testimony is that every able-bodied man work.

WILEY: We are talking about two-parent families. I suppose it was an oversight the way it was written.

GRIFFITHS: Your philosophy is so old, so deeply engrained in society, that what you are really talking about is that every man should work and one of the reasons you are objecting to the fact that this woman with kids of school age work is, as appeared on page 7 [of the NWRO statement] that there are not adequate jobs for men. The real question, it seems to me, is going begging. You aren't fighting the system. You are going right along with it.

WILEY: What is the real problem?

GRIFFITHS: The real problem is that every parent should be permitted to go to work or required to go to work to support his family.

WILEY: Wrong.

Wiley then attempted to get around this problem:

One of the problems that I am concerned about and I want to say that I and our organization are deeply concerned about the problems and the discrimination against women in the society and the special problem that women have in the society, but to seek to deal with those problems while penalizing all people who are poor by giving them inadequate income and not providing adequate income for all poor people, is really to my way of thinking, criminal and I am concerned...at the description by several members of this committee...of this as a raid on the Treasury...We are saying that mothers should be protected against the brutality of a society that says that a mother can be forced to leave her children in some institutional care and go and accept work.

Landrum attempted to press Wiley on the subject of work incentive, related to the issue of low-wage labor:

LANDRUM: With all due respect to your very profound suggestions, some of which I think have merit, we go back to the basic question, which you have not answered and which no one ever seems able to answer and which I believe cannot be answered. Under such a plan as you are promoting, that is, when a man or a woman who is working every day...receives less for his efforts than is given to one on welfare, what are you going to say to that person who is working? Are you going to say, "Quit your job and get on welfare." Is that what you are going to say?

WILEY: No, not at all. Our proposal in that area was what I spoke to first, that there should be both a wage supplementation for people who work for inadequate wages and an income disregard which allows them by virtue of their work to advance their income beyond the point it would have been if they were just totally dependent upon public assistance. I think that this is the thrust of the Nixon proposal, which is one of the positive thrusts...

Landrum is here demonstrating a concern which apparently affected his negative vote on FAP.

In responding to a welfare-training "horror story" from Carl Rachlin, Griffiths stated her case and Wiley responded:

GRIFFITHS: I have great sympathy with your statement but this thing that I think is wrong with it is that too much emphasis is placed on what should be paid in welfare rights and too little emphasis is placed on every person has a right to a job and that is true whether it is a man or a woman and they should be given that training...What I am doing is emphasizing over and over again the training and the requirement that they have

a reasonable choice, not that she should be given more money on welfare than she could earn. She should be given training, then a chance to work.

WILEY: I think our organization disagrees with that for one basic reason, Mrs. Griffiths.

GRIFFITHS: Because you are a man, Dr. Wiley.

Wiley responded that NWRO policy was made by women, and their goal was an immediate remedy for poverty, which a guaranteed income provided.

Sanders agreed, saying that "the country has failed to provide the jobs that poor people need...You are doggone right, give them money." Sanders then made a statement that was to upset Rep. Burke, and push Wiley into a coalition with him.

SANDERS: One class that is getting all the wealth and the second class is getting nothing. We are constantly on the bottom of the totem pole and we are tired of that. I think it is about time that you all realize either you include us in decision-making that is going to govern our lives, or I am going to tell you right now, we are going to disrupt this State, this country, this capital and everything that goes on, because just sitting here listening to some of the questions, everything is thrown toward the poor. Nothing has been thrown toward the middle class, and I get sick and tired of that.

I have got three kids that has got to come through this country, that has got to live in the society and my children aren't going to fight for no country that I can't go out and get a helping hand from, and I mean just that, and that is the end of my statement.

BURKE: The jobs will exist if some of us can have our way... There are many of us who have spent 20 years fighting for the things that you are fighting for today.

This is the greatest country in the world and you cannot name any country that gives the opportunities to the people that this country gives, irrespective of the discrimination that is in existence...I deplore the fact that anyone would come before this committee and threaten this country with violence as their way of seeking a solution to the problem.

Wiley then interceded to soothe Burke's ruffled feathers.

WILEY: I would like to say one thing. Congressman Burke, we in the National Welfare Rights Organization are familiar with your record and it has been a source of some encouragement and admiration to us that you have fought for social security, that you have fought for higher welfare payments, that you have resisted

the 1967 amendments and in fact we are aware and to our knowledge you are the only Congressman that voted on the floor of the House of Representatives against the 1967 [WIN] amendments.

BURKE: That is correct.

WILEY: And for the right reasons.

BURKE: What I want to point out is that you make my crusade very difficult when you come in here and make threats, not you, but the young lady.

SANDERS: I made it. George Wiley didn't make it and I have a right to say what I feel like saying, Mr. Burke.

BURKE: Of course you have a right. God bless this country that everyone can say what they think.

SANDERS: I am tired of being harrassed by folks.

BURKE: . . . I believe that if we are going to strengthen the family life in this country we should get the mothers back into the home where possible and I think the mothers should be given that opportunity.

Notwithstanding his support of Burke's point of view on mothers in the home, Wiley denied several times that he was taking a "male supremacist" position, and added that

I think our organization really would support Congresswoman Griffiths' approach in that we feel that the mother should have the opportunity to work. We are not saying that the mother has to be forced back into the home if her choice was to go out and accept a job. We only oppose the requirement that forces her out of the home.<sup>17</sup>

But this was not Griffiths' position, and from her point of view he was indeed a male supremacist. She was saying that freedom of choice required sufficient educational and financial resources to facilitate a real choice. Middle and upper class women had the money, education, and training to choose to work; working class women did not. Thus the "freedom" of the latter was in fact dependent on being forced to take training, and being guaranteed supportive services by the government,

as well as a job. She was to face consistent opposition from all males involved in the hearings. There also appeared to be something of a split between Wiley and Sanders on this issue, with Wiley using his education and middle-class composure to temper Sanders' outburst.

The Ways and Means testimony presents an interesting picture. Ultimately the committee reported the bill by a 22-3 vote, with Ullman, Landrum, and Omar Burleson of Texas dissenting. The vote requires no elaborate explanation: Mills, as usual, got his way. What does require further examination is the nature of this affirmative consensus.

The ambiguities of the Family Assistance Plan opened it up for support or opposition on many different grounds. Thus Mills, who believed that welfare recipients wanted to work, could be allied with Corman, who stressed the need for rehabilitation. Martha Griffiths, who wanted to require mothers to enter the labor force, could support FAP along with Burke, who wanted them in the home where Walt Disney said they belonged. In other words, support for FAP could and did come from individuals with different ideas on the subject of the work-welfare relationship and the structure of the labor force.

Opponents of FAP, on the other hand, were far more single-minded. Ullman is something of an exception; most social work ideologues supported the bill. But Landrum was quite upset about the effect FAP would have on the work force, and Burleson revealed similar views in later testimony. Even the few Southern supporters such as Gibbons voiced their misgivings on the same basis. While liberal support for the plan thus did not run very deep, and was often based on wishful thinking about what FAP might lead to, the most effective conservative opposition came out of a very clear direction. Thus they were in a better position to undermine

support for the bill by playing on these inconsistencies and weakening the resolve of its advocates. This was to be in fact the scenario in the Senate. For rather different reasons, Moynihan sums up what did in fact happen: "In the moment of victory in the House the conditions were established for defeat in the Senate."

The issues which the designers of FAP were hoping to avoid were already surfacing, because they could not be avoided in a discussion of welfare. Without Wilbur Mills, FAP might very well have died in the Rules Committee. His prestige and power kept the bill alive for its ultimate destruction by Russell Long's Finance Committee.

On March 11, 1970, the Ways and Means Committee issued its report, producing a "clean" bill, now numbered HR 16311. It remained substantially as it had been introduced although a greater emphasis had been placed on work-training, evidently a reflection of Mills' concerns.

During its deliberations, the principal efforts of your committee were in the direction of strengthening the provisions of the legislation to assure the establishment of an effective work and training program. . . . Your committee wished to emphasize its clear understanding that all adult family assistance recipients, except those specifically exempted by the bill, must register for training and employment.<sup>18</sup>

Thus, even the working poor would now have to register, and state welfare agencies lost their discretionary power of referral. This reflects not only Mills' own priorities, but an anticipation of what was thought to be necessary to pass FAP.

Additional views by Sam Gibbons were included, suggesting the cashing out of the food stamp program, an idea later adopted by the Administration in its June revision of FAP. The three dissenters, Landrum, Burlison, and Ullman, issued a rather brief statement:

For all the rhetoric about work incentives, the bill clearly puts cash payments first. It ultimately establishes the basis for a guaranteed annual income through a negative tax formula. We do not concur that the cash incentive approach to welfare is either proven or sound . . . [FAP] would permanently consign more than ten percent of our population to welfare handouts. The bill would institutionalize poverty, not eliminate it.<sup>19</sup>

In April, the Rules Committee held its hearings on FAP. The opening of the hearings by committee chairman William Colmer of Mississippi made clear the difficult path FAP had to tread: "Mr. Mills, the committee will be pleased--or displeased, depending on the point of view of your philosophy here this morning--to hear from you."<sup>20</sup>

From the start, Mills stuck to his work incentive guns. His opening testimony dealt entirely with training and employment. To Colmer's question whether FAP wasn't actually a guaranteed income, Mills replied, "Only with respect, Mr. Chairman, to the individual who is going to be trained." Anyway, he continued, FAP was nothing new; "The person on welfare today has a guaranteed income, doesn't he? Yes, it is a guaranteed income."<sup>21</sup>

Colmer voiced his fears that "the other body" would be tempted to raise the \$1600 level in an election year; Mills evaded this issue. Colmer also feared the consequences of federal eligibility determination. Mills tried to turn this around:

Let me call this to the gentleman's attention. This is one of the things that is the cause of some concern in the committee, about where the bulk of this is going. Do you realize that about 50% of the total working poor are in Southern states? Do you realize that a majority of that working poor is not black, it is white?

COLMER: No, frankly I didn't realize that. . . .I do happen to come from the South, but I am not particularly interested in a section of the bill. I am talking about the overall program. I am talking about the preservation of the fiscal responsibility of this Government.<sup>22</sup>

Mills then began to change his description of the bill, during a response

to a question from Rep. H. Allen Smith, Republican of California:

MILLS: [The bill is] not what is commonly known as a negative income approach or guaranteed income approach. . . . This legislation differs materially, in my opinion, from that type of guaranteed income because here we are saying to the individual, 'If you will let us help you by signing up with our employment security agencies within our states or take training or for them to find you a job, we are not going to leave you at that point. We will stay with you until your income reaches such a level as to equal or exceed stated need. . . .

But Smith, a conservative Republican, would not accept this:

SMITH: Where are you going to get a job to give them? . . . Who is going to decide what is suitable employment? There are thousands of people out of work at Lockheed in my area and at other places. They can't get a job. How are you going to give them a job?

MILLS: There are jobs available. If you will look at the Washington Post every Sunday . . . you will find page after page of want ads for employees.<sup>24</sup>

Whether Mills intended this as an honest and adequate answer is not clear, although he was not the only one to use this homely example. Smith then chose grounds on which Mills was better able to fight:

SMITH: Of this group, how many professional unemployed do we have? A million or a million and a half that absolutely won't work unless they are President and all they want to do is sit around and drink beer and wine and have fun--how many of those do we have and how do we take care of them?

MILLS: I have no idea . . . I think it is the greatest misunderstanding of all to assume that a majority of these people don't want to help themselves. I think that is the biggest mistake we can make.

SMITH: I don't assume that. I just say there are some. I don't know how many.<sup>25</sup>

John Anderson, a liberal Republican from Illinois, agreeing with Mills that welfare recipients wanted to work, ended his questioning by saying, "I would simply like to conclude by congratulating the gentleman for sending us this legislation."<sup>26</sup> James Delaney, less impressed, feared that higher taxes resulting from FAP would help drive the "row

after row and miles of small manufacturers" in the Democrat's Long Island City district out of the state. Mills now reaffirmed his commitment to the \$1600 figure.

James Quillen, Republican of Tennessee, opened by flatly stating, "I am opposed to the concept of a guaranteed wage." Declared Mills, "I am, too." Quillen replied, "I am not convinced . . . that we have an exception to that." Mills went on to explain that both the guaranteed income and the negative tax had no work incentive, and that FAP did, incidentally demonstrating his misunderstanding of the negative tax idea. Quillen then centered his objections on the phrase in the bill requiring "suitable employment" for recipients, which he felt provided "too many excuses for a man who doesn't want to work". At this point Colmer interjected: "I think that is a perfect illustration of what I was trying to bring out here this morning, that your local people are in better positions to evaluate when a man is able to work or should work or not."<sup>27</sup> Colmer's concern was that local employers and local government maintain control over who was to be in the work force and under what conditions. Mills' promises that local Employment Security offices would have discretion were not sufficient to deal with Colmer's fears of federal eligibility determination on the basis of need.

Mills, in answering Delbert Latta, Republican of Ohio, explained his own initial opposition to FAP:

The press reports assumed, I guess without too much lead from me, that I was strongly opposed to it. I was not strongly opposed to it. I had reservations, I must admit, and I so said . . . Actually, I would have voted against the bill as it had been introduced, had it come to a final vote without amendments.

He went on to say that the Administration bill had had no provisions for training or rehabilitation. He had also been concerned about the addition of millions to the welfare rolls and billions to the budget, but his desire for some kind of welfare reform had led to his February decision to support the legislation.<sup>28</sup>

The next day, John Byrnes testified for the bill, and Colmer began again to voice his objections. Noting that most of the poor were outside the labor force, he didn't want "to aggravate the situation by making more and more people dependent on the federal government."<sup>29</sup> He repeated the question he had asked before: "Aren't you really setting a guaranteed income here, for the so-called poor, the indigent? Isn't that what you're doing?" He received Mills' answer from Byrnes: "Only, Mr. Chairman, under a condition that they do everything they can to help themselves."<sup>30</sup>

Spark Matsunaga, Democrat of Hawaii, raised the issue of insufficient jobs, and Byrnes once again repeated Mills: "I don't think the gentleman can contend that there aren't a considerable number of jobs available today. Take yesterday's Post or yesterday's Star; you will find a pretty high level of jobs wanted . . ."<sup>31</sup>

Latta was upset about forcing mothers of young children to work, a concern rather uncommon among conservatives. When informed about the bill's day-care provisions, however, he responded, "You mean the Federal Government is going to have babysitters for them, too?"

Ullman followed Byrnes, attacking the work requirement in FAP as a "token", and calling for federalization of AFDC and a stronger WIN program. "What you are doing in this program," he said, "is permanently subsidizing from eleven to fourteen percent of the population

from now on. . . . You are coping with more than 50% of these working poor who are in the rural areas, a lot in the South where your training programs or nothing else will be effective."<sup>33</sup>

Landrum was next with testimony aimed precisely at the effect of the bill on low-wage workers:

This man works pretty hard, maybe as much as eight or nine hours a day to earn \$1920, and you tell him he is in poverty, and he is going to say, if you are going to put that sort of a brand on me, if I am going to be branded then I am going to get the full benefit of it. . . . When you subsidize [low-wage workers] you are creating a situation where I think we are going down the road of no return.

. . . . .  
The people we are dealing with are simply not going to work if we guarantee them an income.<sup>34</sup>

Landrum evidently did not believe that all the poor were lazy and shiftless, although he may have been separating working from welfare poor. He did, however, recognize the effect of expanding welfare on the low-wage work force.

An exchange with Thomas P. O'Neill, Democrat of Massachusetts, highlighted their ideological differences. O'Neill declared that "one percent of the nation control better than thirty percent of the wealth of the nation," and added that "you don't have the problems we have in the major cities." Landrum continued to insist that FAP would reduce incentive to work; O'Neill disagreed. Landrum concluded, "There is no need of our arguing. We disagree." O'Neill concurred: "It is a disagreement of philosophies, that is all." The latter was viewing FAP as an income redistribution measure, and taking the side of the poor. Landrum's concern was with the supply of low-wage labor. The difference came at least in part from the different areas each represented, and the different constituencies each chose to speak for.

The last word was that of John Ashbrook, Republican of Ohio,

and it was an omen of what was to come. His own calculations showed that the notch effect still existed with FAP. In fact, he claimed, HEW and Ways and Means accepted this state of affairs:

I have watched the oratory change . . . As a matter of fact, in talking to Mr. Mills and other members of the committee, they are not so much talking now in terms of a strong incentive as they are--and catch this--that they have minimized the disincentives. . . . There are no strong work incentives in the bill. . . . This of course goes back to what Mr. [Milton] Friedman said in testifying on the bill. We are fooling ourselves: If you really want the program to work you are going to have to make a large incentive between non-working and working poor families.<sup>35</sup>

Although there was some surprised response to this, there was no general discussion.

The testimony in the Rules Committee is another good indication of the nature of the conflict over welfare reform. Southern conservatives were expressing their reservations about FAP in terms of their concerns about its effects on the work force. The language used is not simply that of "welfare loafers" or the glories of the work ethic. Landrum and Colmer expressed a serious concern about how even a modified guaranteed income would affect the labor market in their areas. Mills' and Byrnes' efforts to put the bill over as "workfare" could not succeed because these concerns ran too deep. Mills found himself sufficiently on the defensive to have to present FAP almost entirely as a measure designed to promote work. Ashbrook could then lay the basis for what was to be the most serious attack on FAP by meeting the work-incentive issue head on at its most basic level: dollar reward as provided by the bill. Moreover, when Smith and Matsunaga raised the question of job availability, they received only evasive answers. The supporters of FAP were not ready to deal seriously with the issue of

work in presenting the proposal; but the issue remained the crucial one.

These problems did not prevent the Rules Committee from reluctantly granting the closed rule requested by Mills--it would hardly do otherwise to the powerful chairman of Ways and Means.

On April 15, 1970, HR 16311 was brought to the floor of the House. The debate itself, as Rep. Leonor K. Sullivan was to point out, was conducted in "a nearly empty House".<sup>36</sup> The Congressional Record, however, contains the views of some fifty or more Congressmen on the subject of the Family Assistance Plan.

There were two crucial votes on HR 16311. The first was on the Rules Committee report, asking a ban on amendments other than those accepted by Mills, and a six-hour limit on debate. This passed 205-183. The second was the vote on the bill itself, which was approved 243-155.

Breaking down House sentiment on the basis of Congressional Quarterly's listing of actual votes cast, as well as pairs and announcement for and against, a picture emerges of both parties split down the middle on the subject of FAP.

A Congressman supporting both the Rules Committee and the bill itself was an unqualified supporter of FAP; opposing the Rules Committee but supporting the bill indicated approval with reservations; opposing both or supporting the Rules Committee but opposing the bill would show firm opposition.

Table 6-1 (following page) shows that Northern Democrats provided the bulk of the support for Nixon's bill, although not without some significant defections. Republicans were deeply divided. Southerners of both parties were almost uniformly opposed.

Moynihan says that southerners should have been made aware of

TABLE 6-1

## CONGRESSIONAL SENTIMENT ON HR 16311

	Northern Dems.	Southern Dems.	Northern Reps.	Southern Reps.	Total
Supporting FAP. . . . .	124	10	79	3	216
Support with Reservations .	10	3	22	4	39
Opposing FAP . . . . .	23	66	54	19	162

SOURCE: Compiled from 1970 Congressional Quarterly Almanac

benefits for them under FAP so their representatives would have felt the pressure. But precisely those who would have benefited had the least potential to affect the votes of their Congressmen on an issue like FAP. Colmer and Landrum had not built their political careers on a defense of the rights of the southern rural poor, especially blacks.

One hundred twenty-six northern Democrats actually cast votes in favor of HR 16311, most of them liberals. It is among the liberals of both parties that one finds the most consistent support for FAP, but usually based on views and assumptions which contradicted the advanced social ideas often attributed to liberal politicians.

There was an almost unanimous feeling among them that the \$1600 base figure was too low. Many supported a minimum of \$5500, which happened to be the demand of the NWRO. Liberals gave no particular philosophic or economic rationale for their support of a flat guaranteed income at this level, even though it would have fundamentally changed the nature of the legislation and perhaps the society. Only John Conyers of Michigan placed an explicit defense of this proposal in the Record, basing it on a "right to life"--~~is a~~ right to share in the nation's wealth.

Liberals often objected to the vagueness of the phrase "suitable work"--though for reasons quite opposite to similar objections from conservatives--and there were calls for job creation programs and more social services. Most importantly, however, they rejected work requirements, especially for mothers, using rhetoric rather inappropriate for supporters of the welfare state. Said William Fitts Ryan, New York Democrat and sponsor three years earlier of the first guaranteed income bill to be introduced in Congress: "[The work requirement] is philosophically objectionable; forced work is alien to individual choice and freedom. . . . No mother should be required to substitute day care custodians for her care and love."<sup>37</sup> John Conyers introduced a statement signed by 17 liberal Democrats by saying "we believe mothers should be free to decide for themselves whether or not to leave their children and take a job or enter job training."<sup>38</sup>

Said Richard Ottinger of New York: "Let us not lose sight of the fact that over 90% of the present welfare recipients are aged, blind, disabled, dependent children, and mothers caring for preschool children. . . . We need to be mindful of the limitations and not imply that we will force mothers to work . . . the needs of the children must be kept uppermost in mind."<sup>39</sup> Ogden Reid continued in this vein: "I am not at all sure that a mother with school-age children should be required to work . . . possibly it is old-fashioned of me to suggest this . . . I am under no circumstances saying that a woman's place is in the home but I am saying she should be given the free choice. . . ."<sup>40</sup> The Democratic Study Group issued a statement, entered in the Record by Philip Burton of California, calling on Congress to raise the minimum benefit, define "suitable work", and to insure that "any work

provisions for mothers should in all instances place the interests of the child or children first."

Liberals who spoke for FAP often cited family stability as one of its virtues. Robert Anderson of Illinois, a Republican, declared: "If there is one thing that impresses me about this bill, it is the fact that the basic thrust is to try to hold that family together, to keep the father from deserting his wife and children and to preserve the very basic unit of American society. . . . for that reason alone I think we will make history."<sup>41</sup> A concern for "wholesome family life" motivated Democrat Joseph Minish of New Jersey to have reservations about work requirements in FAP. Jacob Gilbert of New York praised FAP for ending welfare migration and family breakup.

The idea that AFDC fosters family breakup is widely held, yet there is little empirical foundation for it. At least one Congressional study has examined the impact of welfare on family breakup, examining whether AFDC does indeed foster desertion by making it profitable, and whether illegitimacy is related to high welfare benefits. The results are inconclusive.

Marjorie Honig, using multiple-regression analysis, concludes that "the independent effect of a 10 percent higher AFDC stipend [among 44 metropolitan areas in 1960 and 1970] was to raise by 3-4 percent the share of families headed by women."<sup>42</sup> In other words, cities with higher AFDC payments have larger proportions of female-headed families and the two phenomena are statistically related.

The factors Honig included in her regression analysis are of course only those which are directly quantifiable, such as wage rates, program features of AFDC, and unemployment rates. It seems safe to say

that certain unquantifiable factors may enter into decisions on family breakup among AFDC recipients, which limit the usefulness of a multiple regression analysis.

Thus, another study in the same collection reached quite different conclusions. Cutright and Scanzoni state that if Honig's findings are accurate, it "should be manifest in the living arrangements of the children. We conclude that this evidence does not support the view that the AFDC program affects the formation of white or non-white female-headed families."<sup>43</sup> Cutright, in a thorough study of AFDC and illegitimacy, says "we cannot conclude that AFDC benefits are a cause of illegitimacy."<sup>44</sup>

It may well be as Wilbur Mills said at one point during the Rules Committee hearings: welfare families break up because the partners don't want to live together. The extra few hundred dollars hardly seems to be worth an additional child for a welfare mother. Illegitimate children are simply not very profitable.

Moreover, there has never been any proof that people migrated to high benefit states to receive welfare; the 1969 Ways and Means study of AFDC in New York found it could neither confirm nor disprove this. Many liberals, however, seemed prone to accept all these propositions. To them, AFDC was destructive of the family and forced the northward movement of poor people.

Especially interesting is the dedication of liberals to "freedom of choice", notably in the case of working mothers. Underlying this position, of course, is the mistaken notion that welfare mothers do not work. Even so, none of the conservatives ever used this phrase in the welfare debate. Allard Lowenstein's performance at Ways and Means

hearings seemed not untypical of the ideas held by his liberal colleagues concerning the sanctity of the family had the need of children for a home-bound mother.

Martha Griffiths did not share this view; neither did Leonor Sullivan, Democrat of Missouri, who opposed FAP but favored the expansion of day care to get mothers to work, citing approvingly the example of women workers during World War II.

The impact of a \$5500 guaranteed income with no work requirement for mothers would have been to withdraw female family heads en masse from the work force. Apparently this was something that liberals were either unaware of or prepared to accept in the name of freedom of choice and the nuclear family. A more cynical explanation, of course, is that advocacy of such a program was merely lip service to please particular constituencies such as the NWRO. In any case, all discussion of job availability was precluded, and liberal Democrats centered their debate on the assumption that mothers belonged at home, subsidized by Family Assistance.

The opposition to FAP took two forms: one, that it was "socialistic" and would finance "loafers"; the other was that the bill did not promote work and indeed would discourage it as much as AFDC did.

The former argument cost FAP support but was not effective as an opposition strategy to sway the uncommitted. It could not address the more serious concerns of most legislators. Nonetheless, Joe Waggoner of Louisiana denounced it in no uncertain terms: "This dream of every socialist of having the government guarantee him an income is wrapped up in the bill we are now considering."<sup>45</sup> Rep. Watkins Abbitt of Virginia suggested that FAP "would be the final major step toward

the completion of a socialistic pattern."<sup>46</sup> James Burke of Florida declared, "I do not believe that this legislation is anything more than an extension of socialism in our country."<sup>47</sup>

This kind of rhetoric usually went hand in hand with the "welfare loafer" stereotype, or as Burke called them, the "profitably unemployed". Samuel Devine, Republican of Ohio, felt that there should be no need for special incentives at all: "Most of us [in Congress] had the incentive that we like to eat, and most of us had the incentive that we wanted to support and educate and take care of our families to the best of our ability. That is sufficient incentive."<sup>48</sup> Lawrence Williams, Republican of Pennsylvania, felt that FAP was "nothing more than just another gigantic giveaway which would further reward the indolent and malcontent."<sup>49</sup> Robert Price, Republican of Texas, deplored "the continued drag caused by the sizable number of individuals who would take a federal relief check before a job."<sup>50</sup>

Welfare measures had survived such arguments before. Liberals were not likely to be converted, and thoughtful conservatives could hardly be expected to believe that their President was part of a plot to socialize the United States. The more serious attack came from those who used the work-disincentive argument.

Mills introduced the bill on the floor much the way he had in the Rules Committee:

When I vote for this bill I am not voting for a guaranteed annual income. What I am voting for is an amount, call it whatever you want to--subsidies, relief income, whatever you want to call it--I am voting for a supplement to the income of the individual who is working and not making enough to support his family with the ordinary needs of life.<sup>51</sup>

Ashbrook immediately leapt to the attack. Wasn't it true, he asked,

that FAP wouldn't entirely alleviate the AFDC notch problem? "It may not in some states," answered Mills. Ashbrook subtly pressed the point: "It would narrow the situation, rather than bring about a situation where there would be an absolute work incentive in every case." Mills was evasive: "It would not cover all cases. . . . What the gentleman is doing in his figures is including many things that are not within this bill."<sup>52</sup> That of course was just the point Ashbrook was making.

John Byrnes followed Mills with similar arguments: "We should stop talking about this bill making a radical change by introducing a guaranteed annual income . . . that is not the philosophy of this bill. The philosophy of this bill is to get people off the treadmill of welfare."<sup>53</sup> This time it was the turn of David Dennis, Republican of Indiana. Citing Milton Friedman's testimony, he asked if it was true that marginal taxes on each additional earned dollar would exceed 70%. Said Byrnes, "There are cases where that will be true, but again we cannot generalize . . . The only argument I can make in favor of the incentive we have here, is that it is much more than we have today."<sup>54</sup>

Such inconclusive answers could not defend FAP as a serious "workfare" bill. Arguments such as those of Ashbrook and Dennis had to be dealt with because they raised the crucial issue of work, not merely as a polemical tactic, but as a real social question which affected the specific constituency interests of a number of Congressmen, especially in the South. The supporters of FAP were not prepared to fight on this level.

There was also more specific discussion of FAP in terms of its effect on wage levels. Ashbrook again took the offensive. Noting that the Ways and Means report had stated there was no intention of

subsidizing low-wage industries, he asked if this meant that recipients would not be referred to jobs in such industries. Mills again had to retreat: "I would not deny there is some problem." He stated his intention of placing recipients in steady, well-paying jobs. Ashbrook said this might not be realistic: "Everybody knows they are low-wage industries, but they might possibly form the only jobs available to them." Mills felt that low-wage jobs would be sufficient on a temporary basis; Byrnes added, "We do not want to rule out any jobs." Ashbrook was still skeptical: "I will sit back and wait for the very first person who is denied his Family Assistance because he refused one of these lower rung jobs . . . but I am not going to hold my breath."<sup>55</sup>

Ashbrook was attacking where it hurt most. Those who had developed FAP had not dealt with the work issue and had not intended FAP as a work bill; they merely sold it as one. Its prime Administration defender, Moynihan, viewed it in reality as a means of retiring dependent unemployables. None of them had taken into account the possibility that conservatives such as Ashbrook would take the issue of work incentives so seriously, apparently because they really did not see welfare as actually being a work-related issue.

From a different point of view, John Dent, Democrat of Pennsylvania, chairman of the Labor Standards subcommittee, voiced his fears of FAP's impact on wages:

I would have liked to see an open rule in that we are studying the minimum wage laws. We [his committee] are faced with the problem of creating a new base for that. . . . We shall now start again on the never-ending road of subsidy of the production of goods in this country.

. . . . .  
 In developing the minimum wage we followed the historical lines of a free enterprise society, and we paid for the job that is done. We did not pay for the number of children people had . . . If this becomes the concept, we will find . . . that the

minimum will become the maximum.<sup>56</sup>

This is similar to the line of argument made by the AFL-CIO.

H. Allen Smith, somewhat in contradiction to his earlier statements about the scarcity of jobs, referred to the scarcity of low-wage workers that might be exacerbated by FAP: "Take domestics. In my area we cannot get domestic workers. . . . Families cannot get anybody to take the job . . . People do not want to be domestic workers."<sup>57</sup>

It was arguments such as these which were hardest to answer, because the supporters of FAP had developed and defended the bill in a theoretical economic vacuum, with no apparent concern for its effect on work and wages. In trying to develop a politically attractive package, they had been most sensitive to the constraints of budget but neglected more basic economic questions. It was just these questions which arose, however. Cost of the program was rarely cited as a negative argument, perhaps because the planners had consciously worked within cost restraints. But they had not planned to deal seriously with work and wages.

What is remarkable is that almost no one raised the question of whether jobs were available. Reps. Bush and Waggonner did so from one point of view citing the time-tested argument of "want ads in the Sunday paper". It was left, interestingly enough, to two moderate opponents of FAP and one liberal supporter to raise this issue. Rep. Matsunaga had asked in committee and asked once again on the House floor: "How can the Administration hope to place newly trained workers into jobs when it is doing nothing to create jobs into which they can be placed?" He got no answer.

A most revealing exchange took place between Abraham Kazen,

a Texas Democrat and a moderate, and liberal James Corman of California, who had taken a "rehabilitation" position during Ways and Means hearings. Kazen pointed out there was 11% unemployment in his San Antonio district. Where, he asked, would the jobs come from? Corman answered, "This must be taken care of under the private enterprise system and other fiscal decisions we must make." Said Kazen, "I think we ought to direct ourselves to a more pressing need--that of guaranteeing a job for those able to work before we guarantee any minimum income." Corman confessed his misgivings about the federal government acting as an employer of last resort, and gave no further response.<sup>58</sup> Another moderate Democrat, Roy Taylor of North Carolina, also raised the full employment issue: "I favor moving toward guaranteed employment rather than a guaranteed income. The best way to end poverty is to go all out in providing all workers with needed skills and provide enough good jobs to go around."<sup>59</sup>

A number of conclusions can be drawn on the basis of examining committee hearings, floor debate, and insertions in the Record.

In terms of the operation of the committee system in the House, the history of FAP was not very unusual. John Manley describes the Ways and Means Committee as one with a strong sense of group identification, with a reputation for level-headedness, and a propensity for developing a stable internal consensus based on "restrained partisanship". This has usually translated into legislative success on the House floor. This is reflected in the progress of the Family Assistance Plan.

Manley, however, describes Wilbur Mills as a chairman who has the "ability not only to be flexible on policy but to keep [his] position unclear to others."<sup>60</sup> His style of leadership is described

as one of compromise, "letting others commit themselves first . . .

[his] idea of going on the offensive is to lean forward in his foxhole."<sup>61</sup>

Mills, for whatever reason, seems to have taken a somewhat opposite tack on FAP. He did wait five months before making his position clear, but once he did, he assumed a good deal of personal responsibility for getting the bill through. This action cannot be interpreted as a "safe" position. Indeed, his tone in the committee hearings seems to indicate a real commitment to achieving some kind of lasting welfare reform.

This personal involvement made a difference, although just temporarily. The interests which might have led to FAP's defeat in the House were more strongly entrenched in the Senate. It is of course a moot point as to whether a Mills in the place of Russell Long could have overcome this opposition. Indeed, the uniform opposition of southern Democrats and Republicans in the House shows just how strong anti-FAP sentiment was, notwithstanding Mills' best efforts.

The pivotal constituency in the struggle for FAP was moderate and conservative Republicans who were inclined to support President Nixon's legislative program but had misgivings about anything resembling a guaranteed income. Such legislators would probably be willing to vote for FAP if it contained a genuine policy direction of solid work incentives and requirements. They would probably not respond to the rhetoric of southern Democrats, and would reject the philosophy of the northern liberals. What the supporters of the bill hoped to do was to present the bill in its most favorable light in terms of the work issue.

But they could not, because the bill had not been developed in that context; it was purely and simply not a work bill, and could not be

presented that way. The philosophy behind FAP was a combination of various ideas, none of them involving any concerted effort to either bring more women into the work force or to upgrade the jobs of the working poor. To Moynihan, it would keep the dependent poor out of trouble; to Bateman and his cohorts it was an anti-poverty bill; to Nixon, it was the keystone of his domestic program.

In the House, however, it had to answer to the concerns of those with specific local economic interests which they represented. The low-wage economy of the rural south was represented by men who were firmly on the side of employers in those areas and were not about to improve secondary workers' bargaining positions, or to raise their expectations. Conservative ideologues, representing perhaps more affluent areas, who may have understood and accepted Milton Friedman's basic philosophy, were aware that the Family Assistance Plan had nothing to do with capitalism and freedom. Liberals had apparently become strongly fixated on the idea of family stability and the importance of keeping mothers at home. They were, however, ready to support FAP as the nearest thing to what they really wanted, an absolute guaranteed income, which it was not. In the economically stagnant urban poverty areas which many of them represented, it may have seemed the most immediate and most politically rewarding solution, as well as the most ideologically congenial.

The political strategy of the enemies of FAP was thus tailor-made: attack the bill on the basis of what it pretended to do, but actually did not, thus weakening its conservative support (based mainly on the support of Nixon), and forcing it to rely on what was essentially somewhat unenthusiastic liberal support.

FAP passed the House, but it can be argued that it did so only

because Wilbur Mills and Richard Nixon were strong enough to overcome the opposition. What its passage in the House revealed, however, and which Administration strategists chose not to deal with in the Senate for whatever reasons, were the fatal weaknesses of the bill which were to lead to its burial in the Finance Committee. The issues of work and wages were not to be ignored in the debate on welfare reform.

NOTES

<sup>1</sup>U. S. House, Committee on Ways and Means, Hearings on the Subject of Social Security and Welfare Proposals, 91st Congress, 1st Session, October-November, 1969, pp. 774-776.

<sup>2</sup>Ibid., p. 2362.

<sup>3</sup>Ibid., p. 120..

<sup>4</sup>Ibid., p. 1190.

<sup>5</sup>Ibid., p. 1202.

<sup>6</sup>Ibid., p. 234.

<sup>7</sup>Ibid., pp. 219-220.

<sup>8</sup>Ibid., p. 162.

<sup>9</sup>Ibid., p. 314.

<sup>10</sup>Ibid., p. 773.

<sup>11</sup>Ibid., p. 320.

<sup>12</sup>Ibid., p. 1098.

<sup>13</sup>Ibid., pp. 1100-1105.

<sup>14</sup>Martha Griffiths, "Of Government and Welfare," Human Ecology Forum (Summer 1975): 8.

<sup>15</sup>Ways and Means, p. 1015.

<sup>16</sup>Ibid., p. 1017.

<sup>17</sup>Ibid., pp. 1030-1037.

<sup>18</sup>U. S. House, Committee on Ways and Means, Family Assistance Act of 1970: Report of Committee on Ways and Means on HR 16311. HR Report #91-904. 91st Congress, 2nd Session, 1970, p. 10.

<sup>19</sup>Ibid., p. 120.

<sup>20</sup>U. S. House, Committee on Rules, Hearings on HR 16311, 91st Congress, 2nd Session, April, 1970, p. 102.

<sup>21</sup>Ibid., p. 110.

<sup>22</sup>Ibid., p. 104.

<sup>23</sup>Ibid., p. 118.

<sup>24</sup>Ibid., p. 119.

<sup>25</sup>Ibid., p. 120.

<sup>26</sup>Ibid., p. 126.

<sup>27</sup>Ibid., p. 139.

<sup>28</sup>Ibid., p. 144.

<sup>29</sup>Ibid., p. 162.

<sup>30</sup>Ibid., p. 163.

<sup>31</sup>Ibid., p. 170.

<sup>32</sup>Ibid., p. 175.

<sup>33</sup>Ibid., p. 189.

<sup>34</sup>Ibid., p. 209, p. 213.

<sup>35</sup>Ibid., p. 239.

<sup>36</sup>U. S. Congress, Congressional Record 116: 12087.

<sup>37</sup>Ibid., p. 12049.

<sup>38</sup>Ibid., p. 12065.

<sup>39</sup>Ibid., p. 12078.

<sup>40</sup>Ibid., p. 12076.

<sup>41</sup>Ibid., p. 11870.

<sup>42</sup>Marjorie Honig, "The Impact of Welfare Payment Levels on Family Stability," Studies in Public Welfare, Paper #12: The Family, Poverty, and Welfare Programs, U. S. Congress, Joint Economic Committee, 93rd Congress, 1st Session, Nov. 4, 1973, p. 38.

<sup>43</sup>Philips Cutright and John Scanzoni, "Income Supplements and the American Family," Ibid., pp. 76-78.

<sup>44</sup>Cutright, "Illegitimacy and Income Supplements," Ibid., p. 91.

<sup>45</sup>Congressional Record, p. 12040

<sup>46</sup>Ibid., p. 12076.

<sup>47</sup>Ibid., p. 11899.

<sup>48</sup>Ibid., p. 12033.

<sup>49</sup>Ibid., p. 12036.

<sup>50</sup>Ibid., p. 12038.

<sup>51</sup>Ibid., p. 11880.

<sup>52</sup>Ibid., p. 11883.

<sup>53</sup>Ibid., p. 11886.

<sup>54</sup>Ibid., p. 11888.

<sup>55</sup>Ibid., p. 12039.

<sup>56</sup>Ibid., p. 11883, p. 12032.

<sup>57</sup>Ibid., p. 11867.

<sup>58</sup>Ibid., p. 12034.

<sup>59</sup>Ibid., p. 12048.

<sup>60</sup>John F. Manley, The Politics of Finance (Boston: Little, Brown, 1970), p. 108.

<sup>61</sup>Ibid., p. 151.

## CHAPTER SEVEN

### THE FAMILY ASSISTANCE PLAN IN THE SENATE

The Senate Finance Committee sealed the fate of the Family Assistance Plan. Wilbur Mills' influence and Administration pressure were not operative in the Upper House.

Senator Russell Long of Louisiana was never favorably disposed toward FAP. As time went on, his opposition intensified. The Finance Committee, unlike Ways and Means, was a collection of individuals with sharply opposed ideologies, not given to moderation and consensus. The key to committee approval of FAP was that group of conservative Republican senators\* which was willing to give their President the benefit of the doubt. It was precisely the issue of labor force effects which split them and allowed the opposition to form an anti-FAP coalition of liberals and conservatives.

The attack was led by Senator John J. Williams of Delaware, who capitalized on the doubt in the minds of other conservatives, and helped undermine the already weak resolve of Senate liberals.

The hearings in the Finance Committee were a clear illustration of the relationship of the issues of welfare reform and low-wage work, and of how the Administration's failure to consider this resulted in the defeat of FAP.

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\*Wallace Bennett (Utah), Carl Curtis (Nebraska), Jack Miller (Iowa), Len B. Jordan (Idaho), Paul Fannin (Arizona), Clifford Hansen (Wyoming).

The first set of hearings began on April 29, 1970, and ended abruptly two days later. The opening testimony came from HEW Secretary Robert Finch, accompanied by John Veneman, Robert Patricelli, and Jerome Rosow, the original drafters of FAP.

Senator Fred Harris, Democrat of Oklahoma, opened with a statement supporting FAP with the reservations most of his liberal colleagues in the House shared; the need for higher benefits, a better definition of "suitable work", and free choice of work for mothers.

Finch, Veneman, and Patricelli presented FAP, emphasizing its work incentives as compared to the inequities of AFDC. Abraham Ribicoff, Democrat of Connecticut and a supporter of the bill, opened the first attack on FAP's supposed work incentives by citing the "discrimination" against the working poor resulting from their exclusion from state supplements. Finch admitted there was a disincentive, "but we have cut it about in half...there was a problem of the [cost] constraints we were faced with." Patricelli added that "the problem is the fact that in 1962, the Congress created the so-called unemployed parent program. It does not extend to the working poor." To supplement the working poor would cost extra billions. Ribicoff continued: "The staff has called to my attention that we have a sexual discrimination in favor of women that a mother earning \$2000 a year will receive \$4147 but a man who is a head of a family who earns \$2000 a year will receive \$2960." Veneman could only answer, "That is one of the problems of trying to build on an existing system, Senator." Long pursued the point: "Is it not true that this [ AFDC work disincentive ] situation would still be largely true under the bill before us?" Said Finch, "It would not be true with regard to women.

It would be less true than it is now with regard to men."<sup>1</sup> This was in fact inaccurate, as Williams was to demonstrate.

Long was one of the two senators on the committee who equated welfare recipients with loafers and criminals. Herman Talmadge of Georgia was the other.

TALMADGE: Let's take the penalty provisions now . . . Suppose this particular fellow registered now and you found a job for him and he didn't go to work, what would be the penalty?

VENEMAN: He would lose his \$500.

TALMADGE: And the family?

VENEMAN: The family would lose \$300.

TALMADGE: He would lose his \$500 and the family would still get \$1900?

FINCH: That is correct.

TALMADGE: So he could go a little casual labor on somebody's yard from time to time and maybe sell a little heroin or do a little burglary and he would still be in pretty good shape, wouldn't he?

VENEMAN: He would be in about the same shape under the present program.<sup>2</sup>

Obviously even liberal Administration witnesses--assuming they disagreed with Talmadge's point of view--were not about to endanger the bill by dealing forthrightly with senatorial bigotry.

Notwithstanding his view of welfare recipients, Talmadge attacked the work incentive of FAP as being weaker than WIN, suggesting instead a reorganization of the "mystic maze" of manpower programs. "I think the only poverty killer in the country in the final analysis is training, retraining, and education to make people productive citizens."<sup>3</sup>

John Williams had prepared his attack and now let it fly. He quietly reviewed some of HEW's own charts on income levels under FAP. (Moynihan was later to remark ruefully, "The tables distorted reality.

HEW probably ought not to have prepared them."<sup>4</sup>)

He noted that in New York City a family head with no income, living in public housing, received \$3888 in cash, with in-kind income up to \$7405. If she were working for \$9599 she would make only \$500 additional. With \$720 in earnings, she would make \$8064. "Now is that an incentive to work?" he asked. Finch could only reply weakly, "We are faced with the same problem in existing legislation." When Finch then tried to minimize the importance of the income figures, Williams apparently could not resist: "Let's not strike these charts down because your department furnished them. I think they did an excellent job and I want to compliment you on these."<sup>5</sup> (See Table 7-1)

Harris then began to pursue the subject of jobs:

HARRIS: How do you plan for these people to go to work? Where is there in your bill provisions for even enough new jobs, public or private, to make up just these jobs we have lost out of the economy? Where are the jobs? We have heard all these pious statements about putting people to work and we have heard a lot of to-do about forcing people to go to work. Where will they go to work? That is my point.

VENEMAN: It would depend on the skill of the individual. . . . It depends which way the economy goes. . . . I don't think our bill touches on that problem.

HARRIS: Where will they go to work? . . .

FINCH: I don't think this bill really attempts to meet the problem of guaranteeing jobs. . . . There will be other benefits, though. For example with the massive increase we hope to get in day care funds, we will undoubtedly be able to use many of the unemployed people in jobs coming with the new day care facilities.<sup>6</sup>

Carl Curtis, Republican of Nebraska, opened his questioning with some comments on the effect of AFDC on family stability. He did not share the assumptions of his liberal colleagues:

I cannot think of anybody who might be supporting a family of four who works all day long and only makes \$2000 a year who is willing to violate their wedding vows and desert

TABLE 7-1

COMBINED BENEFITS AND REDUCTION RATES UNDER SELECTED INCOME TESTED PROGRAMS FOR A 4-PERSON FEMALE-HEADED FAMILY IN NEW YORK CITY

Earnings	FAP Benefit	State Supplmt.	Total	Taxes	Food Stamps	Medicaid	Public <sup>a</sup> Housing	Total	Reduct. <sup>b</sup> Rate
\$ 0 .....	\$ 1600	\$ 2288	\$ 3888	\$ 0 0	\$ 312	\$ 1153	\$ 2052	\$ 7405	--
\$ 720 .....	1600	2288	4608	3737	288	1153	2052	8064	8%
\$ 1000.....	1460	2240	4700	52	288	1153	2052	8141	72%
\$ 2000.....	960	2070	5030	104	288	1153	2052	8419	72%
\$ 3000.....	460	1900	5360	162	288	1153	2052	8691	73%
\$ 3920.....	0	1754	5674	242	288	1153	2052	8925	75%
\$ 4000.....	0	1700	5700	262	288	1153	2052	8931	92%
\$ 5000.....	0	1033	6033	485	288	1153	2052	9041	89%
\$ 6000.....	0	366	6366	728	288	1153	2052	9131	91%
\$ 6550.....	0	0	6550	859	0	0	2052	7743	352%
\$ 9599.....	0	0	9599	1672	0	0	0	7927	94%

<sup>a</sup>Eight percent of all AFDC recipients in New York live in public housing

<sup>b</sup>Reduction in benefits/Additional earned dollar.

<sup>c</sup>Adapted from Senate Finance Committee, p. 236.

their children in order to have the United States Government give them \$700. I have higher regard for these people and I think that the big play that has been made in this presentation of family breakup is without statistical support, is without logical support. In fact, the contrary is true . . . there are other causes involved. That is why, while I am for the objectives of the President, I think that in connection with the bill sent over to us, there is a lot of work yet to be done.<sup>7</sup>

Williams then continued his attack on the notch problem, although carefully choosing his examples by avoiding the South, where FAP would have had its greatest impact on the work force, possibly quite a different one from its effects on the North. Finch, Patricelli, and Vene-man could not disagree with Williams. The bill was a "first step", said Patricelli: "All we have been able to do in the Family Assistance Act is remove some of the notches. We have not been able to rewrite the commodity program, the social security program, the food stamp, the medicare program."<sup>8</sup>

That, however, was the whole point Williams was trying to bring out. Unless this was done the effects on the labor force of FAP would be the opposite of the ostensible intentions of its drafters. They had not dealt with program overlap because they were not prepared to develop a coherent policy dealing with the low-wage labor force.

Williams' presentation apparently impressed Harris, who thanked him for his "excellent service", which indicated to him that "you really cannot very well latch on to a system which is a failure." He then summarized what may well have been the feelings of the whole committee:

HARRIS: With all due respect, gentlemen, I believe this is the most ill-prepared presentation that I have seen since I have been in the Congress of the United States. . . . I will just be very frank with you. Rumors are circulating that the Administration intends to abandon this bill in this committee and that the presentation has been lukewarm and confused purposely to sabotage this bill . . .

FINCH: Senator, we could not possibly have contrived a scenario like this.<sup>9</sup>

Indeed not. The "scenario" arose out of lack of thought about the impact of welfare on the labor force. Subsequent testimony revealed this repeatedly, as in Finch's responses to Senator Paul Fannin's questions:

FANNIN: . . . My very great concern is what we are going to do about jobs. . . . I had one of the men who has been talking to the Secretary of Commerce, Secretary Stans, and also to the Secretary of Labor, Schultz, regarding this particular problem, he says to compete he is forced to go to Taiwan to open a plant . . . Now if we have very much of that--and I think we are going to have it, unfortunately, what are we going to do to assure these people of jobs?

FINCH: I think this more appropriately comes under Labor.

FANNIN: . . . I think it all ties together.<sup>10</sup>

Rosow added that "this program tends to rely very heavily on the private sector" and cited the Bureau of Labor Statistics' estimate that two million new job openings were being created every year.

FANNIN: Now I had the privilege of visiting one of the work centers, one of the training centers in the Phoenix area just this week and I was very impressed with what they are doing. But then I started talking about, well, where are they going to have jobs? Just last week they were laying off in our plants there . . . about 70% of them will be people who have been employed through training programs.<sup>11</sup>

Harris continued this line of criticism, stating that an official evaluation of WIN showed that "far more volunteers exist than slots . . . essential services, child care in particular, simply do not exist in many areas. . . . There has been little investigation of the labor market to determine exactly where and how jobs can be obtained." To this Rosow responded that the evaluators had also stated that in spite of everything, the 1967 WIN program was "the most promising manpower program that has come along since 1962."<sup>12</sup>

After a brief recess on the third day of the hearings, Long

announced that Finch had agreed to coordinate an effort among executive departments to revise the bill: "We do want to pass a bill," said Long, "We would like to pass the best bill we can pass."<sup>13</sup>

Hearings began on a revised version of FAP on July 21st. Long was critical: "Perhaps in some areas it is improved. But in significant respects the new plan is a worse bill--and a more costly bill."<sup>14</sup>

The Administration had tried to deal with the notches and inequities by cutting off state supplements to unemployed as well as employed fathers, and by calculating state welfare benefits in a manner disadvantageous to many recipients. Long still said, however, that he wanted the Senate to have a chance to vote on welfare reform.

Harris claimed the new revisions would continue "to force a father out of the home". Hansen agreed with Long and hoped for a bill which would be consistent with Nixon's goals.

The new HEW Secretary, Elliot Richardson, picked up where Finch had left off in April. He said that the reduction in benefits for 90,000 unemployed fathers was unavoidable: "We have here as elsewhere an example of the fact that it is impossible to cure one defect in the system without in some cases . . . raising some other problem." He promised a new medicaid program, a "smooth" food stamp schedule, and a Housing Act, all designed to ease the notch problem.

Criticism continued nonetheless. Williams asked why medicaid reform could not have been included in FAP; Talmadge wanted more data on the fifty or more discretionary administrative areas in FAP; Curtis cited the paucity of training slots; Miller noted that strong disincentives were now replaced with weak incentives. Harris once again asked where the jobs were coming from; Richardson cited the Labor Department's

computerized job banks.

Len B. Jordan of Idaho would not let the job question rest:

What you propose in this bill is a work-fare bill to make more people compete in the job market with those 82 million who are presently employed. . . . How do you propose to place more people in this highly competitive job market with qualifications to compete without offering some kind of incentive to people who hire in the private sector to take on those of less than the first order of desirability off of the unemployment rolls?

Once again, Richardson cited training and job banks as the answer.

Jordan restated his question: Why not subsidize the hiring of low-wage workers? Said Richardson, "I wouldn't say I would not favor it."

Jordan continued, "Would you under any circumstances favor the Government as employer of last resort?" Richardson replied, "I would be very hesitant to enact legislation making provision for this."<sup>15</sup>

Richardson's position was thus that the government was not going to improve the bargaining power and hence the wages of low-wage workers by guaranteeing additional jobs from the government; it was preferable to subsidize low-wage employers.

The next day, Richardson presented new charts showing the incentive effects of the revised FAP. Williams was still dissatisfied. Long began to express his real view of FAP's potential clientele: "You are paying \$238 a month . . . to an able-bodied female for doing zero. . . . When you put that big bonus for doing nothing or for engaging in a life of crime, because, after all, they keep all that, they pay no taxes on it and they don't report it, then all your incentives for working break down."<sup>16</sup>

Patricelli's answer to Williams was "the critical thing is that we are making progress." Replied Williams, "If I have a bad tire, and I go to a place to change it and he has another bad tire but it is a

little better than my bad tire, I still have a bad situation."<sup>17</sup> To continued criticisms from Williams, Richardson answered that at least "sharp disincentives" had been eliminated.

Wallace Bennett of Utah, in commenting on Richardson's testimony, described what he saw as the heart of the issue:

I can give you another answer to this problem that the American people will never face and that is to make yourself a list or an inventory of the able-bodied heads of the families and cut them off welfare. But you cannot do this until you provide them with a job and you say after next April 1st there will be no more welfare, but we have provided you with a job which will pay you the same amount as welfare.

But psychologically and politically that is impossible. Unless you are prepared to do that you are going to have to recognize the mathematical problems involved in trying to keep people partly on welfare and slide them over partly in the private sector and that is where the questions of incentives and notches comes.<sup>18</sup>

Long still preferred to view the welfare recipient as a criminal rather than a low-wage worker:

Now if one of those parents has an income that is supported, either by selling lottery tickets, selling marijuana, peddling dope, or burglarizing or engaging in some other kind of criminal activity, then, theoretically at least, we would not know about income. If they had to go to work full-time, the time they would spend working would have to be taken from the time that they would otherwise use to engage in crime. That being the case, then that would be a further negative factor, a further work disincentive, would it not?

Richardson apparently either agreed that welfare recipients were criminals or did not wish to displease Chairman Long: "I suppose that is true." Long continued, apparently relishing his descriptions, "Yes, if he is working eight hours a day, there is that much of his working day that is not available to him to sell marijuana, peddle dope, burglarize, or mug somebody." To which Richardson simply responded, "Yes."<sup>19</sup>

Long then used this as a springboard to discuss his own plan to subsidize low-wage jobs. The topic of paternal support elicited his

comment that "working on a hard rockpile might help enforce it." He had earlier suggested that "perhaps we could negotiate an agreement with Canada or Mexico, if [the deserting father] tries to run out of the country to try to avoid his responsibilities."<sup>20</sup>

This type of vicious rhetoric seems rather incredible, but Long was apparently serious. He did make a partial--and false--distinction between welfare recipients, whom he saw as criminals or worse, and low wage workers, whose employers he wanted to subsidize. Although he used the masculine gender to refer to criminals on welfare, he had other terms for female recipients. As Fred Harris later recalled, speaking about the WIN program,

I remember when I was on the Senate Finance Committee and Russell Long wanted to pass this law to force women on welfare to work. He called them 'brood mares'. And there were a few of us who said you don't have to force 'em, but Russell Long kept talking about 'brood mares' and the bill passed. And do you know what happened? Ten times as many women volunteered for work as they had places for. They had to turn 'em away. People want to work.<sup>21</sup>

Much discussion followed on various financial and administrative aspects of the bill. At one point the discussion turned to the subject of whether mothers of school-age children should work. Harris was uncertain that poor mothers should be stigmatized by a requirement to work. Hansen disagreed:

I think the question is if we are concerned about moving people off the welfare, I believe that there is still something good to be said in the kind of example that is set in the home. I have known a lot of women that were heading up their families . . . [in which there were] mothers working part time or quite a bit of the time who had to assign children duties. I do not really believe that hurts anybody . . .<sup>22</sup>

Although this was the beginning of a statement in favor of lowering the minimum wage to accomodate child labor, his point of departure was that

"wholesome family life" did not require a home-bound mother.

Secretary of Labor James Hodgson testified August 4th. Long opened the hearings by commenting that "frankly, without a sharp change in Administration attitudes, it is difficult to see how re-enactment of the work incentive program--and on the work training side that is about all HR 16311 proposed--can do more than repeat the failures of existing law."<sup>23</sup>

Hodgson's statement followed what were by now familiar patterns. He noted that seven out of ten mothers of school-age children and just under half of mothers of children under six were working, so "no clear consensus" has emerged" on the subject of mandatory work. On the subject of job availability, Hodgson praised the "growing and dynamic" American economy and repeated the figure of two million new jobs being created every year. He rejected the idea of large-scale public employment as "substituting one form of dependency for another".<sup>24</sup>

Long began his questions by stating that "lots of jobs can be created if we subsidize private industry to put some people to work that they could not afford to put to work under other conditions." He asked about the possibility of special work projects in the community. Hodgson answered:

The pattern of the labor market that has existed has produced a very substantial level of employment and we do not want to completely revise the pattern of the existing labor market . . . I guess I would say we accept the principle you are talking about. We want to apply it with some care and some selectivity.<sup>25</sup>

Long cited "absolutely inspiring stories" of women who supported their families, and then asked, "Now when we have moved down the ladder to people who have less inspiration and less motivation to do that kind of thing, why should you leave [work decisions] optional?" Hodgson

answered that work under FAP was optional only for mothers of pre-school children, and most mothers worked anyway. Williams once again criticized the structure of work incentives; Hodgson gave the usual answers. In reply to attacks on WIN from Curtis and Talmadge, Hodgson gave a rather optimistic answer:

It seems to us that a combination of these three things, the removal of disincentives, getting people into the employment mill, and the provision for training and services, these things will make massive changes in both the perspective and motivation of our bottom rung people in the country. Responsibility and efforts will be rewarded and evasion and slothfulness will be penalized.<sup>26</sup>

Long asked whether the minimum wage should be increased to \$2.00 an hour as a means of reducing welfare rolls. Hodgson evaded the question by saying this was a "separate matter". Long led this into a restatement of his wage-subsidy proposal. Hodgson replied, "I do not think we ought to distort the private sector compensation patterns by feeding the payment we are talking about through the private sector."<sup>27</sup> This was similar to the position of the U. S. Chamber of Commerce, and apparently for the same reasons. In further questioning later that week, Wallace Bennett quoted former Labor Secretary Schultz and asked if Hodgson agreed: "[Schultz had said] it is not our intent to create jobs in the public sector especially for the hard-core unemployed as a way of solving manpower problems. [This approach] represents failure to face up to the more difficult task of equipping individuals to compete for the ever-increasing number of real jobs that our economy is producing." (Italics mine).

Hodgson did agree. Bennett then asked whether there were enough jobs to take care of both an increase in the work force and the welfare recipients.

Hodgson replied, "You are talking about a subject, Senator, there than we believe has a complex of factors. The most important one, of course, is the state of the economic health of the Nation at the time. . . . There are also local circumstances that bear on your question. . . . We do not expect to solve the problem all at once, but we are going to make gains with it."<sup>28</sup>

Bennett's question had been asked many times before, in the House as well as the Senate, and received the same evasive answers each time, no matter who was testifying. This was a taboo subject for the Administration. Such answers did not satisfy Fred Harris: "Where do you visualize we could add . . .  $1\frac{1}{4}$  to 3 million people? What kind of jobs do you visualize they would get?" Hodgson answered, "They would get entry jobs . . . They are strong in service, clerical, and trade occupations." In other words they were to be pushed into the low-wage sector. Harris asked again where the jobs would come from; Hodgson repeated the same answer he gave Bennett. Harris concluded, "I take it you are not for any kind of job creation, for the subsidization of local or State or other public jobs." Said Hodgson, "I think you have generally assessed our position."<sup>29</sup> Senator Miller was somewhat skeptical on increasing employment opportunity, particularly if defense spending was cut, but backed Hodgson's faith in the private sector. Hodgson restated this faith: "There has to be, it seems to me, a conviction that the health of the private sector of the economy is the principal plus or minus factor on whether or not there will or will not be jobs and job opportunities, and this is one of the reasons why we feel that it is necessary to place such reliance on it."<sup>30</sup>

Taking his optimism about job creation at face value, and assuming

he was serious about getting welfare recipients to work, the outcome of his philosophy would have been to enlarge the low-wage work force, perhaps exercising a downward pressure on wages within that sector. At the minimum, the Administration was certainly not interested in raising low-wage pay levels, and certainly did not see its own bill as having this effect, even if others, such as the Chamber of Commerce, did see it that way.

On August 24th, the committee began hearing public witnesses. The first was New York City Mayor John Lindsay, accompanied by Mitchell Ginsberg, Commissioner of the city's Department of Social Services. Lindsay's statement called for more federal money and a community service job program. Long picked up on the latter:

Now I would like to see the streets cleaner in every city; New York is one of them. In the area where the streets are dirtiest, it tends to be the area where welfare payrolls are highest. It would seem to me to be a worthwhile investment if we would pay some of these people to sweep up what the trash collector misses.

Lindsay wisely avoided a direct answer. But Senator Ribicoff followed up on this: "What requires the least amount of training that anybody can do on welfare today, whether they are male or female, is to pick up debris and help clean the street." Asking Lindsay how many able-bodied adults there were on welfare in New York, he was told 14,000 men and 160,000 women. "Fourteen thousand men and 160,000 women, I am very serious about this; they could make New York sparkle, they could make New York clean...New York is filthy, it is dirty, it is true, I see this with my own eyes." Lindsay was offended: "You see it in Stamford and Bridgeport, Senator." Ribicoff summed up:

I want to put people to work. I believe in public service employment and I believe that people on welfare if they can work

and if you can train them should work. But there are many people, I realize, who are functional illiterates, who have limited intelligence. But how much training do you need to have people pick up debris . . .<sup>31</sup>

Thus while Long saw welfare recipients as criminals, Ribicoff believed them to be mentally retarded. In either case, they had to be compelled into menial labor suitable to their talents.

The testimony of Roy Nicks, president of the American Public Welfare Association, called for higher benefits and the deletion of compulsory training and work requirements for mothers of school-age children. This led to an exchange of views with Russell Long, who asked if he also favored language requiring "suitable work". Nicks agreed. Said Long:

Well, I just had in mind the fact that our friends of the AFL-CIO seem to want to fix it up so the job must pay the prevailing wage and it has to be under pleasant conditions and one thing and another. By the time they get through providing all of that--pleasant surroundings, air-conditioning, and various and sundry other things to go with it, it means no job . . . It seem to me that if you get it down to where the job is the difference between eating a good meal at night and getting by on red beans and rice for every meal that a person would be willing to take some kind of a job and work at it.

Nicks stated that most welfare mothers wanted to work, but Long persisted, in somewhat more moderate tones:

A good number of these people we would like to work have never done anything. You would take a look at some of them and you wouldn't hire them on any basis whatever. You wouldn't want them around, but if we are trying to help people . . . I am perfectly content to do whatever is necessary for day care for the children.<sup>32</sup>

Senator George McGovern opened testimony in the hearings on August 25th. McGovern focussed his comments on the need to coordinate FAP and the Food Stamp program, and on the problem of jobs.

If there is any one criticism I have of the way the Administration has presented its program . . . it is the apparent implication that if we just talk enough about work incentives or

write in enough restrictions that we are going to force people to take jobs. I do not think that is really the problem. The problem is to provide the jobs, to see that decent work opportunities are available.<sup>33</sup>

He advocated requiring a decent wage for mandatory work, so as to prevent local employers from exploiting the situation by requiring people to take jobs at an unfair wage level. Long then defended the language on work in FAP; McGovern claimed it lacked the safeguards of other income-maintenance legislation.

LONG: We are faced with this thing, though, that somebody has to do this work. You have referred to stoop labor, a person who has to stoop over to harvest, let's say, tomatoes, cucumbers, things like that . . . Now if you are not going to ask a welfare client to do it, you are going to have to ask somebody who is paying taxes to support that welfare client to do it. How would you handle it? Who is going to do it? . . . I am in favor of trying to upgrade all this migrant labor you are talking about . . . I am just trying to find the kind of standard that we should be trying to move toward. I have not been in a city yet where I have not seen demonstrated the need for getting a waiter, a dishwasher, someone to work in a restaurant. There is need for that kind of help all over the whole country. I have done a lot of dishwashing, I still do some dishwashing. I sort of like it, I think it is good for you. I have mopped a lot of floors and can still move a broom around. Do you find anything wrong about that kind of work?

MC GOVERN: No, I do not.

LONG: . . . Now, if the job does not pay enough, I think we ought to add something to it. . . .<sup>34</sup>

Following McGovern, Joseph Wilson of Xerox once again appeared to testify, this time with C. W. Cook of General Foods. Both had been involved with Arden House and the CED on the welfare issue. Cook opened with a statement saying "it was not easy for me to come around to what the press calls a guaranteed annual income." But, he continued,

As I have observed the impact over the years of the migration of millions from rural areas to overcrowded cities, the inability of so many transplanted low-skilled people to cope with life in the cities, and the plight of many who choose to remain in the small towns and rural areas, I have been convinced of

the need to help these victims of the agricultural revolution and the more complex world that technology has brought.<sup>35</sup>

The testimony by Wilson and Cook once again was to illustrate the position of big business liberals concerning the hiring of welfare recipients. It placed the perspectives of the committee members in sharp relief.

To Long's question about how private industry could employ welfare recipients, Wilson gave essentially the same answer he had given Wilbur Mills the year before: we can't use them. "There is a gap," he said, "between the people who are fully working and those who are on welfare that cannot necessarily be handled by the regular wage system without very great penalties. I therefore strongly feel we have to create a new mechanism of some kind . . . to take care of some of these situations."<sup>36</sup> He added that an increase in the minimum wage would not help; it would only create "a diminution of the potential of jobs at the lower end of the totem pole".

Bennett persisted. How would the private sector absorb these people? Wilson was evasive once again.

I think the responsibility of the whole society, private and public, is to keep the economy thrusting forward. . . . I do think the private sector of the economy has a very definite responsibility [but] you cannot pay for people when you do not have the work but they have tried and it has been very expensive to put on people and train people who heretofore have been unemployable.<sup>37</sup> (Italics mine)

This was the same message he had delivered to Mills: you take care of them; we cannot. Cook added to this comment:

I agree with you, Senator Bennett, that we have at the lower end of the totem pole a real problem that I think is going to be with us indefinitely for two very good reasons: One is the increased skill requirement of workers that some do not have, and will not have, and the other is the increased wage level pushed up by all sorts of forces, simply that leave

these people as undesirable from an employer's standpoint.<sup>38</sup>

Bennett then put the question into sharper focus, and gave his own answer:

BENNETT: We are making a basic policy decision, do we want to maintain forever a group of people who cannot survive in our economic system and keep them outside of it in a state of wardship or do we want to adjust the system to provide a place for them . . . somehow we have got to expand our pattern to absorb these people who have been left behind, not merely to take care of the people who are coming along in natural increase.

WILSON: I agree.

COOK: I would agree but I would certainly also agree with you that at the bottom of the totem pole there is always going to be a residual--

BENNETT: That is right, no question about it.

COOK: --a residual of individuals, low in skill, low in motivation, low in physical energy, perhaps that we will always have with us.

BENNETT: No question about that. But somewhere the jobs must be provided and I think industry and the unions must be thinking in terms of that rather than of just continuing to raise the minimum wage or making advantageous wage contracts for those who are now employed.<sup>39</sup>

The issue was clear: who was to take responsibility for low-wage workers and the unemployed? Bennett started out by saying it had to be the private sector, but in the end blamed the unions for pricing jobs out of an acceptable range. Long had a similar attitude toward AFL-CIO demands for a minimum wage for working FAP recipients. On August 31st, when Clinton Fair and Bert Seidman of the AFL-CIO appeared before the committee, Long pushed hard on their defense of the minimum wage:

Well, now you favor minimum wages, but I am a little confused about this. Suppose there is no minimum wage job available to the man or woman . . . let's take a person whose child is of school age and is well cared for in a day care center. There are signs all over town, "Help Wanted", not minimum wage jobs perhaps, but no hard work . . . Why should she not take that job?

As far as I'm concerned, I am willing to subsidize the job, but why should we have to commit ourselves to a prevailing wage or a minimum wage, and why should the person be privileged to turn down the job?<sup>40</sup>

Incidentally, welfare recipients were not the only victims of Long's stereotypes. His reaction to a statement by Hyman Bookbinder of the American Jewish Congress is an example:

LONG: The AJC which you represent is a group of people who came over to this country with very little. I suspect that as an ethnic group they are probably the wealthiest in the country or at least they come near having the highest per capita income. They worked and really worked for it . . .

BOOKBINDER: May I just comment: I do not know whether the Jewish people are the highest economic group.

LONG: I know they work. I have never seen one who did not work.<sup>41</sup>

Two final encounters are worth mentioning. The first is an exchange between Mayor Carl Stokes of Cleveland and Abraham Ribicoff, in which the senator from Connecticut once again presented his view of the welfare poor:

RIBICOFF: If you are going to have workfare . . . we are going to have to worry about writing some jobs into this bill, are we not?

STOKES: I hope you do, Senator . . .

RIBICOFF: Let me ask you, out of curiosity, because you are a mayor, do you think these people could be used to make Cleveland a little more beautiful, and cleaner? . . .

STOKES: Unquestionably. After all, we are paying people right now who are supposed to be doing just that.

RIBICOFF: That is right. There is nothing disgraceful for a person to be a white wing . . . is it awful if you were taken off welfare and were helping clean up the city and given a week's pay for doing that?

STOKES: I don't know why anyone would have any problem with that . . . There are people who just cannot be an engineer.

RIBICOFF: That is right.

STOKES: There are people who have to be barbers and there are people who have to be laborers.

RIBICOFF: . . . And there are people who sweep up the schools and sweep the streets, and sweep up the floor of this committee room once we are out . . . There are people who are on the rolls who may be mentally retarded, there are people on the rolls who have a limited amount of intelligence, who could be trained for certain types of work. . . . In other words, if you give it a little thought and attention, people do not just have to drift. . . . If we are going to move people off welfare this is what we ought to be thinking.

STOKES: I agree with you absolutely, sir.<sup>42</sup>

One of the last public witnesses was Rep. James Scheuer of New York, who ended up in an exchange with Long and Williams about much the same issue: the capacity for work of welfare recipients, and the disposition of the low-wage labor force.

LONG: What is the answer to this thing that the poor do not want to work in something other than being the corporation executive or the chairman of the board. Now someone is going to have to do the housework, someone has to sweep the hall, do the menial work, cook the food, wash the dishes, and take out the garbage . . . why should people who are asking for a handout be unwilling to get out there and take a broom and turn to? I mean, take a broom, take a mop and do what needs to be done around the place. Why do they have to be president of the corporation or chairman of the board? Why should they just not go hungry if they do not want to do anything?

SCHEUER: Well, Senator, I think experience proves that the underemployed and the unemployed do not have to be given the feeling that they are going to be chairman of the board or president to get them involved . . .

After further discussion along this line, Williams interrupted:

WILLIAMS: Who would you select to do the cleaning tasks of the cleaning women around the Capitol, your offices and mine, and doing the laundry that you have suggested is a dead-end job? Who would you suggest, if those who were on relief call that a menial task and say it is below their dignity? Who would you suggest would accept that as a dignified job, and yet I do not wash my shirt and you do not wash yours, who do you think should wash your shirt?<sup>43</sup>

Scheuer answered that those who enjoyed washing shirts should continue, but those who wanted something more "significant and rewarding" should

have that chance. Williams responded with a speech on the dignity of menial labor.

A vote taken by the committee on October 8th resulted in a 14-1 rejection of FAP; Harris was the lone supporter. This prompted the Administration to revise its plan once again, with concessions to all sides. Another vote on November 20th produced a 10-6-1 split.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSENT</u>
Long (D-La.)	Harris (D-Okla.)	Hartke (D-Ind.)
Ribicoff (D-Ct.)	McCarthy (D-Minn)	
Fulbright (D-Ark.)	Gore (D-Tenn)	
Bennett (R-Utah)	Anderson (D-N.M.)	
Miller (R-Iowa)	Talmadge (D-Ga.)	
Jordan (R-Idaho)	Byrd (D-W. Va.)	
	Williams (R-Del.)	
	Curtis (R-Neb.)	
	Fannin (R-Ariz.)	
	Hansen (R-Wyo.)	

The committee then approved, 13-3, a field test of the plan, to be offered on the floor in conjunction with the social security amendments. Harris, Gore, and McCarthy were opposed.

It is not possible to offer explanations for each senator's vote. A National Journal analysis pointed to objections based on technicalities: Long, Talmadge, and Byrd "oppose the degree of discretionary power the HEW Secretary would enjoy"; Williams believed the cost would be too high. It quotes an HEW aide as saying, "Harris held the proxy of McCarthy and the ear of Anderson, and when he switched, he took the other two along. Harris simply couldn't swallow a Republican victory in usually Democratic territory."<sup>44</sup> Harris' own explanation was that HEW "gave ground on the more progressive parts of their welfare bill in order to secure conservative votes."<sup>45</sup> Moynihan takes a similar tack in explaining liberal opposition in general: "The idea of even sharing 'points' with Nixon had become intolerable to many liberals."<sup>46</sup>

Partisan politics were indeed involved here. It was argued, as Moynihan does, that Democrats would not support a Nixon bill unless Republicans did as well, and that, as a lobbyist for the Administration reported, "they would not mind seeing it fail, especially as a result of Republican opposition."<sup>47</sup>

But there were deeper reasons. That is the point of the review of the hearings. The tone of the discussion is a strong concern about the issue of low-wage work, and a genuine confusion as to how FAP would affect it. This confusion was never resolved, and FAP died as a result.

The only truly dedicated opponent of the bill was John Williams, apparently because of its work disincentive effects. Moynihan adds Carl Curtis to this list, saying that he did not even want to allow rescheduled hearings after the Finch fiasco in April unless HEW provided an alternative bill excluding the working poor from coverage.<sup>48</sup> It should be noted, however, that Curtis at first expressed a willingness to keep an open mind.

The rest were apparently up for grabs. In September, Nixon invited Long, Ribicoff, Byrd, Bennett, Miller, and Fannin to meet with him in San Clemente. Moynihan described the meeting:

He then turned to Long and asked, 'Russell, is there a chance?' . . . He now told the President that cost was not the problem, that the 'objection is to paying people not to work'. A majority of the committee, he judged, was in favor of supplementing the income of the working poor, but there was a rising objection to 'people who lay about all day making love and producing illegitimate babies'. Bennett made the suggestion that the program separate the working poor from the welfare poor . . . representing a Mormon constituency [he] explained, 'I would have to go back to Salt Lake and say this is a job-producing program.'

. . . Miller, Byrd, and Fannin spoke as if well disposed . . . There were enough senators, but there was not enough time.<sup>49</sup>

The National Journal version, however, says that "all of the Senators,

with the exception of Bennett, responded that they had reservations about the plan. Fannin, for instance, said that at that point he would go along with a pilot project, but no more."<sup>50</sup>

Just before the November 20th vote, Eugene McCarthy conducted the NWRO "People's Hearings" at which, in Mary McGrory's words, "Scores of militant welfare mothers bellowed their opposition to being driven out of the house to do underpaid work." According to Moynihan, "it made a powerful impression: enough--such is the evidence--to switch the vote of Harris."<sup>51</sup> Apparently, Ribicoff, Harris, and McCarthy had pressed HEW to accept the AFL-CIO position on "suitable work", but Richardson would accept only a \$1.20 an hour requirement, in the interests of "fairness" to those seven million Americans earning under the minimum wage of \$1.60.<sup>52</sup>

The real story, judging from these reports and from the hearings, is one of ambivalence all around, except for John Williams. The Family Assistance Plan failed in the Finance Committee because it failed to build a consensus in the committee around a single approach to welfare reform: it could not rely on a pre-imposed Wilbur Mills consensus. There was no agreement because FAP did not address the expressed concerns of committee members around the issue of its impact on the low-wage labor force. The confusion and contradiction on this issue embodied in FAP allowed people to see what they wanted to see: if the NWRO was right about being forced into low-pay jobs, Russell Long would have been an enthusiastic supporter of FAP. The planners and drafters of FAP never really took the work issue seriously; the Senate Finance Committee most certainly did.

Williams' attacks were effective only because they graphically

dissected the contradictions in the bill, and increased the misgivings of senators who might have been inclined to support the bill. The most searching questions in committee were asked by Bennett and Harris-- these related to the issues Williams had raised, and these were the ones for which the Administration had no answers. Even Long's diatribes on the subsidization of crime could not be dealt with, given the ambiguities of the legislation. Ribicoff could support the bill out of the same concept of welfare recipients shared to some extent by Al Ullman, an opponent. A vague and ambiguous bill, drawn up without real thought about its connection to labor force problems, produced an ambivalent reaction which determined opponents could use to destroy it.

The biggest damage was not really the desertion of the liberals, but the split among Republicans, which facilitated that desertion. This split was produced by the nagging doubt, exploited by Williams, that FAP was no "workfare" bill at all. The history of this bill indicates that these doubts were well-founded.

The rest was anticlimax.

On December 16, 1970, HR 17550 came to the Senate floor. Welfare reform was included as a part of a hodgepodge of social security increases, a controversial Trade Act dealing with footwear and textile import quotas, and reforms in the WIN program. Welfare reform in this bill was not FAP, but an authorization for the Secretary of HEW to set up five two-year regional tests of "AFDC alternatives", including one or two of an FAP model. Long had indeed kept his promise to bring a welfare reform bill to the floor--attached to enough anchors to sink it.

The final vote on the floor was really a formality. It was widely accepted that FAP was dead, even in a test form. Some of the

debate is worth reviewing, however.

A parliamentary wrangle ensued when the bill was brought up. Senators Ribicoff and Bennett wanted to add a modified FAP as an amendment to the bill; however, for procedural reasons, no amendments to their amendment could be offered without unanimous consent to treat the committee bill as "original text". Because of issues related to the Trade Act, this was not possible. Williams favored unanimous consent and said he wanted a Senate vote on FAP: "I am not [asking unanimous consent] to expedite [FAP] . . . I would just as soon see that proposal defeated. However, I am perfectly willing to take my chances on why I think that proposal would not be good. I am perfectly willing to do that and let the Senate vote."<sup>53</sup> Senator Jacob Javits of New York, an opponent of the Trade Act and supporter of FAP, objected.

Williams then tried to get a vote to allow a direct vote on the Trade Act, which would then have allowed consideration of FAP. Long moved to table, a motion which failed, and thus the floor was open to Ribicoff and FAP--in unamendable form. On December 19th, Long moved to table the Ribicoff amendment: "Frankly, what we are doing is wasting time. This welfare proposal is not going to become law as part of this bill."<sup>54</sup> The motion was rejected 15-65.

The debate was led off by Williams, who presented his disincen-  
tive arguments. Most of the ensuing discussion consisted of recrimina-  
tions. Miller, a supporter of FAP in committee, and Hansen, an opponent,  
both stated their desire to produce a good welfare reform bill, but they  
could not accept an unmodified FAP. Miller traded accusations with  
Ribicoff as to why the Senate found itself unable to amend:

MILLER: Mr. President, the Record should be clear that the

Senator from Iowa joined the Senator from Connecticut in his motion to get his amendment attached to the social security bill . . . But the matter is not as simple as the Senator from Connecticut puts it. He is suggesting, 'Here is an amendment, vote it up or down.' But it is filled with defects. It is a disservice to the Senate to put it up to the Senate in that way. We should have a chance to work our will on amendments to the bill. The Senator from Connecticut, in his parliamentary maneuver in putting the matter before us in that shape, is not being helpful to the President.

RIBICOFF: . . . The only reasons it is in that shape is that the Senate refused to accede to [unanimous consent] . . . I said I would accede to this arrangement after discussion with the Senator from Delaware . . . We wanted it opened up . . . When this request was refused, we had no alternative and this was the only way to get the Family Assistance Plan before the Senate.

MILLER: Mr. President, had it not been for the Senator from Connecticut offering the amendment in the second degree in the first place, the efforts of the Senator from Delaware would not have been necessary at all. . . .

RIBICOFF: The foundation for the trouble was when the trade amendment was placed before the Family Assistance amendment, and when it became subject to filibuster and the only way we could remove the filibuster and get the President's family assistance program considered was to use a parliamentary procedure.<sup>55</sup>

Fannin entered the debate on the plan and dealt more with the issues:

There are those in our Nation who would sit back gladly and accept a free ride. . . . These people are immoral. And there are other disadvantaged people we are trying to inspire to work who would be irrevocably damaged by any guaranteed annual wage scheme. . . . These people are not immoral. . . .this program would be ruinous to them. What we need at this time is a program to put people in jobs, not on welfare rolls. We have an unacceptably high rate of unemployment. Welfare is not the answer . . . FAP makes no provision for new jobs. No one is saying where these jobs are going to come from.<sup>56</sup>

Fannin's solution was the protectionism of the pending Trade Act.

At the end of Christmas recess, on December 28th, Long opened debate with a recommittal motion: the Finance Committee would report out only the social security increases and certain minor welfare changes. Miller supported the motion--"with mixed emotions"--because he felt

that he could not support an unamended FAP.

A number of senators were eager to vote on social security and go home. And so they did.

Thus on December 28, 1970, the Senate voted 49-21 to recommit. Almost a third of the Senate did not vote. The next day it passed what was left of HR 17550 unanimously.

Of the 21 senators opposing Long's motion, twelve were Republicans--all liberals--and ten were Democrats. Only Ribicoff, Hartke, and Harris, among Finance Committee members voting, supported the consideration of FAP tests.

Much of the blame for the defeat of FAP was placed on the Nixon Administration. As a Republican senator put it, "They didn't sell it right. They allowed the conservatives to label it a 'guaranteed annual wage'--that's a killer politically."<sup>57</sup> Ribicoff said of Nixon, "He was never there in the clutch." Mills said Nixon "did not exercise the influence he might have."<sup>58</sup> This seems to be accurate. The strong Administration lobbying effort seemed to fade by mid-year 1970. One can only speculate, but it may be as James Welsh says: Nixon was not a "true believer" in his own program. It is likely that FAP began to appear to him as not worth the cost and trouble; perhaps he came to realize it was not the work bill he thought it was. But it is clear that Administration enthusiasm for FAP waned, and in August, 1971, Nixon froze welfare reform attempts along with wages and prices.

The best description--though brief and sketchy--of what happened in Congress was offered by Richard P. Nathan in 1973. "Lack of clarity and agreement about the role of the work requirement" created confusion. The liberals accepted mild work requirements as a necessary

evil, while "the President did take the 'work' in 'workfare' very seriously . . .". Continued Nathan,

FAP was not a guarantee because in the President's (and Mills') view if you don't work you aren't eligible. To a great many listeners this was semantics. It was not semantics in the White House. . . . Conservatives in the Senate, perhaps sensing a lack of unanimity and conviction on the work requirement, and concerned about the lack of available jobs for welfare family heads, were skeptical of the President's emphasis on Workfare . . .<sup>59</sup>

This is right on target. The question is how this could have happened, and why it was left to Senate Finance to make it happen. The answer is that Nixon was almost alone in seeing FAP as a bill to encourage work. This was not the intention of its drafters, especially Moynihan. It was not the desire of liberals in the House and Senate. And conservatives in the Senate did not believe it, and for good reason.

The previous chapters have attempted to make clear that this could all occur because those responsible for the formulation of the Family Assistance Plan did not see or understand the impact of a program like AFDC or FAP on the structure and income of the low-wage work force. They did not believe this was a real issue, although historically it always had been. They believed they were conceiving a program to fight poverty and dependency, when neither one was the main issue. They were, however, able to manipulate a conservative President into accepting their plan.

The defeat of FAP was followed by an almost exact repetition of events with the defeat of Wilbur Mills' rather similar version of welfare reform known as HR 1. Again, Mills cast himself in the role of policy initiator.

Ways and Means approved his bill 22-3 in May, 1971. The key vote in the House--the rejection of Al Ullman's procedural motion to

kill the plan--was 234-187 in favor of HR 1. For sixteen months thereafter, Senate Finance revised, dissected, and stalled the bill; Nixon's moratorium on welfare reform reinforced these tactics. It was finally killed on the Senate floor in October, 1972. Ribicoff was among its last and most active supporters. Long was still strongly opposed.

Bowler's study of the welfare policy process is focussed on HR 1; his conclusions have already been discussed.

Moynihan rather aptly refers to the history of HR 1 by citing Marx' classic phrase on the recurrence of events--first as tragedy, later as farce. Nothing in that history seems to warrant different conclusions from those reached thus far about the nature of welfare politics; in fact, it may well reconfirm the hypothesis of this study.

Why did the Senate become the burial ground for the Family Assistance Plan? The answer on the most specific level lies at least in part in the character of the Senate Finance Committee.

As mentioned earlier, this committee is sharply split along ideological lines, and it has no tradition of consensual procedure like Ways and Means. It has become an habitual assignment for some of the most conservative senators. Any ostensibly "radical" measure would come under particular scrutiny here.

The role of Russell Long cannot be discounted. As David Price points out, "Rather than muting conflicts, he often intensified them . . . Unlike Mills, Long often became impatient with efforts to reach a consensus and attempted to work his will by means ill-designed to unify the committee or to gain the trust of the parent chamber."<sup>60</sup> This fits the story of FAP rather well. The bill had the misfortune to land in the wrong committee.

Of course, this alone cannot account for its defeat. A general explanation of why FAP failed in Congress is necessary.

Samuel Huntington, in his classic article on the decline of the legislative branch, believes that Congress is no longer capable of active lawmaking. The dispersion of power within Congress and its insulation from the currents which move the whole nation have contributed to a "crisis of adaptation" to the twentieth century. It has-- and perhaps must--shift to an oversight function.

He emphasizes the nature of the constituencies represented by Congress:

Congressmen tend to be oriented toward local needs and small-town ways of thought. . . . The Congressman is part of a local consensus of local politicians, local businessmen, local bankers, local trade union leaders, and local newspaper editors who constitute the opinion-making elite of their districts . . . Senators may be sympathetic to business, but they think of business in small-town, small-business terms . . .<sup>61</sup>

The House certainly reflects these interests most sharply; but the Nixon-Mills alliance was able to push welfare reform across.

By the time it reached the Senate, the Administration seems to have lost interest, and Russell Long was no Wilbur Mills. The membership of the Finance Committee itself was heavily loaded with the representatives of rural and small-town states such as Idaho, Wyoming, New Mexico; and small business conservative states such as Utah, Arizona, Georgia, and Nebraska. This is in sharp contrast to Ways and Means, where none of these states was represented, and where New York, California, Illinois, Michigan, and Pennsylvania found their voices.

Finance was in Huntington's terms the quintessential Congressional committee. Given this situation, it is questionable whether even strong Administration pressure could have turned the tide.

Precisely, those interests most firmly opposed to FAP on the clearest grounds were the smaller business groups--the local economic elites. They were distinctly aware of the fact that FAP could conceivably "spoil" their labor force. They were entrenched in exactly the right power positions, and were able to exert their veto on the executive proposal for welfare reform.

Interestingly, Huntington's conception is remarkably parallel to that of Marxist James O' Connor:

Corporate capital must forge alliances with traditional agricultural interests (especially those of the southern oligarchy) and small-scale capital. The votes of southern and midwestern farm congressmen and other representatives bound to local and regional economic interests are indispensable for the legislative victories of corporate liberal policies.<sup>62</sup>

The executive branch has become in the twentieth century the spokesman for "national" policies--the policies of corporate liberalism. The Family Assistance Plan is a case in point. Liberals in the Nixon Administration were its designers. It received its strongest support from corporate political institutions such as Arden House and the CED having strong ties to the national executive. They ran up against the negative power of local economic elites in Congress. The ambivalence of FAP's supporters and the contradictions embodied in their bill led to their undoing. Without a powerful consensus in support of a consistent welfare reform bill, the smaller business interests represented in the legislative branch were powerful enough to kill the Family Assistance Plan.

NOTES

<sup>1</sup>U. S. Senate, Committee on Finance, Family Assistance Act of 1970: Hearings, 91st Congress, 2nd Session, 1970, pp. 203-212.

<sup>2</sup>Ibid., p. 223.

<sup>3</sup>Ibid., p. 229.

<sup>4</sup>Daniel Moynihan, The Politics of a Guaranteed Income (New York: Vintage, 1973), p. 481.

<sup>5</sup>Committee on Finance, p. 237.

<sup>6</sup>Ibid., p. 241.

<sup>7</sup>Ibid., p. 268.

<sup>8</sup>Ibid., p. 290.

<sup>9</sup>Ibid., p. 300.

<sup>10</sup>Ibid., p. 321.

<sup>11</sup>Ibid., p. 322.

<sup>12</sup>Ibid., p. 328.

<sup>13</sup>Ibid., p. 381.

<sup>14</sup>Ibid., p. 409.

<sup>15</sup>Ibid., pp. 446-447.

<sup>16</sup>Ibid., p. 502.

<sup>17</sup>Ibid., p. 505.

<sup>18</sup>Ibid., p. 541.

<sup>19</sup>Ibid., p. 559.

<sup>20</sup>Ibid., p. 469.

- <sup>21</sup>Rolling Stone, September 25, 1975, p. 44.
- <sup>22</sup>Committee on Finance, p. 692.
- <sup>23</sup>Ibid., p. 764.
- <sup>24</sup>Ibid., pp. 765-769.
- <sup>25</sup>Ibid., p. 784.
- <sup>26</sup>Ibid., p. 803.
- <sup>27</sup>Ibid., p. 813.
- <sup>28</sup>Ibid., p. 862.
- <sup>29</sup>Ibid., pp. 872-874.
- <sup>30</sup>Ibid., p. 883.
- <sup>31</sup>Ibid., pp. 1320-1322.
- <sup>32</sup>Ibid., p. 1378.
- <sup>33</sup>Ibid., p. 1435.
- <sup>34</sup>Ibid., pp. 1440-1441.
- <sup>35</sup>Ibid., p. 1464.
- <sup>36</sup>Ibid., p. 1466.
- <sup>37</sup>Ibid., p. 1468.
- <sup>38</sup>Ibid., p. 1470.
- <sup>39</sup>Ibid., p. 1471.
- <sup>40</sup>Ibid., p. 1733.
- <sup>41</sup>Ibid., p. 1801.
- <sup>42</sup>Ibid., pp. 1878-1881.

- <sup>43</sup>Ibid., pp. 1912-1915.
- <sup>44</sup>John K. Iglehart and Dom Bonafede, "Welfare Report/Nixon's Family Assistance Plan Faces Showdown on Senate Floor," National Journal 2 (Dec. 5, 1970): 2635.
- <sup>45</sup>Ibid., p. 2636.
- <sup>46</sup>Moynihan, p. 513.
- <sup>47</sup>Ibid., p. 499.
- <sup>48</sup>Ibid., p. 500.
- <sup>49</sup>Ibid., pp. 523-524.
- <sup>50</sup>Iglehart, p. 2635.
- <sup>51</sup>Moynihan, p. 533.
- <sup>52</sup>John Osborne, "Blood on the Floor," New Republic (Dec. 19, 1970), 10-11.
- <sup>53</sup>U. S., Congress, Congressional Record 116: 42125.
- <sup>54</sup>Ibid., p. 42752.
- <sup>55</sup>Ibid., p. 43634.
- <sup>56</sup>Ibid., p. 43218.
- <sup>57</sup>Iglehart, p. 2635.
- <sup>58</sup>James Welsh, "Welfare Reform: Born Aug. 8, 1969, Died Oct. 4, 1972," New York Times Magazine, January 7, 1973.
- <sup>59</sup>Richard P. Nathan, "Family Assistance Plan: Workfare/Welfare," New Republic, February 24, 1973, pp. 19-21.
- <sup>60</sup>David E. Price, Who Makes the Laws? (Cambridge, Mass.: Schenckman, 1972), p. 182.
- <sup>61</sup>Samuel P. Huntington, "Congressional Responses to the Twentieth Century," in The American Political System, ed. Bernard Brown and John C. Wahlke (Homewood, Ill.: Dorsey, 1971), p. 348.

<sup>62</sup>James O'Connor, The Fiscal Crisis of the State (New York: St. Martin's, 1973), p. 168.

## CHAPTER EIGHT

### CONCLUSION

At this point, certain conclusions can be drawn about the politics of welfare, the study of politics, and the nature of power in America.

To a significant extent, the battle lines over welfare policy have been drawn on the basis of positions on work and wages.

The best explanation for the split between big and small business on the Family Assistance Plan seems to be the interests of each group in the maintenance of a pool of cheap labor. Although neither sector wants to see wages rise, small business has the most to lose directly from any decrease in the size of the reserve labor force. Insofar as FAP could be seen as having that effect--and the likelihood is that it would have--small business had to fight it. Corporate interests, with less direct interest in cheap labor, could favor the social stability fostered by a permanent pension to the working poor and unemployed.

Social workers for the most part have accepted the proposition that requirements of employment attached to welfare would undermine what they conceive to be "family life". This point of view is consistent with the profession's need for a "dependent" clientele. Thus social workers have never been enthusiastic about a guaranteed income,

especially those outside the public welfare bureaucracy. The public-private struggle within the profession has been reflected in their differences over the expansion of public welfare in general. The opposition to work requirements, however, is universal.

The first priority of organized labor has been to maintain existing wage levels. Full employment is somewhat secondary. The change in labor's position on FAP appeared to be related to changing assessments of the bill's impact on the wage structure. The minimum wage and the guaranteed income policy goals are in conflict in terms of whether employers or government pays the bill. The Family Assistance Plan could have acted as a government subsidy to low-wage employers-- although the likelihood was that it would not. This possibility, however, was real enough to the AFL-CIO to make them leery of any such welfare reform program.

The only existing recipients' organization was less a reflection of the members' goals than of the leadership's. This may to some extent be true of all groups in the political process; but the NWRO is a dramatic example of the building of a new group around the specific values and goals of a leadership cadre, and the manipulation of the membership in accordance with those ideas. That cadre shared the assumptions of the social work profession: the poor are "dependent", and mothers belong in the home. Thus nothing short of a total guaranteed income was acceptable. They employed uncompromising "radical" tactics toward an essentially conservative goal. The contradictions between strategy and program, and within the program itself, led to the group's undoing.

Congress, too, split along the lines of opinion on the work issue. Because the small-business position was less ambivalent and

better entrenched in positions of power, it triumphed.

It seems reasonable to conclude that the politics of welfare is also the politics of manpower and employment. Insofar as politicians, policy-makers, and policy analysts have disregarded this, they have failed to understand the nature of the issue of welfare reform.

Political scientists for the most part have failed to offer a comprehensive overview of welfare politics because they have divorced it from its social and economic context. The boundaries of pluralist policy analysis are too narrow: group theory, incrementalism, rationalism, and systems analysis do not provide a satisfactory explanation of the FAP phenomenon. The literature on Congress is not prepared to deal with this subject either. In its focus on "norms", "style", "behavior", and individual personalities, the ideological and political context (in the broad sense of "politics") is lost. The determinants of Congressional action on such issues as welfare lie in the assumptions about man and society from which legislators proceed. All individual, structural, and behavioral variations ought to be considered within an explicitly stated ideological context--whatever that may be. This is not the case for most of the literature on Congress.

This is the essential problem with Moynihan's book as well as that of Piven and Cloward. Although both eschew strictly pluralist methodological guidelines, both fail to justify the assumptions on which they are based. Moynihan merely declares what he should prove: that welfare is a problem of "dependency". Piven and Cloward fail to clear up their confusion of perspectives on the function of government.

This study has attempted, within the limits of available data, to verify empirically its major economic assumptions: that there is a

group that could be described as a low-wage labor force, that it is largely female, and that welfare has its greatest impact on these workers. Further, an attempt has been made to justify historically that conflict over welfare policy development has proceeded within the limits of labor force needs as defined by business and a co-operative government.

It is perhaps risky to make the leap from the politics of welfare to the politics of power in America. There are, however, some lessons about power which might be learned from the study of welfare.

If welfare is any reasonable example, questions can be raised about some of the assumptions of both elitist and pluralist theory.

The Family Assistance Plan, which by any estimate was truly a far-reaching major social policy proposal, was a case of defeat for corporate liberal interests at the hands of small business conservatives. In C. Wright Mills' terminology, the "middle level" won in a fight with the Power Elite. It could be argued that FAP was not a Power Elite priority, but nonetheless the "big guns" of the corporate-liberal establishment won the support of a conservative President--and lost the war.

On the other side of the coin, the pluralist systems-analysis vision of a dispassionate "political system" processing the demands of a more or less equally balanced set of groups seems wholly out of touch with reality, at least on the issue of welfare. If there is one conclusion which can be reached about power in America on the basis of this study, it is that government is not "neutral". The political system has a commitment to the preservation of the existing economic system and the economic inequalities upon which it is based. It is, in C. B. Macpherson's words, a double system of power: enforcing rules on

the whole society while maintaining property-based power relationships among groups within the society.

Even if one accepts an elitist model--whether Marxian or Millsian--certain complexities must be considered. If FAP is a valid test case, there is sharp conflict within the "Ruling Class" or "Power Elite", although it proceeds within a given ideological context. Moreover, it is not possible for this group easily to manipulate lesser groups in society. It has to deal with response from those groups.

What differentiates this concept from group theory is that decision-makers have a direction of their own, based on the ideologies of capitalism and liberalism. They are, however, not free as yet to impose this value system absolutely as they see fit. Other groups are capable of organizing, although with increasing difficulty as the limits of legality and the dominant ideology are crossed. The figures in government and business who make the key decisions in social policy such as welfare have to take them into account. In other words, a top-down model of elite domination does not seem appropriate here.

In the case of FAP, it was the local economic elites who felt their interests to be most seriously threatened. Their entrenchment in Congress gave them a veto power which they were able to use against a national elite which had not developed sufficient internal consensus.

The implications of the FAP example for the question of power in America is that large corporate interests are still subject to limitation by other groups on major social questions, although these groups may face severe difficulties in enforcing these limits. Although it may be true that the initiative is monopolized by national elites represented in the Executive branch, the veto option is still available to other

groups in American society.

The Family Assistance Plan was not the end of welfare reform. Since 1972, a number of proposals for change have come up for discussion in the executive branch and in Congress.

In December, 1974, the Subcommittee on Fiscal Policy of the Joint Economic Committee issued two reports detailing its solutions to the welfare problem.

The reports are more significant for what they reject than for what they propose. The "incomes strategy" was retained. Public employment programs were rejected as "very unfair" since they "provide at best a large transfer to a small number of persons." Moreover, the administrative problems were considered too complex:

We believe that public employment programs are most useful as complements to, rather than substitutes for, cash-based income supplement programs. Public employment makes sense under conditions of reasonable full employment as a limited program for the hard-core unemployed. During such periods it can provide valuable work experience and jobs for those rejected by the private labor market.<sup>1</sup>

Among the "incomes" options, demogrants (cash grants paid to specified demographic groups) were seen as necessitating an unacceptable increase in income tax rates. "In-kind" programs were considered inefficient. A minimum wage increase would help only some of the poor as would wage subsidies.

What remained was the "comprehensive income supplement". The specific program proposal was the "ABLE Grant"--Allowance for Basic Living Expenses--combined with a universal \$225-per-person income tax credit, replacing the personal exemption. The ABLE grant would be available to individuals and families, payable as follows with zero earned

## income:

Married couple filing jointly.....	\$ 2050
Head of Household filer.....	1225
Single filer.....	825
Dependent age 18 or over.....	825
Children.....	225-325

Each earned dollar would result in a 50¢ reduction producing the following pattern for a family of four with one parent:

TABLE 8-1

## ABLE GRANTS

Annual Earnings	Federal Income & Soc. Sec. Tax <sup>a</sup>	ABLE Grant	Net Cash Income
\$ 0.....	+ \$ 900	+ \$ 2100	\$ 3000
1000.....	+ 842	+ 1729	3571
2000.....	+ 783	+ 1358	4141
3000.....	+ 724	+ 988	4712
4000.....	+ 666	+ 617	5283
5000.....	+ 608	+ 246	5854
6000.....	+ 425	0	6425
7000.....	+ 5	0	6995
8000.....	- 461	0	7525

<sup>a</sup>Including across-the-board \$900 tax credit

<sup>b</sup>Source: U. S. Congress, Joint Economic Committee, Studies in Public Welfare #16, p. 4.

Thirty-four million persons would be eligible, at an annual net cost of \$15 billion.

This program is obviously much closer to the "pure" negative income tax, especially since it envisions the phaseout of overlapping programs, such as food stamps, or the universal extension of others, such as health insurance. Such a program does indeed relieve the notch problem, but still does not face up to the problem of low-wage work force structure. It merely assumes that the labor market will not be affected, and people will continue to work as they always have:

Benefit amounts are not designed to provide 'adequate' levels of living for several reasons. First, comparatively few families have no income or income producing opportunities. Even in today's slack job market many low-wage jobs are available that, in combination with benefits, yield more nearly adequate total incomes. The program is designed to build on private efforts, rather than substitute for them.<sup>2</sup>

No work registration requirement was to be attached to this bill.

By the time the Joint Economic Committee issued its reports, however, the issue was becoming academic. In March, 1974, Nixon was reported to be readying a new guaranteed income plan, containing higher benefits and bearing a close resemblance to a "pure" negative income tax. The work issue was apparently still not taken seriously: "Most of the discussion now is on how to finesse it", one welfare expert says.<sup>3</sup> By October, this \$22-billion "cash transfer plan" was ready for introduction by the Ford Administration.<sup>4</sup>

But by January, 1976, the proposal was apparently dead. The New York Times reported, in an article entitled "Welfare Reforms Near a Standstill", that

welfare experts have reversed their previous positions and . . . are shying away from pushing [new] proposals . . . They say that such a single program approach would exceed the spiraling costs of existing programs; that the political climate is chilly towards any new mammoth Federal program; and that the prospects of Congressional attention . . . are nil in [an election year].<sup>5</sup>

All that remained was discussion among a group of "welfare thinkers", who "loosely label themselves 'incrementalists'", such as Mitchell Ginsberg, Richard P. Nathan, and Alvin Schorr.

[The incrementalists] backed by Mr. Ginsberg and others, argue that sweeping reforms are infeasible now. As the name suggests the incrementalists favor piece-by-piece change that would concentrate on isolating for welfare help only those most clearly unable to work, and dealing with others through unemployment insurance and job programs. Both schools [reformers and incrementalists] agree that there is no easy or immediately politically

feasible solution. 'Welfare reform has become a search for the holy grail,' says Prof. George Sternlieb, an urban affairs specialist at Rutgers University. 'There ain't no way out.'<sup>6</sup>

At the time of this writing, the Carter Administration had publicized a number of proposals for welfare reform, apparently reflecting a conflict within the executive branch over the proper approach. It is too early to predict the outcome of the debate. However, Cloward and Piven believe "the probable result is that the relief system will be 'reformed' to make benefits more difficult to obtain by the unemployed."<sup>7</sup> There is good reason to believe this, particularly if Alvin Schorr is accurate in saying that "the Carter program, if presented as so far discussed, could not be decently administered and would probably not be enacted. Welfare cannot be reformed unless basic employment, taxation, and Social Security are reformed to prevent an epidemic need."<sup>8</sup>

In any case, some of the pressure for reform is off. The welfare rolls--if not welfare costs--have been reasonably stable for five years. The most dramatic increases have been in programs other than AFDC, such as medicaid and food stamps.

There is still a low-wage work force, most of whose members still cannot earn a decent living from wages. The increasing rate of unemployment since 1974 indicates an economic condition for this group which is probably considerably worse than ten years ago. This may not be an issue for policy-makers because AFDC is at this time the cheapest solution to the problem of maintaining a low-wage work force. It is, however, still an issue to those trapped in that force, and therefore to the author of this study, based on a particular point of view.

This study began by describing the history of welfare as a series of adjustments of public policy to suit the low-wage work force

needs of the private sector. The growing oversupply of cheap labor in the twentieth century permitted the public subsidy of the "worthy poor" using Mothers Pensions and, later, AFDC--particularly for the function of child-raising. Once a sizable part of the low-wage labor force began to flock to these programs, which were never designed for all of them, the government cracked down. It could not, however, reach consensus on a way to replace the existing system without adversely affecting the low-wage labor market. Insofar as AFDC actually helped reinforce and subsidize the low-wage labor force--albeit inefficiently--it could be lived with once its costs levelled off. Specifically, FAP was killed because corporate liberal interests supporting a guaranteed annual income were stymied by representatives of small capital and rural interests entrenched in Congress. The former apparently underestimated the latter's stake in the maintenance of a large low-wage labor pool.

If all this is accurate, welfare reform is then an issue of labor market structure--specifically, the size, composition, and income of the low-wage labor force. From the point of view of those committed to the capitalist system, welfare reform must be in general consistent with the existing pattern of wages and productivity. Congressional liberals, the Administration, and the corporate elite wanted to give a subsistence pension to those they deemed for one reason or another not necessary or suitable for the production of goods and services. Small capital wanted to resist upward pressures in its labor costs.

In either case, the basic pattern of a segmented labor market is essentially untouched. In a word, the low-wage workers remain poor (although under FAP perhaps less so) relative to the rest of the work force. Welfare reform cannot be allowed to cross those limits if this

situation is to be preserved.

If one chooses to reject the preservation of the capitalist system as a fundamental value, other alternatives become possible. The maintenance of economic inequality and a pliable low-wage labor force is no longer a necessity; it is possible to give a priority to the right of all to earn a decent living with dignity.

If one is to propose a solution to the welfare problem, the proposal must be explicitly based on either an acceptance or a rejection of the capitalist system and its limitations. There is no such thing as "value-free" welfare reform. There is no avoiding a conflict of interests in the struggle to achieve it.

The author's first priority is that everyone be guaranteed the right to earn a decent standard of living from his or her work. This means the abolition of unemployment and the low-wage labor force. This implies political and economic changes in all likelihood incompatible with the preservation of capitalism.

There are several underlying assumptions here. First of all, work is a positive, meaningful, and purpose-giving force in human life, as well as the social responsibility of every individual in society. Work is not obsolete, although certain forms of it definitely are. If work is stultifying, repetitious, or degrading, it is not necessarily a consequence of technology, but a consequence of its use for profit by those who own and control it. Those who now do such work are not in that position because they are best suited for it, but because social conditions have placed them there.

The conclusion here is that people have a right and a responsibility to work; they do not necessarily have the right to an income

without work. The right to work, and the right to live decently from one's earnings, takes priority over the right to profit derived from private property, where those rights conflict. This is said in awareness of the drastic social, economic, and political implications of such a position, as well as the difficult questions it raises concerning the purpose of government and the preservation of human rights.

This value system is the foundation for what the author would propose as the ultimate welfare reform: full employment at decent wages for every adult able to work. Welfare would then become the right of those physically unable to engage in any productive labor at all.

The question of whether mothers should have a "free choice" of raising their children rather than entering the work force depends on whether one sees child-rearing as a purely individual function or a social function. Social work gospel notwithstanding, it is certainly possible to argue that even a very young child doesn't need its mother 24 hours a day, and that a homebound mother is useful neither to herself nor to her child nor to her society. If women are to become a functioning part of the whole society, they must become a part of its work--even if this is not always a result of "free choice". In a word, a society which wants to involve everyone in its decisions and directions is quite literally going to have to push mothers out of the home--if only for a few hours.

Needless to say, this program is in sharp contrast to present government policy. As Leon Keyserling recently stated,

The fact is that for about 22 years we have been engaged in a long-term retreat from full employment...we have never been within hailing distance of full employment or full production since early 1953...To improve our performance as much as we should and can, we need at once to develop an increasing

reliance upon short-range and long-range planning for the public good.<sup>9</sup>

The Employment Act of 1946 began as the "Full Employment Act"; in the course of its journey through Congress, it was stripped of its original intent of establishing a federal responsibility to guarantee work for all who wanted it. It was transformed into legislation mandating the government to use fiscal policy to create sufficient job opportunities (see Stephen K. Bailey, Congress Makes a Law).

Gross and Straussman point out that even this has been changed into a policy of "growthmanship". Government economic policy, instead of guaranteeing jobs, has guaranteed markets, profits, and raw materials for private industry while allowing the expansion of the labor supply.<sup>10</sup>

Early in its history, the Council of Economic Advisers declared its understanding of the Employment Act:

It should be clearly noted that the act is called the Employment Act of 1946, avoiding the vague--and in some quarters alarming--use of the term 'full employment' . . . The act stresses maximum production and the purchasing power that makes for high consumption; it does not stress mere numbers of jobs.<sup>11</sup>

This, the CEA, continued, would protect the worker from being "constrained" to work.

Edwin Nourse, one of the first CEA chairmen, stated at the time that the Employment Act was within the "American tradition"; "the act neither guarantees a job to everyone nor lays upon the members of the labor force any compulsions to accept a work assignment."<sup>12</sup>

Even the definition of full employment has undergone revision at the hands of economic policy makers. In a 1966 conference on the progress of the Employment Act, Keyserling gave his own definition and criticized the revisions:

We don't have maximum employment until all potential eligibles (save for frictional unemployment) in the country . . . are brought into the job market, and into participation, and into employment, as long as they want to work. . . . Talking as we do now as if we were very close to full employment when there is such high unemployment is only a euphemistic way of masking the fact that we have surrendered the full employment goal.

He criticized the "new-fangled appellations" of sectors of the labor force, such as teenagers and women, "as if these were outside the count of who are employed, or who would be employed, if we had maximum employment."<sup>13</sup>

Keyserling was attacking the idea that participation of women and teenagers in the job market was to be considered an obstacle rather than a goal for full employment, the concept being that only married males have a legitimate right to work. As a Federal Reserve report puts it, "One of the more recent arguments for an upward revision of the unemployment goal [sic!] is based on the increased labor force participation of adult women and teenagers."<sup>14</sup> It is such a concept that led CEA Chairman Alan Greenspan to explain rising unemployment as an outgrowth of an unusual number of people looking for jobs.

If such arguments are rejected, and a full employment policy is pursued guaranteeing productive work at decent wages to all adults able to work, what does this mean for the American economic system? Some observers believe that

a policy of full employment at living wages implies that the operation of market forces must be complemented by broad planning measures comparable to the ones that have already been established in Japan and most western European countries. This represents a major institutional change for the U. S., but, for better or worse, leaves the prevailing social relations of production largely untouched.<sup>15</sup>

As Richard Nathan puts it,

For far too long and among far too many of our otherwise responsible citizens, the word 'planning' has been a nasty word.

It is too often confused with governmental regimentation and even with socialism and communism. We need and can have more and better planning and still preserve the fundamental freedoms of an enterprise system.<sup>16</sup>

It may not be quite so simple. It certainly depends on who is doing the planning and in whose interests it is being done. In any case, there is a genuine question whether any kind of economic planning, particularly with full employment at decent wages as a priority, is compatible with a capitalist system, or for that matter, with the American political system as it now stands.

An answer to this question is far beyond the realm of this dissertation. But the study of welfare reform as a labor market issue leads directly to the issue of economic planning for full employment. And from the point of view of this study, such is the direction further discussion of welfare reform must take.

NOTES

<sup>1</sup>U. S. Congress, Joint Economic Committee, Income Security for Americans, 93rd Congress, 2nd Session, Dec. 5, 1974, pp. 150-152.

<sup>2</sup>Joint Economic Committee, Studies in Public Welfare No. 16: A Model Income Supplement Bill, 93rd Congress, 2nd Session, Dec. 20, 1974, p. 2.

<sup>3</sup>Wall Street Journal, March 18, 1974, p. 28.

<sup>4</sup>New York Times, Oct. 27, 1974.

<sup>5</sup>Ibid., January 18, 1976.

<sup>6</sup>Ibid., July 11, 1976.

<sup>7</sup>Ibid., April 11, 1977.

<sup>8</sup>Ibid., May 15, 1977.

<sup>9</sup>Leon H. Keyserling, "Planning for Full Employment," Current, September, 1975, p. 34-35.

<sup>10</sup>Bertram Gross and Jeffrey Straussman, "'Full' Employment Growthmanship and the Expansion of the Labor Supply," Annals 418 (March 1975): 1-12.

<sup>11</sup>U. S. Senate, Committee on Labor and Public Welfare, History of Employment and Manpower Policy in the U. S., Vol. 7, Part 1, 89th Congress, 2nd Session, 1966, p. 31.

<sup>12</sup>Ibid., p. 70.

<sup>13</sup>U. S. Department of Labor, Manpower Administration, How Well is the Employment Act of 1946 Achieving its Goal?, December, 1966, p. 10.

<sup>14</sup>Robert A. McMillan, "A Re-examination of the 'Full Employment' Goal," Economic Review--Federal Reserve Bank of Cleveland, March-April, 1973, p. 6.

<sup>15</sup>Thomas Vietorisz et. al., "Full Employment at Living Wages," Annals, 418 (March 1975): 106.

<sup>16</sup>Committee on Labor and Public Welfare, p. 727.

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