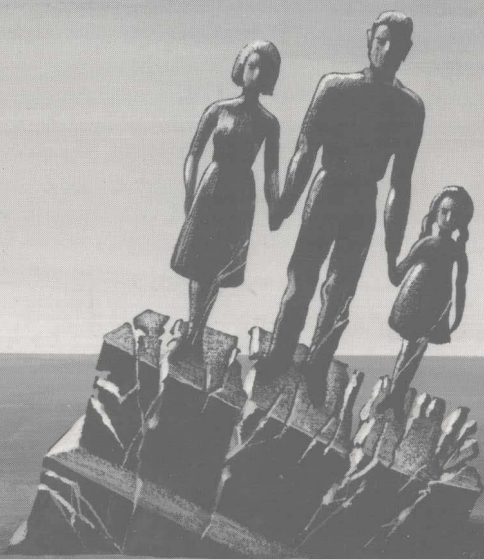


David T. Ellwood

POOR SUPPORT

Poverty in the American Family



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DAVID T. ELLWOOD



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PREFACE

In a strange way, this book developed out of the debate surrounding Charles Murray and George Gilder, two conservatives whose ideas held great sway in the Reagan administration. During that debate, others often cited my work in their attempts to refute conservative suggestions that the welfare system was the cause of great harm. With my work being used as ammunition in defense of welfare, I was naturally drawn in.

My colleague Mary Jo Bane and I had for some years been exploring the links between social welfare programs and poverty. We had found that some people were long-term poor, and it was obvious that family structures were changing rapidly. But somewhat to our surprise, welfare did not seem to deserve much blame for these phenomena. Indeed, the research suggested that welfare had done a lot to protect families and children, and the unintended negative effects were quite modest. Welfare seemed to do far more good than harm. I was called upon now to deliver that message to the public.

But the message didn't sell very well. People hated welfare no matter what the evidence. It wasn't just conservatives; liber-

als also expressed deep mistrust of the system, and the recipients themselves despised it. Each group disdained it for different reasons, but the frustration and anger with the present system were unmistakable. And frankly, I had to admit that even I, who had been asked to come to the system's defense, found much to dislike. Yet it was obvious that the vast majority of people I spoke with also believed that society ought to help the poor. The conservative proposal simply to cut welfare back sharply was not much more popular than welfare itself.

This book is my attempt to understand the widespread disdain for welfare that exists in spite of the professed desire of most Americans to help the poor. I now believe that welfare, by its very nature, creates conflict and frustration and tension because it treats the symptoms of poverty, not its causes. Yet this is not a pessimistic book. I find myself far more hopeful about society's ability to help the poor in ways that reflect our basic values than I was before I entered the debate. Having looked hard at the causes of poverty, I am convinced that nonwelfare policies exist that can support the poor by reinforcing and rewarding their efforts. Such policies ensure the security of families while increasing their control, responsibility, and independence.

My debt to others is extremely large. Indeed, one of my greatest fears is that many who have provided me with insights will see their ideas in these pages without the full credit they deserve. Without a doubt, my greatest intellectual debt is to Mary Jo Bane, who is now the director of the Center for Health and Human Resources at Harvard's Kennedy School of Government. Because so much of my work in this area has been with Mary Jo, and because I have benefited from so many conversations with her, whatever insights this book offers are hers as well. Irwin Garfinkel has probably done more than anyone else to convince a whole generation of politicians and intellectuals that child support ought to be a critical element in social policy. He certainly convinced me. I have also learned much from my association with Manpower Demonstration Re-

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search Corporation (MDRC), which has done a great deal of extraordinary work exploring what does and does not work in aiding welfare recipients. I particularly thank Judy Gueron, MDRC's president, for her many helpful insights. Robert Reichauer and Robert Lerman both were instrumental in my thinking about ways to help the working poor. William Julius Wilson's compelling ideas about America's ghettos have moved me with their clarity and depth. And my many discussions with Lawrence Summers taught me a great deal and helped me sharpen my vague early ideas. Henry Aaron, Gary Burtless, Sheldon Danziger, Greg Duncan, Robert Greenstein, Frank Levy, Glenn Loury, Rebecca Maynard, Daniel Patrick Moynihan, Richard Nathan, and David Wise, among many others, also have been influential in my thinking, and sources of encouragement.

The Ford Foundation Project on Social Welfare and the American Future offered generous financial support. It also sponsored a number of conferences, where I had a chance to air my ideas and hear those of many others who have worked in the field. I am particularly grateful for the moral and intellectual support of Gordon Berlin and Alice O'Connor. The U.S. Department of Health and Human Services has supported a number of my research efforts. I have found my association with many in the department, especially Daniel Weinberg, to be an important source of information and inspiration. Martin Kessler of Basic Books talked me into doing this book and provided help throughout.

Still, the people who struggled through this project with me in a day-to-day way deserve my greatest thanks. Tom Kane reviewed draft after draft, created and re-created tables and figures, even checked footnotes. Without his thoughtful reactions, his unfailing good humor, and his very hard work, this book might never have been completed. Naomi Goldstein, who participated in portions of this research, was an extremely careful reader and offered some of the most helpful comments I received. I am grateful to Regina Aragon and Jon Crane, who

read drafts and offered insightful comments. I also thank my wonderful secretary, Sandra Metts, for all of her efforts.

The most important person of all, though, was my wife, Marilyn. She alone read every draft. She alone had the courage to say that a chapter was awful or that an argument was too complicated by half. But she always had an idea about how things could be fixed—and endured many a boring dinner conversation as I tried out yet another version of an argument. She provided true support.

I have dedicated this book to my parents. They taught me to value both compassion and rigorous thought. I hope that neither ambition nor academia have distorted those values too much.

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POOR SUPPORT

1

Beyond Welfare

It was one of those poignant scenes that talk shows thrive on. On September 17, 1986, Oprah Winfrey was hosting an hour on welfare, and the most prominent guest was Lawrence Mead, who had recently finished a provocative book calling for mandatory work for people who are on welfare. But the action was in the audience. Two women were yelling, not at the host or the guest, but at each other. The women looked and even dressed similarly, but their antagonism was unmistakable. One said that even though she was working her tail off, trying to earn enough money to raise her family, she was hardly making it. But she certainly was not going to take any handouts. She deeply resented the mothers on welfare who were getting money, medical insurance, and food stamps while they were doing nothing. The other woman, who was on welfare, countered by saying that no lazy person could raise and clothe a family on the tiny amount that she was given for welfare and food stamps and that hers was a hard and often desperate struggle. Both women felt they were trying hard. Both felt they weren't making it. And both hated the welfare system.

Everyone hates welfare. Conservatives hate it because they see welfare as a narcotic that destroys the energy and determination of people who already are suffering from a shortage of such qualities. They hate it because they think it makes a mockery of the efforts of working people, such as the woman on the Oprah Winfrey show. Liberals hate it because of the way it treats people. The current system offers modest benefits while imposing a ridiculous array of rules that rob recipients of security and self-esteem. Recipients are offered no real help and have no real dignity.

The American public hates welfare, too. In 1984, according to a survey of the National Opinion Research Center (NORC), some 41 percent of Americans thought we were spending too much on welfare. Only 25 percent thought we spent too little. According to political scientist Hugh Heclo, "The general pattern has varied little since the New Deal: since 1935 a majority of Americans have never wanted to spend more on welfare."¹ Politicians would have to be out of their minds to campaign for expanded welfare benefits.

Why Does Everyone Hate Welfare?

Those who defend welfare in spite of its problems often claim that the critics of welfare lack compassion. This same lack of compassion, they say, can be seen in budget cuts for programs to educate and feed young children, in attempts to restrict medical protection, and in plans to limit job training programs. They wonder, where is the understanding and support for those who are less fortunate?

Defenders of welfare emphasize that social welfare policy is badly misunderstood. Most of the money spent to help people goes to the aged or disabled. Much is spent on medical care. When you look at how much money actually is targeted for cash, food, or housing for the young and healthy poor, you

Beyond Welfare

discover that the money represents less than 4 percent of the government's total expenditures and less than 1.5 percent of the national income. And there is little evidence that welfare has played a major role in changing the structure of the family or altering values. Even a conservative Reagan administration report on the family, which Senator Daniel Patrick Moynihan labeled "less a policy paper than a tantrum,"² acknowledged that "statistical evidence does not confirm those suppositions" that welfare is responsible for the high illegitimacy rates in some minority groups.³

Stinginess surely plays a role in attitudes toward welfare. Yet the current conservative bibles on the subject, Charles Murray's *Losing Ground* and Lawrence Mead's *Beyond Entitlement*, both profess a strong desire to help the poor. According to Murray, "When reforms do occur, they will happen not because the stingy people have won, but because generous people have stopped kidding themselves."⁴ Mead argues, "The main problem with the welfare state is not its size, but its permissiveness."⁵ And the American public, which is so unwilling to expand welfare, is strongly in favor of doing more to help the poor. When the phrase "assistance for the poor" was substituted for "welfare" in the NORC survey just mentioned, some 64 percent favored spending more, and only 11 percent said the country should spend less.

I doubt that a misunderstanding of social welfare policies is the real heart of the matter. It is not that Americans forget that a large share of "welfare" goes to the aged and disabled. They do not consider that money to be "welfare." Welfare, as the public uses the term and as I will use it in this book, means cash, food, or housing assistance to healthy nonaged persons with low incomes. That kind of welfare is what the public objects to, regardless of its size. The working woman on the Oprah Winfrey show would not have been comforted by statistics showing that we spend far more on Social Security than on welfare.

I believe the disdain for welfare reflects something much more fundamental than a lack of compassion or misinformation. Wel-

fare is a flawed method of helping people who are poor and disadvantaged. Welfare brings some of our most precious values—involving autonomy, responsibility, work, family, community, and compassion—into conflict. We want to help those who are not making it but, in so doing, we seem to cheapen the efforts of those who are struggling hard just to get by. We want to offer financial support to those with low incomes, but if we do we reduce the pressure on them and their incentive to work. We want to help people who are not able to help themselves but then we worry that people will not bother to help themselves. We recognize the insecurity of single-parent families but, in helping them, we appear to be promoting or supporting their formation. We want to target our money to the most needy but, in doing so, we often isolate and stigmatize them.

Charles Murray's powerful indictment of the social welfare system implicitly emphasizes these contradictions. According to Murray, the very system that was designed to help the poor has created dependent wards by penalizing the virtuous and rewarding the dysfunctional. Much of Murray's book is a graphical and statistical discussion of what has happened to the poor in general and to the black poor in particular. The intellectual establishment, particularly the liberal intellectual establishment, has been quick to attack Murray's work, and these attacks have cast considerable doubt on the credibility of his conclusions. But what is often missed in this frenzy is that although Murray is almost certainly wrong in blaming the social welfare system for a large part of the predicament of the poor, he is almost certainly correct in stating that welfare does not reflect or reinforce our most basic values. He is also correct in stating that no amount of tinkering with benefit levels or work rules will change that.

Welfare inevitably creates these conflicts because it treats the symptoms of poverty, not the causes. People are not poor just because they lack money. They are poor because they do not have a job, because their wages are too low, because they are trying to raise a child single-handedly, or because they are

undergoing some crisis. Worse yet, in treating the symptoms rather than the causes of poverty, welfare creates inevitable conflicts in incentives and values that undermine the credibility and effectiveness of the system.

Better solutions demand a better understanding of why people are poor and a set of social policies that respond to the causes. This book seeks to determine the causes of poverty in families with children. It is a book about policies that support people and help them cope with legitimate problems without turning to traditional forms of welfare. It is a book that seeks to help the poor in ways that reflect and reinforce our values.

Of Causes and Values

How can we decide on the causes of poverty? Obviously we cannot allow ourselves to become trapped into simplistic conceptions or conclusions. Two of the most fruitless directions over the years have been "proof by success" and "proof by failure." The former is the traditional conservative method and the latter is the one adopted by liberals.

Conservatives proclaim that anyone can make it in this country, and they cite the many successes as proof of their argument. Millions of immigrants arrived in the United States with little more than a determination to succeed. They did well, and their children did better. Conservatives remind us of Linn Yann, the young Cambodian who came to this country at age 9, knowing no English, and reached the National Spelling Bee finals just six years later.⁶ There are jobs unfilled, the conservatives say, low-paying jobs to be sure, but jobs that could serve as the starting point for ambitious people. People can escape poverty if only they use some elbow grease. The poor are those who lack the determination to make it.

Liberals laugh at the suggestion that people would knowingly turn down a chance to have middle-class security for a life of

poverty and dependence. They consider the failure of so many people to make it as proof of larger problems. The high rate of poverty, especially among children, is clear evidence that society has failed in some dimension or another. Liberals cite a long list of problems. There is a shortage of real jobs—jobs with a future. People are trapped by limited opportunities, poor education, discrimination, and historical and institutional patterns that limit the possibilities for success in our society. They are mistreated and misunderstood by policy.

Neither of these conceptions takes us far. That there are many successes surely does not prove that motivated people always succeed. That people fail does not tell us much about what might be the problem. What is required is something more than tired anecdotes and analogies that are used to debate the basic character of human beings. Such approaches seem fraught with hidden biases, agendas, and motivations.

But we also cannot expect to come up with a “scientific” reason for poverty in the same way that we could diagnose why an automobile isn’t running well. Behind any determination of the reasons for poverty must lie a set of values, judgments, and expectations. For example, suppose we find that a two-parent family with three children is poor even though the father is working full time. What is the cause of the family’s poverty? One could say that the father’s wages are too low, that the mother is not willing to work, that the family cannot find affordable day care, that the couple was irresponsible to have children when they could not support them, or that the father did not get enough education or has not worked hard enough to get a “good” job. Even if we talked to the family, it is possible that we would not be able to agree on just one “true” reason.

But if we can decide what is reasonable to expect of two-parent families, we can do better at assigning a cause and finding a solution. For instance, if we were willing to say that we believe that any two-parent family with children ought to be able to escape poverty through the full-time efforts of one worker, then we can say that, at least for policy purposes, the