# Blame Welfare, Ignore Poverty and Inequality

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# BLAME WELFARE, IGNORE POVERTY AND INEQUALITY

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### BLAME WELFARE, IGNORE POVERTY AND INEQUALITY

With the passage of the 1996 welfare reform, not only welfare but also poverty and inequality have disappeared from the political discourse. The decline in the welfare rolls has been hailed as a success. This book challenges that assumption. It argues that although many single mothers left welfare, they have joined the working poor and fail to make a decent living. The book examines the persistent demonization of poor single-mother families, the impact of the low-wage market on perpetuating poverty and inequality, and the role of the welfare bureaucracy in defining deserving and undeserving poor. It argues that the emphasis on family values – marriage promotion, sex education, and abstinence – is misguided and diverts attention from the economic hardships low-income families face. The book proposes an alternative approach to reducing poverty and inequality that centers on a children's allowance as basic income support coupled with jobs and universal child care.

Joel F. Handler is a professor of Law, at University of California, Los Angeles, specializing in social welfare law and policy, poverty, welfare bureaucracies, and comparative welfare states. He has published several books and articles, has won the American Political Science Association Prize for the best book on U.S. national policy (1997), and is a member of the American Academy of Arts and Sciences. He has lectured in Europe, Israel, South America, and Asia.

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For the past 20 years, we have followed jointly the contours of poverty, inequality, and welfare reform in the United States. We are driven by the passion to understand the social forces and policies that affect the lives of poor people, especially single mothers and their children, and how we can change them to improve their life conditions and, indirectly, ours. This is our third book together in this quest. We have challenged each other, debated, and occasionally strongly disagreed as we pursued and tried to make sense of the empirical evidence. Still, our friendship not only survived but has deepened immeasurably.

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We dedicate the book to our respective wives, Betsy and Helen, and to our wonderful grandchildren Kate, Jeffrey, Lane, and Samantha Handler; Lydia Igna; Catherine and Alexandra White; and Summer Faith Garland; We hope that they will grow up in a more equal and caring society. Lastly, we acknowledge Rachel and Neil Marcus as they begin their life together.

## Acronyms

ADC Aid to Dependent Children **ADHD** attention deficit hyperactivity disorder AFDC Aid to Families with Dependent Children AFLA Adolescent Family Life Act AFL-CIO American Federation of Labor and Congress of Industrial Organizations **AFOT** Armed Forces Qualification Test AGI adjusted gross income BIG basic income guarantee CAA certified application assistant CCDBG Child Care Development Block Grant **CCDF** Child Care and Development Fund CDC community development corporation CDU career development unit Comprehensive Employment and Training Act CETA CHIP Children's Health Insurance Program CLASP Center for Law and Social Policy **COBRA** Consolidated Omnibus Budget Reconciliation Act COLA cost of living adjustment CPC child-parent center CPS Current Population Surveys CSE Child Support Enforcement Program CSI community service jobs CTC Child Tax Credit CWEP Community Work Experience Program CWI Child Well-Being Index DCF Department of Children and Families United States Department of Health and Human Services DHHS disability insurance DI EBT electronic benefits transfers

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EITC Earned Income Tax Credit

EPSDT early and periodic screening, diagnosis, and treatment

ERA Employment Retention and Advancement ERISA Employee Retirement Income Security Act ESEA Elementary and Secondary Education Act

ESL English as a second language
ETP eligible training provider
FAP family assistance plan
FCR Federal Case Registry

FEP Family Employment Program
FIP Family Independence Program
FSAs flexible spending accounts

FSA Family Support Act
FSP Food Stamp Program
FUP Family Unification Program
FVO family violence option
GA general assistance

GAIN Greater Avenues for Independence

GAO General Accounting Office (pre–July 7, 2004)

GAO Government Accountability Office (effective July 7, 2004)

GDP gross domestic product

GED General Educational Development Test

GPK Georgia voluntary pre-K

HEW United States Department of Health, Education, and Welfare

HMO health maintenance organization

HSS Department of Health and Human Services

HUD U.S. Department of Housing and Urban Development

IDEA Individual with Disabilities Education Act IHDP Infant Health and Development Program

IRS Internal Revenue Service
ITA Individual Training Account
JTPA Job Training Partnership Act

LEHD Longitudinal Employer-Household Dynamics

MCCA Medicare Catastrophic Care Act

MDRC Manpower Development Research Corporation
MDTA Manpower Development and Training Act
MFIP Minnesota Family Investment Program

MFY Mobilization for Youth MOE maintenance of effort MTO moving to opportunity

NAS National Academy of Science NGO nongovernmental organization

NICHD National Institute of Child Health and Human Development

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NIT negative income tax

NLSY National Longitudinal Surveys of Youth NOLEO notice to law enforcement officials NLRB National Labor Relations Board

NSAF National Survey of America's Families

OASDI Old Age, Survivors and Disability Insurance Program

OECD Organisation for Economic Co-operation and Development

OEO Office of Economic Opportunity
OIC Opportunities Industrialization Center
OMB Office of Management and Budget

PFS Parents' Fair Share

PREP Prevention and Relationship Enhancement Program

PRWORA Personal Responsibility and Work Opportunity Reconciliation Act

PSID Panel Study of Income Dynamic

SCHIP State Children's Health Insurance Program SIPP Survey of Income and Program Participation

SPRANS special projects of regional and national significance

SRO single hotel room

SSA Social Security Administration
SSDI Social Security Disability Insurance
SSI Supplementary Security Income

SSP State Supplementary Payment Program

STD sexually transmitted disease

TANF Temporary Assistance for Needy Families

UI unemployment insurance

UMOS United Migrant Opportunity Services
USDA United States Department of Agriculture
USDOL United States Department of Labor
VISTA Volunteers in Service to America

W-2 Wisconsin Works W-2T W-2 Transition

WES Women's Employment Study
WIA Workforce Investment Act
WIB Workforce Investment Board

WIC Special Supplemental Nutrition Program for Women, Infants, and

Children

WIN Work Incentive Program

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### 1 Introduction

In 1996, Congress passed and President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The president claimed, "We have ended welfare as we know it." The centerpiece of the new legislation was Temporary Assistance for Needy Families (TANF), which replaced Aid to Families with Dependent Children (AFDC), commonly referred to as "welfare," the existing cash assistance program for single mothers and their children. Among other things, welfare would no longer be an entitlement: stiff, new work requirements were to be imposed on the mothers, and the work requirements were to be enforced by time limits states must require recipients to work after a maximum of 24 month on aid or less, and there is a cumulative lifetime limit of five years on receipt of aid. Various "family values" provisions were specified, such as marriage promotion, child-support enforcement, and programs to combat teen pregnancy. State control was increased substantially. Before the 1996 reform, welfare rolls had been declining sharply, and this decline increased substantially in subsequent years. It seemed as if President Clinton's statement was true. Welfare as we know it had finally been ended. Everyone claimed "victory." "Welfare" has dropped out of the political discourse and is virtually forgotten. Unfortunately, discussion of poverty and inequality has nearly disappeared as well - even though significant poverty remains, especially child poverty, and inequality has been increasing over the past few decades.

From colonial times, cash assistance for the able-bodied was always miserly, conditioned, and brief.¹ Single mothers were helped but not much. Starting in the late nineteenth century, concern was raised about the well-being of the children in these families. Children were placed in foster homes and sent to farms in the Midwest. Then, Aid to Dependent Children (ADC), commonly known as Mothers' Pensions (and subsequently, AFDC), was established by

<sup>&</sup>lt;sup>1</sup> G. Nash (2004). "Poverty and Politics in Early American History." In B. G. Smith (Ed.), Down and Out in Early America. University Park.: Pennsylvania State University Press.

the states during the early twentieth century. It became a federal grant-in-aid program under the New Deal but remained a relatively small, restricted program for white widows – "deserving" families. Mothers who were divorced, deserted, never married, or nonwhite were mostly excluded. The program was generally of low political visibility until the late 1950s and early 1960s when it grew rapidly and the characteristics of the families changed to include disproportionately unwed single mothers of color. This was the start of the welfare "crisis," which continued until the 1996 reform. "By the 1990s, [welfare] was the most disliked public program in America."

The thesis of this book is that the country has demonized poor, single mothers. "Welfare" has become the code word for the "welfare queen" – the innercity, young African American mother who has children in order to stay on welfare and produces multiple generations of welfare recipients. These families are characterized by neglect, substance abuse, crime, and delinquency. Poverty is the fault of the individual – in this case, the single mothers – rather than the structural forces of society, and welfare has been construed as a major cause of lack of work effort, unwed motherhood, promiscuity, teenage child bearing, school failure, substance abuse, and other forms of deviant behavior.<sup>3</sup> It is used to define ethnic and gender status. By stigmatizing the "other," it validates the righteousness of the majority.

In United States, the rhetoric of blaming the poor and discrediting income support policies represents what Albert Hirschman terms "the perversity thesis." It argues that policies to alleviate poverty and improve the economic well-being of the poor actually have the opposite effect. These policies increase welfare dependency, erode the work ethic, and reinforce the social pathologies associated with poverty. Hirschman says that the perverse-effect doctrine is closely tied to the idea of self-regulating market, where any social policy that tries to change market outcomes, such as income assistance or the minimum wage, is assumed to be counterproductive. Using the perversity thesis to attack the legitimacy of income assistance has a long history. In the eighteenth century, the English Poor Laws, particularly the Speenhamland system (1795), which supplemented low wages, were attacked by Malthus as being the very cause of poverty. The same argument was made in Charles Murray's attack on AFDC in his book *Losing Ground* (1988): "We tried to provide more for

<sup>&</sup>lt;sup>2</sup> M. B. Katz (2001). The Price of Citizenship: Redefining America's Welfare State (1st ed.). New York: Metropolitan Books, p. 1.

<sup>&</sup>lt;sup>3</sup> M. R. Rank (2004). One Nation, Underprivileged: Why American Poverty Affects Us All. Oxford; New York: Oxford University Press.

<sup>&</sup>lt;sup>4</sup> A. O. Hirschman (1991). *The Rhetoric of Reaction: Perversity*, Futility, Jeopardy. Cambridge, Mass.: Belknap Press of Harvard University Press.

M. R. Somers & F. Block (2005). "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate." American Sociological Review 70: 260–87.
 Hirschman (1001), p. 27.

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the poor and produced more poor instead. We tried to remove the barriers to escape poverty and inadvertently built a trap." Lawrence Mead (1986) in his influential book *Beyond Entitlement* has made a similar argument. Embracing the idea of the self-regulating market, the perversity thesis assumes that a social order free of government intervention optimizes the well-being of all through the choices and actions of individuals. Therefore, the perversity thesis reverses the causation of poverty by shifting the focus from poverty as a structural condition to poverty as a behavioral and moral deficiency. It thus provides the ideological justification to distinguish between the "deserving" and "undeserving" poor.

Demonizing welfare allows the country to ignore the economic and social conditions that produce poverty and inequality – class, race, gender, the economy, and the inadequacies of the low-wage labor market. From time to time, proposals are made to address the structural causes of poverty and inequality but they are quickly abandoned because they undermine American "values." The War on Poverty, in the 1960s, fit this pattern. Although this was a liberal period, and poverty did become a national issue, poverty was defined in terms of individual behaviors rather than structural conditions. As part of the civil rights era, welfare was declared an "entitlement" with due process guarantees. Although this may have facilitated access to welfare, it did not by itself address the fundamental issues of income support and equal opportunities. Poverty and welfare continued to grow, and the War on Poverty was declared a failure.

The 1970s ushered in three decades of reaction to what was considered to be the permissive welfare system, which culminated in 1996 with PRWORA. The major policy thrust throughout the three decades has been to transform welfare from a program considered to corrupt individuals and families into a program enforcing work requirements and "family values" – which, we point out, is the contemporary version of the age-old themes of deterrence and reformation. The current "work first" strategy assumes that there are sufficient jobs in the economy for current and potential welfare recipients, that any job is better than no job, that by taking a job and sticking with it the exrecipient will move up the economic ladder and escape poverty, and that there is sufficient child care support. It assumes that the problem with welfare recipients is their poor work ethic. By working instead of receiving welfare, the mother will be a proper role model for her children. The children will learn the values of responsibility, education, and family life. The children will not become welfare recipients. The other sure route out of poverty and into proper

7 Quoted in Hirschman (1991), p. 29.

<sup>8</sup> L. Mead (1986). Beyond Entitlement: The Social Obligations of Citizenship. New York: Free Press.

<sup>&</sup>lt;sup>9</sup> Somers & Block (2005), p. 276.

family life is marriage. In addition to marriage promotion programs, welfare mothers have to cooperate in establishing the paternity of their children, children born to mothers on welfare will not be supported, teenage mothers have to live with their parents, and sanctions are imposed for unsatisfactory school performance.

This book will show that just about every one of these policies is based on myth. 10 Although welfare recipients increasingly included more persons of color, the program was never "black." African Americans were always in the minority. Although there were increasing proportions of teenage mothers, they were always a very small percentage of the recipient population. Although there were some large families, the average size of the welfare family is not that different from the nonwelfare family. Rather than long-term dependency, most families are on welfare a short time; the most common form of exit is through a job, but because of the instability of the low-wage labor market and a multitude of family and personal problems, welfare mothers are in and out of the paid labor force. Still, long-term dependency, including generational dependency, applies only to a small proportion of the caseload. School failure is a serious problem, but teen welfare mothers are no different from their peers. The failure of child support is not unique to fathers of children on welfare, although poverty and lack of stable earnings increase the problems of fathers of poor children.

This is not to say that no cases fit the myth. However, this is the *ceremony* that validates the myth. The press and politicians dwell on the extreme examples. The public buys into the story because the message serves to validate its beliefs and attitudes: "They are playing by the rules." Thus, welfare rhetoric and policy are less concerned with reforming the recipients than with reinforcing majoritarian feelings of moral superiority. This not only makes majoritarian society feel better but also allows the country to avoid confronting the difficult structural questions of inequality, poverty, and the suffering of children. It is more comfortable to blame the victim.

Myth and ceremony allow politicians and the public to paper over the massive contradictions of welfare policy. Welfare policy purports to address poverty and inequality but refuses to deal with the structural causes of poverty and inequality or the reality of welfare recipients. Welfare policy requires recipients to enter the paid labor market and improve their well-being but most remain in poverty. Welfare supposedly supports and protects children but deterrence and reformation punish parents and, hence, the children. Work is required because, among other things, an employed parent provides a positive role model for the child, but the child suffers from inadequate child care. Welfare programs have huge numbers of guidelines and detailed rules, yet rely on the

J. Meyer & B. Rowan (1977). "Institutional Organizations: Formal Structure as Myth and Ceremony." American Journal of Sociology 83: 340–63.

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discretion of field-level caseworkers to interpret these rules and guidelines. They are applied in terms of the individual families' circumstances, as long as the caseworkers conform to bureaucratic imperatives, not necessarily in accordance with the goals of the laws and policies. New programs, such as work requirements, are enacted by the legislature and thrust on local welfare offices without adequate resources and implementation. If programs become too harsh, and families break up, then local governments are forced to pay for expensive foster care, group homes, and other forms of child protection, often to the detriment of the children.

Rather than resolve the contradictions, the typical legislative response is delegation or devolution to lower units of government – from the federal government to the states, from the states to the counties, and from the public to the private sector. We have a new faith that private enterprise can solve the problems of welfare administration. Instead of the cumbersome public bureaucracy, for-profit or not-for-profit agencies will handle welfare cases accurately and efficiently. These private agencies will deal with ground-level conflicts through low-visibility discretionary decisions. The goal is to assure the conflicts will remain at the local level. From time to time, however, conflicts boil over and reappear on the political agenda. The legislative level purports to resolve the problem through general provisions, but, in effect, re-delegates the issue. By concentrating on the "evils" of the welfare system and delegating low-visibility decisions to the state and local level, politicians, policy makers, and the general public can ignore the serious, corrosive problems of poverty and inequality.

Since the 1990s (and before the 1996 welfare reform), welfare rolls have declined dramatically. Political leaders, the media, and the public have claimed victory. Since 1996, welfare has ceased to become a political issue. The contrast between this post-1996 lack of welfare discourse and the anti-welfare political rhetoric of the previous decades is startling. Now that these families are no longer on welfare and are in the paid labor force, the near-universal assumptions are that welfare and poverty are no longer an issue. The absence of welfare means the conquest of poverty, and all is well.

### The Argument

This book takes a different approach. The issue is poverty and inequality, not welfare. "Poverty" is generally not discussed, but when it is considered (e.g., "X% are no longer in 'poverty"), it is grossly misleading because the poverty line is far too minimal. It is assumed that once a family exceeds the official poverty threshold, then everything is okay. We are constantly told about the percentage of families and children that are in "poverty" or are above "poverty." We are still using the official federal poverty threshold. Although the threshold is adjusted for changes in the cost of living, its composition is deeply flawed.