

In the Shadow of the Poorhouse

A SOCIAL HISTORY OF WELFARE IN AMERICA

TENTH ANNIVERSARY EDITION / REVISED AND UPDATED

MICHAEL B. KATZ

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IN THE SHADOW OF THE POORHOUSE

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INTRODUCTION

Nobody likes welfare. Conservatives worry that it erodes the work ethic, retards productivity, and rewards the lazy. Liberals view the American welfare system as incomplete, inadequate, and punitive. Poor people, who rely on it, find it degrading, demoralizing, and mean. None of these complaints are new; they echo nearly two centuries of criticism. In truth, American welfare hardly qualifies as a system. Diffused through every layer of government; partly public, partly private, partly mixed; incomplete and still not universal; defeating its own objectives, American welfare practice is incoherent and irrational. Still, this crazy system resists fundamental change. What is the source of its resilience? How are we to understand the persistence of a welfare system so thoroughly disliked and so often and authoritatively criticized? The answer rests in its past. American welfare practice has been constructed in layers deposited during the last two centuries. Despite accretions and extensions, it has served a consistent and useful set of purposes; its strength derives from its symbiosis with American social structure and political economy. This book sketches its social history.

Four major structural features mark American welfare practice. First is the division between public assistance and social insurance. Public assistance is means-tested relief. It is what we usually think of as welfare. Its major contemporary examples are Aid to Families with Dependent Children (AFDC) and General Assistance. Social insurance is not means tested. It is an entitlement for everyone eligible by virtue of fixed, objective criteria, such as age, disability, or unemployment, and its benefits cross class lines. The great current example, of course, is social security. The division between social insurance and public assistance has bifurcated social welfare along class lines. With a strong, articulate middle-class constituency, social insurance, espe-

cially social security, carries no stigma, and its expanded benefits have reduced drastically the amount of poverty among the elderly. Public assistance, which has become synonymous with welfare, is, of course, restricted to the very poor. Its recipients carry the historic stigma of the unworthy poor, and, as a consequence, they are treated meanly. Their benefits, which do not lift them out of poverty, remain far below those paid by social security.¹

Local variation is American welfare's second feature. In colonial times, relief was a local responsibility, administered within a town, county, or parish. In the nineteenth century, state governments tried to make practice more uniform within their jurisdictions, but, even then, a dazzling variety of local, as well as state, differences remained, and the assumption of new responsibilities by the federal government during the New Deal did not wipe out local variation. States remained responsible for setting benefit levels, even when they received federal funds, and the disparity in welfare benefits between states continues today. Another way to put the persistence of local variation is this: welfare practice has always been mediated by the complex structure of American federalism. As a consequence, the formulation of coherent national welfare policy remains extraordinarily difficult, and the amount and kind of assistance offered poor people varies by where they live.²

Third, governments accomplish many public purposes through private agents. Boundaries between public and private always have been protean in America. The definition of public as applied to social policy and institutions has never been fixed and unambiguous. In the colonial period, towns often contracted for the care of the poor with individuals. In the nineteenth century, they subsidized schools, hospitals, reformatories, orphanages, and other institutions. Within the last twenty years, governments increasingly have delivered social services by purchasing them from private agencies. Welfare practice, in short, is part of what Alan Wolfe terms the "franchise state." Not all franchise holders act in the best interests of their clients, as Medicare and Medicaid frauds make clear. In fact, franchising encourages the confusion of service with profit making and removes important public tasks-and a lot of money—from public oversight and scrutiny (as the recent defense contracting scandals reveal vividly). At the same time, the scramble for public dollars pushes private agencies away from challenging, innovative activities and toward conservative, routine programs tailored to government specifications.3

Fourth, the American welfare state is incomplete, which is why I call it the semiwelfare state. America remains the only advanced Western democracy without national health insurance or family allowances. Welfare coverage is neither universal nor comprehensive. Social welfare expenses consume a much smaller share of the Gross National Product than in other wealthy nations, and ideological resistance to social welfare remains far more virulent.

Despite - and in some cases because of - its limits, social welfare practice has served important purposes throughout American history. The first three - relief of misery, preservation of social order and discipline, and regulation of the labor market—seem universal in Western societies. The fourth, political mobilization, is more distinctively American. The humanitarian goals of welfare have always been obvious, although those who consider them exclusive or paramount miss other important roles. Time and again, welfare has been extended or redesigned to promote social order by appeasing protest or disciplining the poor. The escalation of benefits after the great urban riots in the 1960s is one particularly vivid recent example. Another is the attempt in the late forties and fifties to reduce out-of-wedlock births among black women by tightening the "suitable home" provisions of Aid to Dependent Children (ADC). Welfare has also been deployed to regulate labor markets by manipulating work incentives. In practice, this has meant goading working-class men and women to labor hard for low wages by frightening them with the prospect of a subhuman and stigmatized descent into the ranks of paupers.

For a long time, welfare's political role reflected the structure of American urban politics. With public authority weak and limited, the local ward leaders who ran city governments retained political power by returning services for votes. Outdoor relief—grocery orders, fuel, or small amounts of cash—helped cement the allegiance of the poor; lucrative contracts to supply poorhouses, fees for local doctors hired to treat their inmates, and the circulation of enough cash to sustain grocers and tavernkeepers won the loyalty of small businessmen and professionals. Since the New Deal, the federal government has used the distribution of welfare benefits, especially to urban minorities and the rural poor, to build political support. Conversely, also for nearly two centuries, critics, casting themselves as reformers, have mobilized different sources of political support by attacking welfare. (Ronald Reagan is only one in a line of politicians whose antiwelfare rhetoric has helped carry them into office.)⁴

Although these four purposes have always shaped American welfare practice, their relative prominence has varied with economic conditions, political climate, and social structure. Even more, they have always been inconsistent with each other, and the unresolved tensions between them have undercut virtually all attempts to formulate coherent welfare policy. In the nineteenth century, for instance, reformers who wanted to reduce taxes and discipline the poor by ending outdoor relief clashed with local manufacturers who wanted to keep their labor force from migrating in slack seasons, merchants who profited from poor relief, and politicians with a constituency in poor neighborhoods. Within poorhouses, decent care for the poor con-

flicted with the objective of deterring the poor from asking for relief and making them willing to work hard for low wages. Indeed, of all their contradictions, the most glaring and debilitating has been the incompatibility of policies that simultaneously preach compassion and stress deterrence. It should be no surprise that deterrence usually has won.

Other themes run through the history of welfare. One is the stigma attached to extreme poverty in America. In the land of opportunity, poverty has seemed not only a misfortune but a moral failure. Another is the meaning of welfare reform: with few exceptions, its operating definition has been a reduction in benefits. Most often, the target has been the so-called ablebodied poor, whom welfare reformers for the last two centuries have tried to purge from the rolls of relief. Their relative failure only underscores the futility—and ideological baggage—of the persistent attempt to draw a sharp line between the very poor and everybody else.

Relief or welfare policy has never been inevitable. Always, policies and practices have emerged from a choice among alternative possibilities. Early in the nineteenth century, relief policy deliberately stressed poorhouses, even though they turned out to be more expensive and administratively cumbersome than outdoor relief. Later in the century, reformers moved children out of poorhouses and away from their parents because they wanted to break up poor families. Just as easily, they could have built decent family quarters in poorhouses or, most cheaply of all, supported families with outdoor relief. In the Great Depression, President Franklin D. Roosevelt, despite pleas from key members of his administration and social workers, among others, took the government out of the business of relief, in which it had been engaged for about two years, and left hundreds of thousands of people hungry and desperate. The selection of welfare policy, as these examples show, has reflected social values and the purposes welfare was to serve. However, whatever these official goals, poor people have managed, at least partly, to subvert them and to turn institutions and practices to their own purposes. Indeed, the resilience of the poor, their capacity to survive and resist, is the only major note of cheer in the depressing past that characterizes American welfare.

This book sets welfare in the context of American social history and outlines its story. It is, in part, a tale of transformation, of how social policy responded to the great shifts in America's social and economic structure from the nascent capitalism of the late eighteenth and early nineteenth centuries, through the nation's industrialization and the great era of corporate capital in the early twentieth century, to the current period of deindustrialization and the emergence of a service economy. Part I is called "The Poorhouse Era" because, although more people received help outside than inside institutions, poorhouses symbolized the spirit and intent of welfare practice. At first,

they were, indeed, welfare's cutting edge as reformers responded to new forms of dependence and heightened problems of social discipline and labor force control during the early spread of capitalist social and economic relations. Chapter 1 shows why poorhouses became the preferred response to extreme poverty and why they failed to meet their goals. Chapter 2 highlights the resilience of *outdoor relief*, noninstitutional public assistance, despite reformers' hostility, and describes how and why it survived the late nineteenth-century war against it. Chapter 3 focuses on the voluntary sector: antebellum private philanthropy and a post—Civil War theory, *scientific charity*, deployed amid the tensions of Gilded Age America to justify newly hardened policies toward the poor. Chapter 4 returns to poorhouses and shows how their transformation fostered the development of large orphanages, huge custodial mental hospitals, flophouses, and public old-age homes.

Part II covers the great era of corporate capital from roughly the 1890s through the 1930s, when replacements for the failed earlier nineteenth-century policies, especially poorhouses and scientific charity, became urgent and the impotence of state and local governments before the great problems of dependence became unmistakable. Its focus is the creation of what I have called the semiwelfare state, whose structure was completed by the New Deal. It deals with the special problem of children and, then, the implications for welfare of attempts to reorganize cities, labor markets, and the nature of government. Chapter 5 situates the great reform movement of the late nineteenth century, child-saving, in its social context and reveals how the resolution of debates about the appropriateness of institutions for children, the role of government in their lives, and the preservation of families resulted in new social policies toward children, including the intrusion of state authority into family relations. Chapter 6 traces the interconnections between early twentieth-century municipal reform and the development of both urban welfare systems and professional urban experts: reformers, social workers, and public welfare officials. Chapter 7 shows how attempts to reorganize labor markets in the same period fueled the development of welfare capitalism and early forms of social insurance. Chapter 8 locates the emergence of the semiwelfare state in the New Deal's reorganization of the national government and its relations to its citizens.

In both parts I and II chapters for the most part are thematic rather than chronological. It seemed to me more useful and interesting to explicate great themes in welfare's history than to scatter them throughout a strictly narrative account. (The result is some overlap, which is inescapable, but I hope not too intrusive.) Part III traces the relation of social welfare to some of the great themes of post–World War II experience: the civil rights movement, the urban crisis, deindustrialization, and the emergence of a new structure of

poverty. My main concern in the last two chapters is to offer an interpretation of the war on poverty, the expansion of social welfare, and what I call the current war on welfare and to show how they flow from and reflect the larger history of welfare in America. The last chapter ends with my speculations about the future of welfare and the components of more adequate social policies.⁵

If readers take only two major ideas from this book, I would like them to be these: first, American public welfare has a very old history. Public funds have always relieved more people than private ones. Voluntarism never was and never will be an adequate answer to the problem of dependence. By contrast, despite all its flaws, government has been, and can be again, a great source of social progress in America. Second, welfare policy results from choices among alternative possibilities. We have the resources, competence, and ideas to transform social welfare in America. The real question is how much we care. If we fail to eliminate poverty, hunger, malnutrition, and bad housing, we will have made our answer clear.

For a historian of welfare, two revolutions mark the decade since this book's first publication in 1986. A burst of scholarship has reconstructed interpretations of welfare's history. The reasons why America found itself with a welfare system nobody likes no longer remain mysterious. In the same years, a burst of practical activity in state and federal legislatures, city governments, social service agencies, charities, and corporations reconstructed the welfare state itself along new principles. As a result, the future of social welfare promises to be very different from its past. I have written about the new historiography of welfare elsewhere. Here I reflect on how it might have influenced this book had it been written now and make explicit some of the assumptions underlying my own approach.⁶ A new chapter (chapter 11) traces the redefinition of the welfare state itself.

Had I written this book in 1996, with rich new scholarship available, how would it have differed? I would be able to write in greater detail and with more authority about a number of topics, notably veterans' pensions, settlement houses, the role of late-nineteenth- and early-twentieth-century women reformers, mothers' pensions, the Children's Bureau, the Sheppard-Towner Act (infant and maternal health care in the 1920s), the design of Social Security in the 1930s, its subsequent expansion, and the community action side of the War on Poverty. I would place more emphasis on the influence of the structure of government and politics, and I would pay a great deal more attention to the role of gender – the gendering of the welfare state's structure and its differential impact on women and men, especially the adverse implications for women of the split between public assistance and social insur-

ance. I also would spend more time on the private welfare state of social services, charity, and employee benefits, which I would emphasize as a distinct track in the welfare state, parallel to and sometimes intersecting with public assistance and social insurance. I have written more about the private welfare state for this edition in chapter 11.

Yet, none of the main interpretations in the book seem to me wrong, and the periodization still seems right. The years between the early nineteenth century and the late 1880s mark an era dominated by a fairly coherent strategy that emerged most starkly in the 1870s. Its features were reliance on institutions, hostility to public outdoor relief, the separation of parents and children, and social control through the personal oversight of the poor by the wealthy. This strategy ended in the 1890s when a major depression helped reveal its bankruptcy.

Although the years from the 1890s through the end of the 1930s might be divided along conventional lines (the Progressive Era, World War I and the 1920s, the New Deal) I found it useful to think about the period in a slightly different way – to stress the massive reorganization of American economic, social, and political experience, and to identify some of the threads running through it. The War on Poverty and Great Society days, from the 1960s through 1973, form another distinct period followed, in the 1980s, by what I called the War on Welfare, which, more than I realized then, signaled the start of a revolutionary era in the history of social welfare. The last section of the book on the War on Poverty and the War on Welfare remains the sketchiest; the War on Poverty deserved more extended treatment, and I slighted the intellectual ferment around ideas of poverty and welfare. I have written more about them in subsequent books.⁷

This book's main empirical contribution remains, I believe, its emphasis on public assistance, that is, on poorhouses and outdoor relief. It makes clear that America as well as Britain had its poor law debates, and that the public's role in welfare forms a long, continuous thread throughout American history. The golden age of charity when neighbors took care of each other without the help of government remains pure myth. At the time I wrote this book, historical writing about poor relief and public assistance remained meager, and it still remains a neglected area, outside the major concerns of the new histories of welfare.

I analyze institutions and policies, such as poorhouses or, in other work, public education, by ferreting out their purposes, tracing their implementation and, usually transformation, and trying to figure out the reasons for what happened. I look for patterns and aim for middle-level generalizations rather than the more embracing theoretical explanations that influence many of the new histories of welfare. Indeed, the more I study history, the less persuasive

and interesting single-factor theories become. Major social institutions like welfare always serve multiple purposes. The scope of their operations demand it; the political coalitions essential to their origins and survival ensure it. The diverse interests that join together to sponsor institutions usually differ in their objectives. As a result purposes often clash and inherent conflict and instability frustrate or undermine their goals. With welfare, the five purposes around which I tried to weave the story remain as alive and influential today as at any point in the past. On reflection, I might have added a sixth purpose: to accomplish its goals as cheaply as possible.

As in the past, alarm over soaring costs underlies the current war on welfare. Nonetheless, three other elements mark the last decade's redefinition of the welfare state: the furious attack on dependence embodied for the most part in young, unmarried women; the devolution of power from the federal government to the states; and the diffusion of market models for social policy. In chapter 10 of this book's first edition, I glimpsed those trends and sketched their beginnings, although I did not realize that they would join together to form a coherent strategy for redefining the principles underlying the welfare state as well as cutting back its size and scope. The chapter locates the first skirmishes in the 1980s war on welfare in the response to urban fiscal crisis and in state governments' abolition of general assistance; it argues that these events rehearsed strategies later adopted by the Reagan administration. The chapter did not notice the parallel strategies that had started to emerge in the private welfare state. The events of the next decade proved the chapter more prescient than I had realized.

Chapter 11, written for this edition, picks up the story and carries it through late 1996. By then, many developments had accelerated the processes redefining the welfare state. The results remain to be seen. The chapter tries to shed some light on the origins of the revolution in social welfare and the interrelation of its components. It argues more directly than the first edition for the importance of seeing social welfare whole.

Research and writing on American social welfare remains segmented. Historians, social scientists, and policy analysts concentrate on one or another of its aspects. Even those who write about both public assistance and social insurance usually neglect cities and the private welfare state. In truth, the components join together in one vast, loosely articulated system that provides social benefits and services.

Not all the elements of the last decade's redefinition touch all parts of the system uniformly. The furious attack on dependence strikes primarily at public assistance (what is commonly, although inaccurately, thought of as "welfare"); the devolution of power most affects relations among the federal, state, and local governments. However, the diffusion of market models applies

across the components of the welfare system. The widespread assault on entitlements – from AFDC to health care to employee benefits – reveals the new template for social welfare. So do the privatization of city services, the "marketization" of social services, and the shift to defined-contribution pension systems.¹⁰

One of the questions always underlying debates on welfare asks, what do we owe each other? What are our obligations to one another as members of a community, city, or nation; as strangers joined only by the bonds of common humanity?¹¹ As it emerged in the years after World War II, the welfare state's answer tightened the bonds of obligation and responsibility among citizens, and its emphasis on entitlement reflected a logic of social solidarity at odds both with older notions of charity and the recent emphasis on the market.¹² However imperfectly implemented, this answer shaped public policy for about three decades. In the last decade, it has become an anachronism.

which many writers have observed reflect the diffusion of a market template through economy, government, society, and family. In Chapter 11 I try to show its application throughout the world of social welfare and to speculate about some of its consequences. In this book, I have concentrated more on providers than recipients. It is easier to see the impact of new ideas and impulses on those who design and administer social welfare than on those who receive it. Indeed, wherever they have been studied, recipients have transformed policies, bending them in unanticipated ways. How they have responded to the forces reshaping social welfare in recent years remains a crucial topic, but one for another book.

A number of reviewers of the first edition chided me for my pessimistic tone. They were right about the tone; too ready to dismiss it. The slim grounds for optimism about the possibility for more effective, humane, and generous social welfare in America that they thought they saw then, that others believed at hand with the election of Bill Clinton in 1992, has vanished. For those who believed in the transformative energy of the market, the innovative capacity of state government, and the capacity to accomplish more with less money, the mid–1990s did indeed herald a brave and hopeful new era. For those who believed otherwise, they signaled disaster.

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