

Toward social welfare

An analysis of programs and proposals
attacking poverty, insecurity, and
inequality of opportunity

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C. W.

Table of contents

Introduction 1

Part I. The problems

Introduction 1

The extent of inequality: *The distribution of income. The distribution of wealth. Distribution in other countries. Changes in distribution.* Inequality—pro and con: *Earned incomes. The origins of great fortunes. Inheritance. The defense of private riches. The uses of inequality. In conclusion.*

2. Poverty 25

The extent of poverty: *Measures of poverty. Family budget studies. The American poor.* Causes of poverty: *Personal factors. Social factors.* Consequences of poverty: *The low level of living. Inferior schooling. The costs of poverty. The transmission of poverty.*

3. Insecurity 40

Loss of income: *Old age. Loss of the breadwinner. Unemployment.* More expenses with less income: *Accidents. Illness. The incidence of medical costs.* Insecurity or security? *Security and character. Security, output, and progress. Security and stability.*

4. Inequality of opportunity 50

Minorities in the United States: *The American Indian. The Mexican-American. The Puerto Ricans. The Negro.* The changing Negro problem: *Slavery and caste in the South. Migration and urbanization. The Negro's welfare today.* Discrimination in education: *Segregation in the schools. The quality of Negro schooling. Opportunity for higher education.* Discrimination in employment: *Rates of unem-*

ployment. The Negro's occupations. The Negro's wages. Discriminatory practices. Discrimination in housing. The Negro rebellion.

Part II. Attacks on insecurity

5. Private provision for security 71

Private charity: Relatives and friends. Organized charity. Life insurance: Types of insurers. Types of protection. The cost of insurance. Employee benefit plans: Retirement and survivorship. Unemployment. Meeting the cost of medical care: Commercial health insurance. Blue Cross and Blue Shield. Other health plans. How adequate is private health insurance?

6. Social security 86

Approaches to social security. The background of social security: The evolution of public charity. The evolution of social insurance. The American pattern of social security. Insurance programs: State insurance programs. Federal insurance programs. Charitable programs: Welfare services. Categorical assistance programs. Medical aid to the indigent. Food programs. Housing programs. General assistance. Veterans' benefits. The adequacy of social security.

7. Occupational injury and unemployment 103

Occupational disability: Workmen's compensation. The benefits promised. The benefits provided. Unemployment insurance: Coverage and eligibility. Disqualification for benefits. The level and duration of benefits. Administrative problems. Merit rating. Problems of multiplicity. Possible reforms.

8. Old age, survivorship, and disability 118

Federal social insurance in 1935: Risks to be insured and groups to be covered. The character of old-age insurance. Eligibility and the determination of benefits. Taxes for social insurance. Current or reserve financing? Evolution of federal social insurance: Risks insured and groups covered. Benefits and taxes. Pay-as-you-go financing. Federal social insurance in 1968: Eligibility for benefits. Determination of

benefits. The character of the system. Proposals for reform: The level and structure of benefits. Financing benefits. A dual system of income maintenance.

9. Medical care 134

The health services industry: The supply of resources. The distribution of resources. Solo practice versus group practice. The role of the hospital. The drug industry. The American Medical Association. The quality of medical care. The cost of medical care: The increasing cost of care. Meeting the cost of care. Government intervention in medical care: Socialized medicine. Health insurance abroad. The attack on health insurance. Problems of health insurance. Health insurance in the United States. Medical care for the aged: The insurance programs. Insurance administration. The medical assistance program. The future of health insurance.

Part III. Attacks on inequality of opportunity

10. Educational opportunity 159

Desegregation of schools: De jure segregation before the courts. Desegregation in the South. Desegregation in the North. The feasibility of desegregation. Desegregation pro and con. Improvement of schools: Compensatory education. School and community. Federal aid to local schools: The Elementary and Secondary Education Act of 1965. The Teachers Corps. Aid for higher education: Forms of student aid. The federal role. Higher education for Negroes.

11. Employment opportunity 179

State and local control of discrimination: Fair employment practice laws. Enforcement of fair employment practices. Federal control of discrimination: Discrimination in government employment. Discrimination by government contractors. The Equal Employment Opportunity Commission. The National Labor Relations Board. Prospects for employment opportunity.

12. Political and social opportunity 193

Civil rights: The right to vote. Access to public accommodations. Freedom to exercise civil rights. Open housing:

Government support for segregation. State and local fair housing laws. The federal fair housing law. Prospects for open housing. Toward racial equality: Prejudice and discrimination. Integration and black power.

Part IV. Attacks on poverty

| | |
|---|------------|
| 13. Minimum wages | 211 |
| <i>Minimum wage laws: State minimum wage laws. Federal minimum wage laws. Minimum wage administration: Issues in wage determination. Enforcement of minimum wages. Effects of minimum wages: Economic analysis of effects. Empirical studies of effects. The incidence of harmful effects. Minimum wage policy.</i> | |
| 14. Public assistance | 228 |
| <i>The federal-state assistance program: The pattern of public assistance. The scope and level of assistance. The growing burden of assistance. Administration of public assistance: Determination of eligibility. Determination of payments. Disqualification for assistance. The problem of disincentives. The welfare workers. Relief or rehabilitation? Cash and services. The social work approach. The 1962 amendments. The politics of public assistance: The assistance constituency. The revolt against assistance. The 1967 amendments. Proposals for reform.</i> | |
| 15. Income supplements | 248 |
| <i>Proposals for income guarantees: The minimum income. The offsetting tax. Suprapoverty income guarantees. Intrapoverty income guarantees. Relation to other welfare programs. The cost of income guarantees. Income guarantees pro and con: The case for income guarantees. Inconsistency of objectives. Administrative difficulties. Children's allowances: Allowances in other countries. Allowance proposals in the United States. The case for children's allowances. The case against children's allowances. How support incomes?</i> | |
| 16. Housing | 270 |
| <i>Private enterprise in housing: The housing market. The housebuilding industry. The decay of the cities. Govern-</i> | |

| | | |
|------------|---|------------|
| | ernment housing policy: <i>Regulation of private housing. Promotion of private housing. Public housing. Urban renewal. Problems of urban renewal: Planning for renewal. Relocating residents and businesses. Results of urban renewal. Problems of public housing: The cost of public housing. Occupancy of public housing. Life in a housing project. The failure of public housing. New approaches to housing: Demonstration cities. New towns. Interest subsidies. Rent supplements.</i> | |
| 17. | Job creation and area development | 291 |
| | Job creation: <i>Increasing aggregate demand. Jobs in the private sector. Job creation in the thirties. Job creation in the sixties. "Employer of last resort." Problems of guaranteed employment. Rural rehabilitation: Aid to small farmers. Farm labor. Area development: Early development efforts. Appalachia. The Economic Development Program. The prospects for development.</i> | |
| 18. | Labor markets and manpower development | 312 |
| | Improving labor market operations: <i>Variety of market channels. USES: origin and growth. From employment exchange to manpower agency. USES in the sixties. Aid in relocation. Proposals for reform. Increasing employability: Vocational education. Vocational rehabilitation. The Job Corps. Manpower development and training. Results of job training. Potentialities of labor market action.</i> | |
| 19. | Birth control | 330 |
| | Family size and poverty: <i>Socioeconomic status and reproduction. Causes of differential reproduction. Public policy toward birth control: The law on abortion. The law on sterilization. The law on contraception. Changing attitudes. Government birth control programs. Birth control to prevent poverty: Benefits and costs of birth control. Characteristics of an effective program.</i> | |
| 20. | "The war on poverty" | 347 |
| | The Economic Opportunity Act: <i>Administrative problems. Economic opportunity programs. Community action: Community action programs. Representation of the poor. Politics of community action. Appraisals and prospects.</i> | |

Part V. The prospects

21. The strategy and the feasibility of welfare 359
The strategy of welfare: *How attack insecurity? How attack inequality of opportunity? How attack poverty? Benefit-cost analysis. Cost-effectiveness analysis. Priorities in the attack on poverty.* The feasibility of welfare: *The cost of welfare. Can we afford social welfare? Prospects for social security. Prospects for equality of opportunity. Prospects for the abolition of poverty.*

Bibliography

Bibliography 381

Index

Index 395

Introduction

In the richest country on earth at the peak of prosperity, one family in seven—if not more—lives in poverty. In a country that has the capacity to assure every one of its citizens a continuing income, the future for millions is insecure. In a nation that professes its devotion to democracy, an eighth of the people, members of racial minorities, are denied equality of opportunity. This is America in the last third of the 20th century. These are its social problems: poverty, insecurity, and inequality of opportunity.

Measures designed to solve these problems are frequently denounced as instruments of a welfare state. Concern for social welfare, it is said, makes men dependent on government and thus is alien to the American tradition of self-reliance, industry, and thrift. But it is difficult to accept the view that welfare is unworthy as a goal of policy—that its alternative, illfare, is to be preferred. And it certainly is not true that concern for social welfare is un-American. From the initiation of free public education, the abolition of slavery, the enactment of protective labor legislation, and the provision of public charity to the needy, all in the 19th century, to the inauguration of the social security system in the 20th, action to ease the lot of the less fortunate has sprung from the American soil. Measures proposed today may differ in detail from those adopted a century or more ago. But the purpose that inspires them is the same.

Advances in welfare provisions come by fits and starts as social crises impress the need for action on the public consciousness. It was a crisis of major proportions that produced the social reforms of the Roosevelt New Deal. The nation's economy had broken down. The national product had dropped from \$80 billion in 1929 to \$40 billion in 1932. Fifteen million workers were unemployed. Wage payments had declined by three fifths. Nine million savings accounts had been wiped out. Between 1932 and 1938, the average number of families living on public charity was more than six million, nearly a fifth of the nation's households. During the period as a whole, 20 million families were

dependent for a time on public aid. It was against this background that Congress moved to enact a program of social reform. In these circumstances, its emphasis was on social security.

During the forties, attention shifted to the war and to the problems of international reconstruction. In the fifties, the existence of social problems was generally ignored or denied. It was not until the sixties that social reform again moved to the center of the stage. Now the situation was different than in the thirties. The economy as a whole was functioning successfully. Business depressions had been brought under control. Unemployment was of minor proportions. Poverty was far less extensive than before. The problems of social welfare were now problems of particular groups. But these problems were persistent. Despite continued prosperity, there remained, year after year, a hard core of the unemployed. Despite pervasive affluence, there remained a hard core of the poor. And among the groups presenting these problems, there were disproportionate numbers from racial minorities.

In this situation, under the Johnson administration in 1965 and 1966, there came the greatest rush of social legislation in the nation's history. There were measures to extend and strengthen existing programs (social security, urban renewal), new programs affording opportunities for employment (area redevelopment, vocational retraining), programs embodying new policies (federal scholarships for higher education, rental subsidies for the poor), and programs that had long been bitterly opposed (health insurance for the aged, federal aid to local schools). There was the declaration of a "war on poverty" with federal support for varied programs developed by local bodies, their membership including representatives of the poor. And finally, there were measures designed to put an end to racial discrimination in education, in employment, and in the field of civil rights.

How was this rush of reform to be explained? The country was prosperous. Jobs were plentiful. Levels of living were high. Most people felt reasonably secure. The troubles that led to the reforms of the Roosevelt New Deal were virtually unknown. But there was one new driving force that demanded change. A century after his emancipation from slavery, the Negro was asserting his right to equality. A host of other problems were allied with the problem of race: the deterioration of the cities, the failure of urban education, growing child dependency, youthful unemployment, increasing delinquency, violence in the city streets. All of this stirred the conscience of the

white community and aroused its fears. Something had to be done. In addition, there was the fact that President Johnson, elected in 1964 with large majorities in both houses of the Congress, now exerted his leadership to move the country toward the eradication of poverty and the assurance to every American of an equal chance.

This brave beginning came to an untimely end with the escalation of the war in Vietnam. Attention was diverted from America to Asia. Guns were given priority over butter. The programs inaugurated in the earlier years were continued, but not expanded. The zeal that had inspired them was gone. But the problems they sought to solve remained. These problems are still with us. They will have to be faced again someday, some way, somehow.

A great variety of measures have been adopted or proposed for the purpose of ameliorating poverty, assuring security, and providing equality of opportunity. Some of them, however well intentioned, may operate to do more harm than good. Some of them may serve only as palliatives, lightening the burdens of those who are less fortunate, but not preventing their misfortune. By attacking the causes of misfortune, some of the measures may prevent its recurrence.

There are certain questions that must be asked of every program for social reform, adopted or proposed. What will be its economic effects? Will it be politically acceptable? Can it be efficiently administered? How is it to be brought about? These are the questions that will be asked in this volume concerning programs that attack the social problems of poverty, insecurity, and inequality of opportunity.

PART I

The problems

Inequality in income and wealth

In no country at no time have income and wealth been distributed equally. Everywhere and always there have been some people who were relatively rich, others who were relatively poor. The extent of inequality has varied from place to place and from time to time. In some cases, the disparity has been extreme: the rich living at the height of luxury, the poor enduring the deepest misery. In others, the disparity has been moderate, with no one enjoying great luxury, no one condemned to misery. But even here some people have been better off than others: income and wealth have been distributed unequally.

In this chapter, we shall examine the extent of inequality in the distribution of income and wealth in the United States, comparing it with that found in other countries and observing its changing pattern over time. Then we shall go on to consider the consequences of inequality—its disadvantages and its advantages.

The extent of inequality

There is substantial inequality in the distribution of income in the United States, but greater inequality in the ownership of wealth. The degree of inequality, however, is about the same in this country as in other advanced countries of the West and much lower than in the less developed countries of the world. And inequality is far less marked in