

WR - History

Liberal Rhetoric and the Welfare Underclass

David Whitman

During the first half of the Reagan administration, various liberal organizations loudly lamented the administration's reforms to the welfare system, citing them as a burden that was being unfairly hoisted on the back of the nation's poor. Particularly galling to organized labor, civil rights organizations, progressive periodicals, and various liberal intellectuals was the administration's gutting of the CETA jobs program as well as its reductions in food stamp benefits and aid to families with dependent children. Despite, however, what one might infer from this vocal opposition, these same liberal organizations have over the past decade been strangely unsupportive of welfare-reform plans that would have provided more money and more jobs for poor people. Presidents Nixon and Carter both offered welfare-reform programs that would have accomplished these goals, and each drew a similar response from the liberal community: the plans were said to contain "some improvements" but had to be opposed because they were also "inadequate" and "inhumane."

These plans were found "inadequate" and "inhumane" not because there was some shortcoming in the plans that demonstrated a clear lack of compassion on the part of the administration but, rather, because liberals failed to reconcile the mutually inconsistent goals they sought from reform: more accountability but less administrative complexity and welfare "stigma," more generous welfare benefits but stronger incentives to work off of welfare, and so on. As I explore below, the Nixon and Carter welfare-reform plans achieved several desirable liberal goals while simultaneously producing some undesirable consequences. Instead of acknowledging that this was unavoidable, liberal organizations clung fast over the years to a kind of rhetorical chastity, bemoaning the fact that the plans were not "perfect." In the process, their harping obscured the fact that they were often representing their own interests—not those of the poor—and contributed substantially to the defeat of welfare reform during the past decade.

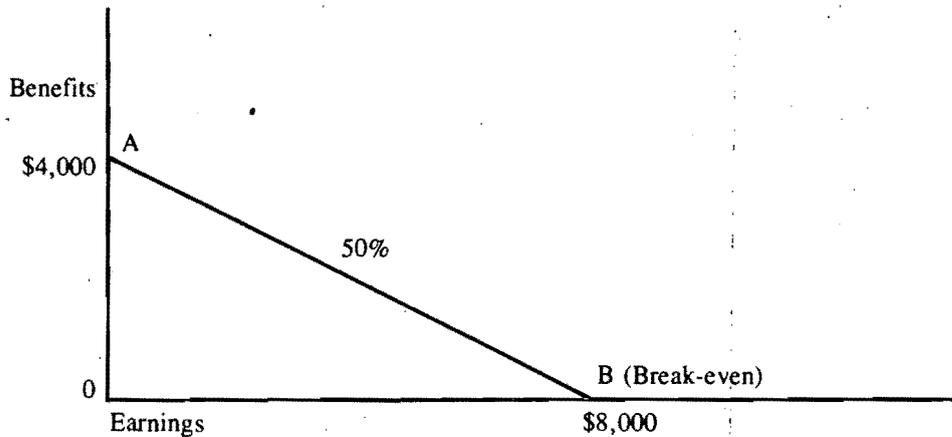
For any defender of the rights of the poor, but par-

ticularly for purported spokesmen for the "underclass," welfare reform remains a subject of immense importance. However one defines the underclass, it is clear that a very substantial portion of it receives welfare. Despite, for example, the recent halt in the growth of aid to families with dependent children (AFDC), 11 million Americans (or about 5 percent of our population) are still on AFDC. In 1979, this large group had an average stay on the program roll of forty-five consecutive months, or just under four years.

The debilitating effect of welfare has been particularly pronounced in urban areas, where it has contributed to (or at least provided support for) a serious breakdown in family structure. In 1979, 81 percent of the families receiving AFDC were single-parent families headed by women, and the problem is even more severe in the black community. One out of three black families with children is now on welfare, and of those families a whopping 89 percent are single-parent families headed by women. The sad fact is that the welfare system has helped divide the poor, particularly the black community, into two increasingly disparate groups: middle- and working-class two-parent families, on the one hand, and poor families headed by women, on the other.

Equally as troubling as the disintegration of poor families is the problem of welfare dependency among black, female-headed families. White, female-headed families receiving AFDC in 1979 had been on the rolls for an average of thirty-eight consecutive months; while hardly encouraging, this is considerably better than the situation in the black community. Black, female-headed families on AFDC that year had been on the rolls an average of fifty-three consecutive months. It is true that these averages can be misleading—since most families that receive welfare do so for a period of less than two consecutive years—but, conversely, the averages also conceal the existence of a significant group of welfare recipients (the true "welfare underclass") that is dependent on welfare for extremely long periods of time. According to a recent article in *Challenge* by Richard Coe,

Figure 1
SAMPLE BENEFIT STRUCTURE FOR A NEGATIVE INCOME TAX



these long-term recipients are disproportionately in female-headed black families; one out of every three of these families has been on the welfare rolls for eight of the past ten years.

The Dilemma

Given the severity of the problems associated with the welfare system, one would think that liberal organizations would have made welfare reform a top (if not their paramount) priority. To begin to understand why this has not happened, it is necessary to have a crude appreciation of why welfare is so difficult to reform. The crux of the welfare dilemma is that it is impossible to design the system that everybody wants: a system targeted on the poor, providing generous benefits and strong work incentives, but at modest cost. This dilemma can most easily be illustrated with a simple diagram of a negative income tax, the most widely advocated solution to the "welfare mess." (See Figure 1.) The particular scheme depicted would provide a jobless family—say, a single-parent family with children—with a guaranteed annual income of \$4,000 (point A). If the head of the family should begin working, the family's welfare benefits would decline at 50 cents for every extra dollar earned until benefits were phased out at "break-even" point B—in this case, \$8,000.

Now suppose one finds these parameters objectionable. Suppose, for example, that one reasonably wishes to raise the \$4,000 annual benefit the family is receiving up to the poverty line (say, \$8,000). As point A moves up, the slope of line AB becomes much steeper, resulting in high benefit-reduction rates (in this case, 100 percent) that create strong work disincentives. On the other hand, if point B is moved out to decrease the slope of AB and the benefit-reduction rate, then welfare benefits end up being doled out to the middle class. Furthermore, increasing the slope of line AB even slightly pushes up the cost of welfare reform considerably. Given the states'

vociferous demands for fiscal relief, this would seem politically suicidal. Decreasing the slope of line AB, of course, reduces the payments to a level that many people would consider inhumane for millions of recipients. Try as you will to juggle these goals, more of one must mean less of another.

Behind this paper dilemma lie some very real political constituencies that embody these opposing interests. Conservative congressmen who wish to reduce the cost of welfare and cut the welfare rolls do not see eye to eye with unions that wish to expand coverage for the working poor and raise benefit levels. Welfare-rights groups who are upset by demeaning "means tests" oppose state and local administrators who want to ensure that welfare is not doled out to the middle class. State and local bureaucrats pushing for fiscal relief are likely to run afoul of federal officials who wish to reduce federal expenditures, and so on.

Adding to the inevitable difficulty of designing a reform plan that can accommodate conflicting interests is the fact that there is no natural political constituency, except the states, pushing for reform. Welfare recipients are poorly organized and vote rarely, so they exert precious little pressure on Congress to reform the system. In the absence of such pressure, congressmen would prefer not to deal with the issue at all, since whatever they do will be criticized as either weakening work incentives, handing money to "welfare chiselers," or depriving helpless families and children of their only support. Welfare reform, in short, requires political tenacity and a willingness to make painful choices. The liberals, as shall be seen shortly, were willing to pick but not to choose.

In late 1969, President Nixon advanced the Family Assistance Plan (FAP) as his welfare-reform program. FAP would have replaced the existing mélange of welfare programs with a negative income tax (of sorts) and contained a pledge that no recipient would have his fed-

eral benefits lowered as a result of reform. Welfare coverage would be expanded to all families with children (including single-parent families headed by men, previously not covered in half of the states). The proposal, in short, enlarged the welfare rolls, simplified program administration, and increased the level of welfare benefits, particularly for southern blacks. Nixon, as has since been widely acknowledged, offered a reform plan that was

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more generous and radical than any offered by his predecessors. As reporters Vincent and Vee Burke would later label it, FAP was "Nixon's Good Deed."

The left half of the political spectrum, however, did not see it that way. The standard liberal response to FAP was to lambaste it for failing to end poverty. The National Welfare Rights Organization (NWRO), led by a charismatic professor named George Wiley, was then very much in ascendance, and the NWRO's leadership was centered in northern urban areas where welfare recipients would gain little if anything from FAP. Consequently, the NWRO took the position that any plan which did not include a minimum federal benefit pegged to the poverty level—for a family that did not work—was "inhumane." The problem with the NWRO proposal, of course, was that by doubling the minimum benefit level proposed in FAP, the range of welfare payments also had to be doubled (out into the middle class) or tax rates would reach confiscatory levels. This made the NWRO proposal tremendously expensive (fifteen to twenty times the cost of the \$4-billion FAP proposal), and it simply did not have a chance of passing Congress.

Despite the political impracticality of the NWRO proposal, civil rights organizations such as the NAACP and National Urban League rallied behind it. (The AFL-CIO, too, complained publicly about the need to raise benefit levels substantially but, privately, supported FAP.) Unfortunately, the opposition of the NWRO and civil rights organizations to FAP turned out to be more than tactical; that is, they were willing to take nothing rather than accept the "inadequate" improvement FAP represented. After FAP had passed the House, the NWRO, with the aid of Senator Eugene McCarthy (D-Minn.), staged "people's hearings" in a Senate committee hearing room, where scores of welfare mothers appeared to harshly attack FAP's "inadequacy." The hearings re-

portedly turned around a few liberals on the Senate Finance Committee, and when the committee held its critical vote on FAP the next day, several liberal senators formed an unholy alliance with conservative southerners to defeat the proposal. The southerners opposed FAP because increasing welfare benefits for blacks in the South would both increase their political power and undermine the local cheap-wage structure. Unlike the southern representatives, who were concerned about the dramatic expansion of welfare that FAP represented, the liberals opposed FAP because although it did a lot for some recipients it did not do something for everybody.

As pointed out, this standard could not be met by any welfare plan, and some liberal senators sought to be more accommodating when Nixon proposed a modified and slightly more stringent version of FAP in 1971. Led by Senator Ribicoff (D-Conn.)—who acknowledged that the liberals "were not well organized" the first time around on FAP—a coalition including the AFL-CIO, the League of Women Voters, Common Cause, the UAW, and others banded together to support Ribicoff's more generous, but only modestly altered, version of "FAP II." The NWRO continued to oppose both FAP II and the Ribicoff bill and managed to turn around the congressional "Black Caucus," eleven of whose twelve members voted against FAP II when it passed the House for a second time in June 1971.

Despite the House victory, FAP stalled again in the Senate Finance Committee, and Nixon ultimately dropped his support for welfare reform in 1972 when he stuck by FAP and refused to endorse Ribicoff's bill (even though the president knew FAP would go down to defeat). By this time, Ronald Reagan was challenging Nixon for the Republican nomination and accusing him of sponsoring a "megadole" plan, thus making Nixon anxious about a challenge from within his own party.

If Nixon needed another reason to drop FAP, however, he got it from Senator George McGovern, then a leading Democratic presidential candidate. McGovern had introduced the NWRO bill on the Senate floor and eventually endorsed a "demogrant" reform proposal, which was even more expensive than the NWRO bill and required levying a major tax on the middle class. In a nationally televised debate, Democratic hopeful Hubert H. Humphrey successfully lambasted McGovern for his exorbitant plan. After this debate, Nixon dropped welfare reform: he no longer wanted his name associated with a generous reform plan. So died welfare reform in 1972.

Better Jobs and Income

Liberal groups might be forgiven their self-immolation during the FAP debate on the grounds that it was their first shot at welfare reform (and they were surprised that Nixon had sponsored a liberal proposal). But that defense does not hold up for the Carter years, when liberal organizations—despite various books and articles about their perfidy between 1969 and 1972—relentlessly con-

tinued to shy away from reforms that would increase the number of jobs and amount of money going to poor people.

In September 1977, President Carter sent Congress his Program for Better Jobs and Income (PBJI), a comprehensive plan for welfare reform. Like the FAP proposal, PBJI would have lowered (minimally) welfare benefits for some northern recipients, the degree to which this would occur depending on how the states decided to supplement the federal benefits. Unlike FAP, however, PBJI extended welfare coverage for the first time to single individuals and childless couples. The Carter plan, in short, provided generally for an increase in welfare benefits, particularly for the poorest recipients, and entailed a significant expansion of the welfare rolls. Its cost was \$19 billion, making it the most expensive and generous welfare plan ever offered by a president.

The most important feature, however, distinguishing PBJI from FAP, was the inclusion of a huge government-jobs program for welfare recipients. Some 1,400,000 jobs were to be created for family heads, an estimated 400,000 of which were to go to the heads of poor black families. Most of these jobs paid the minimum wage, but since the worker's wages were to be supplemented with welfare benefits, a family head's

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total annual income would be a *minimum* of 9 percent above the poverty line (and even higher in the many states that supplemented federal welfare benefits).

By any standard, PBJI offered the largest government-jobs program since the Great Depression, and because the jobs were designated for family heads, it seemed particularly well suited for striking at the family disintegration associated with welfare. President Carter, moreover, as he made clear to liberal audiences before releasing the plan, hoped to use the PBJI job component as a guaranteed job program for heads of poor families. On July 18, 1977, in an interview with the National Black Network, Carter remarked that "our goal [with PBJI] is to be sure that every family in the United States, that at least one member of that family will have a job, either in private life or a public job." In a speech to the National Urban League convention a week later, Carter was a bit more emphatic: "Our goal is to make sure that

every single family has a member of it with a guaranteed job, by Government if necessary, and this is a goal we intend to reach."

When PBJI was released, the 1.4 million figure was written as an upper limit on job creation because Charles Schultze, chairman of the Council of Economic Advisers, was concerned about the inflationary impact of an entitlement job program. Nevertheless, the administration's projections showed that 1.4 million jobs would be enough to supply every able-bodied head of a welfare family with work, and the president's predilections clearly ran toward interpreting PBJI as a job guarantee.

What was the response of the liberal community to what was, at a minimum, the largest public-service employment program since the days of the Works Progress Administration? Avid support? An outpouring of praise mixed with some specific reservations? Hardly. Once again, the liberals reacted schizophrenically, mixing expressions of timid support with outraged grief at the "inadequacy" and "inhumanity" of the plan. In his nationally syndicated column, Vernon Jordan, president of the National Urban League, wrote that PBJI was "an encouraging improvement on the present system" but that "numerous features, including ones such as the linking of work to welfare and the low-poverty-level benefits, are already barely acceptable to those of us trying to reform the welfare system along more humane lines." In testimony before Congress, National Urban League officials continued to support the exorbitant "demogrant" and minimum-benefit poverty line proposals that had been dismissed during the FAP days.

Other civil rights leaders were equally tepid, offering the stick and the carrot at the same time. In his syndicated column, Jesse Jackson wrote that PBJI was "a much welcome step in the right direction"; he added, however, that "a step is nice, but a stride is what is needed." Benjamin Hooks, president of the largest civil rights organization in the nation, the NAACP, wrote in a column distributed to the black newspapers that PBJI "has its good as well as bad points" and that "the NAACP is prepared to work with President Carter to achieve the enactment" of PBJI. In fact, just how prepared the NAACP was to cooperate remained in question: during the next four months, while four congressional committees held a total of thirty-three hearings on PBJI, resulting in a 5,000-page record, the NAACP was as silent as stone. The congressional Black Caucus took a similarly nonchalant approach to the legislation, not even bothering to testify. (It did submit a statement for the record.) The Black Caucus statement concluded that "while the goals and principles [of PBJI] are essentially sound, the actual provisions of the bill in terms of the extent of opportunities and assistance provided fall far short of need."

Liberal publications soon jumped on the bandwagon with the civil rights groups, denouncing PBJI either for failing to end poverty or for forcing poor people to work. Articles in *The Nation*, *Progressive*, and *Mother Jones*

respectively labeled PBJI "a continuation of most of the worst features of the old system," "a charade [that] distracts us from . . . the failure of our capitalist economy to guarantee jobs at a living wage for all," and "a modern-day version of the workhouse." From his tenured

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position at CCNY, Robert Lekachman wrote disdainfully in *Social Policy* about low-wage jobs for welfare recipients, stating: "This welfare bill is an inferior concoction. By the time this Congress finishes with it, it will be poisonous to the touch. In bad times my advice is, enjoy the luxury of principled opposition to bad ideas."

While the AFL-CIO did not consider itself to be in such a luxurious position, it did take a tack similar to the one it had adopted during the FAP days, publicly opposing PBJI while privately working to liberalize it. Even though the AFL-CIO remained involved, however, it did lace its testimony with the same ambiguous and noncommittal rhetoric employed by other liberal groups. In the midst of the AFL-CIO's testimony, William Clay, a black congressman from Missouri who had become exasperated by the liberals' song and dance, interrupted the AFL-CIO witness to point out: "All of the witnesses who come before this subcommittee, with the exception of the administration witnesses, started out by saying that they agree with this bill in principle and then go on to completely destroy everything in the bill."

The ultimate, shameful irony of what happened with PBJI, however, was not the Left's initial, tepid response to it, but the fact that after the bill was liberalized in subcommittee, it *still* failed to draw the liberals' support. Welfare benefits, for example, were indexed in the subcommittee bill, limits on state supplementation (which strengthened work incentives) were removed, many of the jobs were changed from minimum to prevailing wages, and the waiting time for welfare was shortened. Most important, the 1.4-million-job limit was lifted, *making PBJI an entitlement job program for heads of poor families.*

At this point, PBJI ran into serious conservative opposition. The chairman of the full House Ways and Means Committee (Al Ullman) thought PBJI was too expensive, added too many people to the welfare rolls, and removed the incentive to work by providing a guaranteed income and government job. The administration had also over-

loaded Ways and Means with other legislative initiatives (such as tax reform and hospital cost containment), and Ullman began stalling a review of PBJI.

With PBJI in captivity, did liberal groups now jump in to fight for the first guaranteed-job program backed by an administration in more than forty years? Surprise. Nothing happened. The AFL-CIO executive council released a statement saying that the subcommittee changes, "while worthy of our support, would still leave the bill far short of what is needed to insure that the program will provide decent jobs and income security for the nation's poor." Despite all the ballyhoo it had raised over the years about the need for a guaranteed-job program, not a pip came out of the National Urban League or the Black Caucus warning against torpedoing PBJI. The National Urban Coalition, the League of Women Voters, Americans for Democratic Action, Common Cause, and other liberal organizations were silent on the matter. In May 1978, shortly before Carter abandoned PBJI in the face of Ullman's opposition, the NAACP finally got around to testifying on the subcommittee bill before the Senate. The NAACP witness apparently did not even realize he was testifying on a bill that included a guaranteed-job program providing recipients with an income above the poverty level. He merely restated the tired and myopic formula that welfare reform should include "a uniform national benefit program that will be set at the poverty level."

What accounts for the self-destructive behavior of liberal groups on the welfare-reform issue over the past decade? Obviously a number of factors are involved; only several of which can be touched upon here. Among the civil rights organizations, for example, the leadership has simply failed to keep step with changing times. During the 1960s and before, when much of the current leadership of the civil rights movement was being formed, the drive for equality represented more a battle over principle than over bread and, as such, attacked easily identifiable injustices. As Roy Wilkins succinctly pointed out during World War II: "It sounds pretty foolish to be against park benches marked 'Jude' in Berlin, but to be for park benches marked 'Colored' in Tallahassee." Since the passage of the 1964 Civil Rights Act, however, racial problems have shifted increasingly out of the legal arena and into the area of economic class. (Martin Luther King bluntly heralded this shift when he observed, shortly before his tragic death: "What good is it to be allowed to eat in a restaurant if you can't afford a hamburger?")

Appealing Principles

In this latter area, the traditional civil rights appeals to religious conscience have simply missed the point, and welfare reform is a classic example. No research is required to say that one should oppose a law that says a man cannot eat in a restaurant if he is black, nor are there any effects that should concern us associated with eliminating the law. In contrast, it requires a great deal of

research even to understand a welfare-reform plan, and there are very painful tradeoffs associated with any reform plan. With the exception perhaps of the National Urban League, no civil rights organization currently has the in-house capacity even to analyze a reform program;

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in the absence of such a capability, civil rights leaders have fallen back on the protest rhetoric with which they have been most comfortable in the past.

In the case of welfare reform, it was the NWRO that originally came up with the slogan—fund the minimum federal benefit to the poverty level—and the civil rights organizations have latched onto it through thick and thin (even though the NWRO has fallen apart). It does not matter that in states with a higher cost of living many recipients do receive welfare payments at or near the poverty level (since their federal benefits are supplemented with state payments). Nor does it matter that raising the federal benefit to the poverty level makes welfare pay better than working and creates a fabulously expensive plan that is politically untenable. In the same vein, it has unfortunately not mattered whether a reform plan actually increased the amount of benefits and number of jobs going to poor people: the point has been to find an appealing principle and to maintain one's ideological purity within the movement come hell or high water.

While this style of liberal rhetoric has perversely influenced the welfare debate—especially because a plurality of AFDC recipients are black, and the civil rights groups are therefore seen as their “spokesmen”—the automatic adherence to outdated protest slogans only partly explains the quandary of liberal organizations. Organized labor, after all, need not have wed itself to the NWRO rhetoric and possesses the technical competence that most civil rights organizations lack. The issue is, in fact, more subtle. The real reason liberal groups fail to give vigorous support to welfare reform boils down to class conflict. It is rarely to the liberals' advantage to support welfare reform; and, in some cases, it is actually to their disadvantage.

The labor unions offer the starkest illustration of this phenomenon. How could the labor unions oppose or be indifferent to the largest public-service employment program offered by an administration since the Depression? Put quite simply, the public-service employment program in PBJI posed a threat to the unions' members. To begin with, organized labor's primary responsibility is to represent workers or the temporarily unemployed;

not dependent families in which no one is working. More directly, the public-service employment program for welfare recipients threatened to reduce the labor unions' power by creating a large pool of nonunionized workers who would (by and large) be paid the minimum wage. These low-wage workers potentially undermined the union employees' fight for higher wages.

Not surprisingly, of all the unions that testified on PBJI, the American Federation of State, County, and Municipal Employees (AFSCME) was the one that most adamantly opposed the public-service employment program. As Jerry Wurf, AFSCME's president, acknowledged in testimony, his members wanted to protect their high-paying CETA jobs instead of having “welfare workers [end] up working alongside other workers whose wages and benefits are considerably higher.” The ironic result of all this was that organized labor ended up making many of the same criticisms of the jobs program as congressional conservatives made: the jobs might be make-work, there would not be an adequate transition from public- to private-sector jobs, the program would unnecessarily expand the government payroll, and so on. Some of these criticisms were legitimate, but it was unfortunate that they flowed so freely from the unions.

In the same fashion that the unions' lackluster support for welfare reform reflects its own class interests, so does posturing by the civil rights groups reflect their distance from welfare reform. The membership of such organizations as the NAACP and the National Urban League is composed overwhelmingly of the expanding black middle class. It is only natural that the leaders of these organizations should focus on time-honored strategies that have redounded to the benefit of their members: that is, voter registration drives, stiffer antidiscrimination statutes, expanding minority enterprise, and, of course, affirmative action.

On the other hand, there is little natural incentive for civil rights organizations to concentrate on structural barriers in the economy that their members have already surmounted—such barriers as the decline of manufacturing jobs in central cities, the growth of menial service positions in urban areas, and the lack of adequate welfare benefits. Consequently, when the 400,000 jobs for black heads of welfare families contained in PBJI went down the sewer, no one from the civil rights organizations appeared even to take notice. To put it crudely, their chief constituency was the black college graduate, not the single-parent family on welfare. Anyone who doubts this should consider for a moment what would have happened if the 400,000 jobs in PBJI had been changed to high-paying, affirmative action positions, open to talented blacks with educational credentials. If Carter had decided to abandon *that* program, you can bet your life that an outraged Urban League and NAACP would have been out beating every bush in Congress and the White House to get him to reverse his decision.

The fact that the interests of the black middle class will increasingly diverge from those of the black poor is per-

fectly natural: the same phenomenon has occurred with every other ethnic group to have experienced upward mobility. What is not natural is the unwillingness of civil rights leaders to discuss this division forthrightly or even to acknowledge its existence. Benjamin Hooks may have taken a bit of an extreme position recently when he told the *New York Times* that "everything we do has been done for the masses and not for the classes" (my emphasis), but most civil rights leaders are not far behind.

The ultimate result of this strategy of denial could be that civil rights leaders will lose precisely what they are striving to hold onto; namely, leadership of the struggle against racial inequality. So long as middle-class black leaders continue to dismiss the importance of class in the black community, they will continue to feed the illusion that they are not different from poor blacks and, hence, that being poor and black is a primary qualification for speaking out or writing on racial issues.

Such a perception cannot stand the test of time, for it is obvious that the black college graduate and the black woman on welfare with, say, an eighth-grade education and two children, live in different worlds. Already black middle-class leaders are being compelled to defend their middle-class status. Thus, in a recent exchange of articles in the *Washington Post*, Thomas Sowell defended himself against criticism from Patricia Harris, who reportedly said that he "[didn't] know what poverty is." Sowell retorted that Harris's comment was "a pathetic sign of intellectual bankruptcy" because it was she, not he, that grew up in a middle-class environment. In her response, Harris wrote:

The latest manifestation of this struggle over who can and should speak for black people, and who ought to be listened to in the articulation of issues of black concern, resurrects claims of serious antagonisms resulting from differences of color and class within the black community. These differences presumably disqualify persons at some undisclosed point on a racial spectrum from expressing valid opinions on racial issues.

Harris's defense, of course, was no different than that of the white liberals of the late 1960s who found that they had been disqualified "from expressing valid opinions on racial issues" because they were not black. However, the white liberals at least knew that the "blacker than thou" doctrine threatened their standing as spokesmen on racial matters. In contrast, by ignoring the class factor and feeding the "blacker than thou" rhetoric, black leaders are promulgating the myth that all blacks are in similar straits and therefore that being black *and* poor is a prerequisite for leadership. The myth of a monolithic black community may die hard, but when it does the black middle-class leadership may find that it disenfranchised itself by making poverty a criterion for leadership. The cause of welfare reform would hardly be advanced by such a development: the welfare-rights movement, for example, lacks the financial muscle, re-

search capability, or voting power to affect Congress by itself.

Welfare reform, no matter what the liberal organizations might do, will remain a precarious pursuit invoking strong, conflicting passions and lots of futile effort. Insofar as groups on the left of the political spectrum can promote more progressive reform of the welfare system, they will have to undergo some profound changes of attitude. That is a simple-sounding and perhaps naive prescription, but it is nonetheless true.

The prerequisite to any serious discussion of welfare reform is to choose. Again, that sounds simple; but because welfare reform is a painful and uncertain endeavor, it has not been done. Liberal leaders have refused to confront the welfare-reform dilemma and have vaguely supported a host of mutually conflicting objectives that bear no relationship to the reform plans under discussion. Once liberals acknowledge that there is no such thing as a perfect plan or a quick fix for welfare, they might begin to discuss more honestly some taboo topics that have polarized the subject. For many years, for example, liberals have asserted that welfare fraud is not a problem, and they have fought like hell to remove the "stigma" associated with welfare. Welfare fraud, however, *is* a problem—even if its prevalence is exaggerated—and welfare will always be stigmatizing because dependency is not a pleasant condition. In the same vein, the appalling disintegration of poor black families has been off limits ever since the infamous "Moynihan report." Perhaps that subject, too, could be broached if discussion were to shift more to problem solving and less to toeing the rhetorical party line.

The class conflict undergirding the welfare debate cannot, of course, be eliminated simply by having liberal organizations take a more practical approach to the question of reform. But, at the very least, a more down-to-earth approach might make liberals think twice before they once again asphyxiate a reform plan that gives poor people more money and jobs. □

READINGS SUGGESTED BY THE AUTHOR:

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WR - History

MEMORANDUM

To: Bruce Reed
Fr: Timothy Fong
Re: Carter's Welfare Reform based on the book *The President as Policy Maker*

SUMMARY

This book, long on history, short on analysis, gives a detailed account of Carter's attempt at passing welfare reform. Rather than presenting the information as a concise history, I have broken up the information according to headings that might be relevant to the current discussion:

Moynihan
Consulting Process
Presidential/White House Style
Congress
Califano
Relations with HHS and DOL

DISCUSSION

Moynihan

- **Moynihan demonstrates skepticism of the bureaucrats.**

"This is HEW at it again. They produce wonderful books on how you cannot do it....[Someone] with a first-rate mind and three months' experience could draft legislation in a morning."

In his critique of Carter's attempt, Moynihan says "...the economists took over. The entire process got caught up with economic models of how people behave....One must remember that they set up an incredible policymaking apparatus which produced nothing. It was a complete failure....These bureaucrats were idiot savants."

- **Moynihan reversed his position on Carter's plan.**

When first released in August, he called it a "magnificent program"; two months later, in October, he called the legislation "disappointing"; in January, contended the program "does a superb job of balancing different kinds of interests...."

- **Moynihan expressed concern for fiscal relief to New York state.**

Moynihan feared a tax revolt similar to that in California (Proposition 13). Later, when Carter began work on another welfare proposal following the defeat of Carter's plan, he told Carter that he wanted increased aid to high-benefit states.

The Consulting Group

Two groups seemed to emerge under the heading of Consulting Group: The Friday group, and the Monday group.

The Friday group

Califano announced the formation of a "consulting group" which included members of executive departments, Senate and House Committee staffs, governors, cities, counties, and states, as well as private organizations. The intent was to diffuse potential opposition, particularly on the Hill.

Controversy arose regarding the inclusion of welfare recipients. Califano opposed such inclusion. During the first public hearing, the consulting group was openly criticized for its exclusion of welfare recipients.

Because the group was constituted under the Federal Advisory Committee Act, they were required to include "representatives of nonprofit private organizations concerned with social welfare programs, other persons with special knowledge...and members of the public." This included welfare advocates.

The Friday group became a public relations display, and held in a large auditorium. Soon, most members realized that these meetings were a waste of time, and they sent their assistants to attend instead.

Despite the criticism of the consulting group process as simply a media event, others saw the approach as an essential means to set up a political network, particularly at the state and local level.

The Monday Group

This group consisted primarily of government officials, excluded welfare advocates, state and local officials, and was not on the public record.

Many of the participants had been involved with welfare for a long time, and considered the educational process, such as the briefing papers, as a waste of time. The members came with their own conception of what was wrong with the system, but discussion revolved around those differences, rather than in establishing criteria.

Part of the process included the production of analytical papers, many of which seemed to duplicate the work done under Nixon. "[T]his time-consuming process was necessary to make it politically palatable to the administration."

At one meeting, HEW presented an exhaustive list of options. Welfare rights advocates saw the option papers as "value free," without a sense of the relevant criteria and the relative importance. "It is as if the delivery systems are more important than what is being delivered. This make it impossible for the public to enter into a dialogue."

Without such an evaluative framework, the consulting group meetings turned into a "random airing of people's views about the specific reform approach that ahppend to be on the table for discussion that week."

An offshoot of this process was that the consulting group sent conflicting signals, particularly to congressional members. If the consulting group seemed to be interested in one type of proposal, Congressmen with different views felt alienated; on the other hand, if the group seems to be heading one direction amenable to a Congressman, then switches, the member would feel "let down."

White House

Several of the participants in the process commented on the White House and the President's role:

- **"The White House did not have its sense of priorities very straight."**

When trying to push its proposal through Ways and Means, the administration had other major legislation, such as energy and tax reform, in the pipe. From the congressional side, members felt that the administration lacked commitment and focus to welfare and were less inclined to expend energy to push welfare reform through committee.

- **The White House lobbying effort was "lukewarm."**

It wasn't until two days before the announcement of the proposal that Carter began calling on congressional leaders. The last-minute consultations and the lack of staffers' views in the final proposal ultimately weakened Congressional support by the two chairmen of the finance committees.

- **Carter let welfare reform be handled primarily in the cabinet agencies.**

The advantage of this approach was that the agencies had expertise on the matter. But by giving the issue to the agencies, bureaucratic language dominated the discussion. This affected congressional relations, since members "needed to be given particular examples of how something affects their constituents, and all HEW talked about was norms and medians and national averages."

With his penchant for detail, Carter muddled around at the edges.

- **Management by deadlines**

Carter established a May 1 deadline for the final product, a deadline which was difficult to meet. Around May, however, the administration released its 12 principles (see attached), rather than revealing a concrete proposal.

HC,
MARTA

Carter was criticized for this method of management. As governor, this approach was used to force action from a sluggish government. The effect in Washington was to dilute his priorities: "I have no preferences; my preference is to move ahead with everything at once." As a result, the president pushed forward several major legislative proposals, and nothing survived in Congress as originally conceived.

● **Bogged down with details**

Unlike Nixon's attempts at welfare reform, Carter did not struggle over the history or philosophy behind reform. Carter did not receive, nor request, any memos on the history of previous reform attempts. Instead, he looked at costs and technical details. Unlike other presidents who attempted major legislative proposals, Carter did not communicate a clear sense of how the policy related to the larger aspirations of the presidency. "In the hundred pages of memoranda...scarcely a word about how welfare reform was related to the problems of the cities, federal-state relationships, the economy, or equality of opportunity."

Congress

- **Ullman, chairman of the Ways and Means, opposed a high-cost welfare plan; and**
- **Long, chairman of the Senate Finance Committee, believed that welfare reform meant cutting the welfare rolls.**

Although Carter, himself, intended the cost to be low by using a zero-cost planning method for his reform proposal, the legislation that came before Ullman cost \$20 billion. Part of the problem lay in the Administration underestimating its costs, and CBO revealing higher actual costs for the proposal; the bill became more expensive when it went through the Welfare Reform Subcommittee.

The comprehensive approach with the unavoidable high costs posed a serious obstacle in Congress. Califano related that to the passage of Proposition 13 which signalled "hard times," a difficult environment to pass such expensive social legislation.

- **Carter decided against an incremental approach that would have put the jobs and welfare portions into two separate bills.**

Both Ullman and the Assistant Secretary of Labor, Packer, suggested this incremental approach. Such a comprehensive bill not only became costly, but complicated. And as the details of the bill came out through the committee process, Congress became more critical, as did the media and the public.

- **"We should have brought people from the Hill more directly into the planning process."**

This critic felt that the administration set about designing a program from within the Administration, without incorporating the pet theories developed on the Hill.

- **The expense of the comprehensive bill created a climate that allowed other Congressmen (e.g. Danforth, Kennedy, Ribicoff) to put forth less expensive bill that could still appeal to both conservatives and liberals.**

Under this observation, the failure of Carter's comprehensive bill allowed for other successive bills to be introduced and have a higher likelihood of being passed.

Califano and DOL-HEW

More information is available on the one-upmanship and philosophical differences between DOL and HEW, as well as Califano's own management style as an agency secretary. But for the purposes of this memo and seeing ways that the DPS can better coordinate the process, that didn't seem immediately relevant.

Enclosures

- A. Carter's Principles as released in lieu of his welfare proposal to meet a deadline.
- B. The timetable of the welfare reform proposals under Carter.

Carter's 12 Principles

1. No higher initial cost than the present system's;
2. Under this system every family with children and a member able to work should have access to a job;
3. Incentives should always encourage full-time and part-time private sector employment;
4. Public training and employment programs should be provided when private employment is unavailable;
5. A family should have more income if it works than if it does not;
6. Incentives should be designed to keep families together;
7. Earned income tax credits should be continued to help the working poor;
8. A decent income should be provided also for those who cannot work or earn adequate income, with federal benefits consolidated into a simple cash payment, varying in amount only to accommodate differences in costs of living from one area to another;
9. The programs should be simpler and easier to administer;
10. There should be incentives to be honest and to eliminate fraud;
11. The unpredictable and growing financial burden on local governments should be reduced as rapidly as federal resources permit; and
12. Local administration of public job programs should be emphasized.

We believe these principles and goals can be met.

There will be a heavy emphasis on jobs, simplicity of administration, financial incentive to work, adequate assistance for those who cannot work, equitable benefits for all needy American families, and close cooperation between private groups and officials at all levels of government.

The more jobs that are available, the less cash supplement we will need.

We will work closely with Congress and with state, local and community leaders, and will have legislative proposals completed by the first week in August. Consultations with each of the fifty states are necessary.³⁰

APPENDIX 3

CHRONOLOGY: KEY DATES

1976

- December 9 Welfare Reform Transition Group meets with Carter. Carter indicates desire for comprehensive reform.
- December 26 Meeting of the cabinet on St. Simon's Island, Georgia. Califano tells Carter he can have welfare plan to him by May 1.

1977

- January 25 Carter press conference. Carter announces that Califano will have a comprehensive plan to him by May 1.
- January 26 Califano announces formation of consulting group.
- February-March HEW and DOL dispute merits of a negative income tax versus a guaranteed jobs approach.
- March 25 First presidential briefing. Carter orders Califano to employ zero-cost planning for reform effort.
- April 11 Second presidential briefing. Carter threatens to drop welfare effort unless cost can be held down.
- April 26 Third presidential briefing. Carter leans toward DOL's guaranteed jobs approach.
- April 28, 29 Charles Schultze fails to get Califano and Aaron of HEW and Marshall and Packer of DOL to resolve differences.
- May 2 Carter announces principles for welfare reform.
- May 13 White House staff negotiate HEW-DOL compromise.
- May 23 Carter's advisers send him memos on compromise; Carter approves plan.
- May 25 Califano announces "tentative" plan and state meetings.
- June Meetings with states on welfare reform.
- July 20 final presidential briefing on R.D.J.
- August 3, 4 Carter meets with Ullman and Long.

- August 6 Carter announces PBJI in national telecast.
- September 12 Representative Corman introduces PBJI (H.R. 9030).
- September 19, 21 Califano and Marshall testify before House Welfare Reform Subcommittee. Corman requests CBO cost estimate.
- November 29 Preliminary CBO cost estimate sent to Corman.
- December 1 Carter gives "pen talk" to members of Corman subcommittee.
- December 4 Interview with James Reston. Carter appears to retreat from welfare reform.

- 1978
- January 19 Carter omits welfare reform from state of the union address.
- January 25 Two senior Carter aides indicate they see little hope of passing welfare reform in 1978.
- February 8 Welfare Reform Subcommittee approves a liberalized version of H.R. 9030 (H.R. 10950) and narrowly rejects Representative Ullman's substitute.
- February-March House Ways and Means Committee overloaded with tax reform, energy bills; Ullman opposes H.R. 10950; bill stalls.
- March 6 CBO appraises H.R. 10950 as costing \$20 billion.
- March 10 Carter meets with Corman, Ullman, Long, Moynihan, and Califano
- March 23 Califano testifies before Senate Human Resources Committee. He indicates administration interest in an incremental compromise.
- March-April Negotiations stall.
- May 16 Drafting of New Coalition bill begins.
- June 6 Proposition 13 passes in California.
- June 7 Ullman insists at meeting that costs of New Coalition bill be below \$10 billion; Corman balks at changes.
- June 21, 22 Senate Majority Leader Byrd and Speaker of the House O'Neill agree to drop welfare reform.
- June 28 Senators Moynihan, Cranston, and Long announce support of "no frills" bill.
- September 19 Administration spokesman and National Governors Conference oppose "no frills" bill.

November 17 Moynihan holds hearings on marital instability findings in negative income tax experiments.

1979

March-April Moynihan unhappy with fiscal relief in 1979 proposal.

May 23 Califano and Eizenstat release incremental plan with separate cash and jobs component.

November 4 66 American hostages seized at U.S. embassy, Teheran.

November 7 Cash portion of 1979 plan passes House after clearing Ways and Means.

December 24 Soviet Union invades Afghanistan.

1980

March Carter slashes domestic programs to balance budget.

March 25 Eizenstat notifies Representative Hawkins of year delay in funding for jobs portion of reform. 96th Congress ends without action on welfare reform.

WR-History

**INVITATIONAL ROUNDTABLE DISCUSSION:
LESSONS FROM THE CARTER WELFARE REFORM EXPERIENCE**

Thursday, July 22, 1993
Fifth Floor Conference Room
The Urban Institute
2100 M Street, N.W.
Washington D.C. 20037

Agenda

6:30 pm Introduction

Demetra Nightingale, The Urban Institute, Moderator

Overview of the Clinton Welfare Reform Effort

David Ellwood, Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services

6:45 Insights from the Carter Years: Prospective and Retrospective

Henry Aaron, Senior Fellow, Brookings Institution

Arnold Packer, Senior Fellow, Johns Hopkins University

Bert Carp, Vice President for Government Affairs, Turner Broadcasting Systems

Chris Edley, Associate Director for Economics and Government, Office of Management and Budget

Robert Reischauer, Director, Congressional Budget Office

Reactions and Comments from other Carter officials

7:30-8:00 Break

8:00-9:30 Open Discussion

Possible topics:

- Incremental versus comprehensive reform.
- Safety net issues.
- Publicly-subsidized jobs--feasibility and related issues.
- Employer-oriented policies for regular employment.
- Interdepartmental responsibilities.
- Implementation and administrative issues.

Working Group on Welfare Reform, Family Support and Independence

Chairs

Bruce Reed *Deputy Assistant to the President for Domestic Policy*

David Ellwood *Assistant Secretary for Planning and Evaluation, Department of Health and Human Services*

Mary Jo Bane *Assistant Secretary for the Administration for Children and Families, Department of Health and Human Services (Designee)*

Members

Ken Apfel *Assistant Secretary for Management and Budget, Health and Human Services*

Walter Broadnax *Deputy Secretary, Department of Health and Human Services*

Robert Carver *Deputy Assistant Secretary for Returns Processing, Treasury Department*

Maurice Foley *Office of Tax Policy, Treasury Department*

Thomas Glynn *Deputy Secretary, Department of Labor*

Ellen Haas *Assistant Secretary for Food and Consumer Services, Department of Agriculture*

Elaine Kamarck *Office of the Vice President*

Madeleine Kunin *Deputy Secretary, Department of Education*

Alicia Munnell *Assistant Secretary for Economic Policy, Treasury Department*

Larry Parks *Senior Advisor to the Secretary, Department of Commerce*

Wendell Primus *Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services*

Julie Samuels *Director, Office of Policy and Management Analysis, Department of Justice*

Isabel Sawhill *Associate Director for Human Resources, Office of Management and Budget*

Eli Segal *Assistant to the President for National Service*

Eugene Sperling *Deputy Assistant to the President for Economic Policy*

Michael Stegman *Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development*

Joseph Stiglitz *Council of Economic Advisors*

Fernando Torres-Gil *Assistant Secretary for Aging, Department of Health and Human Services*

Jeff Watson *Deputy Assistant to the President for Intergovernmental Affairs*

Kathi Way *Special Assistant to the President for Domestic Policy*

Surgeon General

Assistant Secretary for Intergovernmental and Interagency Affairs, Department of Education

Assistant Attorney General for Policy Development, Department of Justice

Assistant Secretary, Employment and Training Administration, Department of Labor

WELFARE REFORM ROUNDTABLE
JULY 22, 1993
THE URBAN INSTITUTE

PARTICIPANTS FROM CARTER'S WELFARE REFORM

Henry Aaron

Jodie Allen

Burt Barnow

Michael Barth

Gary Burtless

Bert Carp

Chris Edley

Robert Greenstein

Robert Lerman

Charles Metcalf

Larry Orr

Arnold Packer

Franklin Raines

Robert Reischauer

Belle Sawhill

Charles Seagrave

William Spring

Suzanne Woolsey