

GOP bashing of the poor and elderly. The President obviously missed the lesson of last year's health-care debate, which was that Americans are deeply suspicious of the Federal Government. So, as Republicans try to reform these hulking entitlements, they can take comfort in one last similarity with last year's health-care debate: the President will be on the wrong side.

The Latest Welfare Trap

REPUBLICAN PLANS for welfare reform came unraveled last week as Florida Republican Clay Shaw, chairman of the principal subcommittee overseeing the effort, unveiled a new bill which repudiated major elements of the Republican Contract with America. Shaw's bill, which will become the major legislative vehicle for reform, took the expected step of ending the entitlement element in Aid to Families with Dependent Children but surprised all by abandoning federal work requirements for AFDC recipients.

The new bill nominally requires 2 per cent of AFDC parents to work in 1998 and increases the amount to 20 per cent in 2003. Republicans were shocked when Democrats quickly pointed out that the Shaw bill was more lenient on work than the Clinton bill and existing law. Even worse, the bill's pitiful work requirements are meaningless. "States can apparently define work as looking for a job one day each year. This bill reverses two decades of progress on workfare and effectively takes Congress out of the business of requiring work in federally funded welfare programs," says Robert Rector, welfare analyst at the Heritage Foundation.

Nearly 90 per cent of voters believe that welfare recipients should work for benefits. Shaw's collapse on this popular issue was the result of strong behind-the-scenes pressure by Michigan Governor John Engler. Representing the National Governors' Association, Engler has strongly opposed the work and anti-illegitimacy provisions of the Contract.

Engler has a national reputation as a strong proponent of welfare reform. And that record has some sub-

stance. His fame comes from abolishing Michigan's General Relief, a program that gave cash largely to able-bodied single males. But he also has urged fellow governors to aggressively expand the caseload of the Supplemental Security Income (SSI) program by providing cash benefits of around \$5,000 per year to children with vague "attention-deficit disorders." This practice of ballooning welfare rolls by giving "crazy checks" to any child who occasionally acts up has been deplored even by the *Washington Post*.

What explains the discrepancy? The answer is simple: General Relief was funded by the state; SSI is funded by the feds. Engler's attitude toward federal money should serve as a clear warning to those conservatives who believe that welfare reform means raising some \$250 billion in welfare funds each year in Washington and then blindly dumping it on the states with "no strings."

Everyone agrees reform means requiring welfare recipients to behave responsibly. The reform signal fails to achieve that aim, ironically, because the governors, as the nation's largest welfare recipients, are insisting on receiving their federal largesse without requirements or strings. Following that line, once again they have gutted real reform.

Who Is Henry Foster?

IT DEPENDS which day you ask. First the White House trumpeted the "fact" that Dr. Foster, its nominee for the post of Surgeon General, had performed only one abortion. (This is the same White House that says abortions shouldn't matter anyway, since they're perfectly legal.) The figure was quickly bumped up to fewer than 12—Dr. Foster's estimate at the time. Then a transcript surfaced in which a Dr. Henry Foster took credit for seven hundred abortions and amniocenteses. Dr. Foster denied that his namesake was himself but allowed that, as one hospital's records show, he did perform at least 39 abortions. Then an article by Dr. Foster in a medical journal turned up, describing his supervision of 59 abortions by an experimental vaginal suppository. Dr. Foster says he "abhors" abortion and got involved with the suppository experiment only to maintain the accreditation of a residency program, which in any event lost its accreditation. As yet, nobody has explained why an accreditation council would require that a hospital experiment with pill-induced abortions.

Then another article was discovered in which Dr. Foster discussed involuntary hysterectomies he had performed on retarded women. This last, says White House official John Podesta, was "consistent with medical theory and practice at the time"—like the tortures inflicted on George III in *The Madness of King George*. Who knows what other milestones of Dr. Foster's ca-

D'Amato Opens Hearings

No, not to chart Whitewater's flow,
But where the dough that Mexico
Received from Mr. Clinton goes;
So be prepared to hold your nose
When Al's report reveals The Street
(The one on Wall) is on the tent.

W. H. VON DREELE

BEN WATTENBERG

Will Clinton hang tough?

For both substantive and political reasons, President Clinton ought to fire the official who is leaking to The Washington Post about welfare. The leaker is a simpleton. According to my recent understanding of the president's views about welfare, the leaker is also disloyal to Mr. Clinton.

The headline of The Post's front-page story (Nov. 4, 1995) read: "Clinton Faces 'Huge Heat' on Welfare — At Democrats' Urging, President 'Rethinking' Stance on GOP Reform." The source of the story was "administration officials."

Later in the story, a "senior administration official," talking about the president's support of the welfare bill that passed the Senate by 87-12, was quoted as saying, "I'm not sure the president is comfortable with his position on that." (Not sure?) The story continued thusly: "In preliminary discussions about the rest of this year and a second-term agenda on which to campaign, the official said the president has talked about wanting to address the growing income gap between rich and poor and the problem of child poverty. The official said it was difficult to see how the president could make those issues priorities and still sign a Republican welfare bill, even the Senate version."

But that "growing income gap between rich and poor and the problem of child poverty" is not caused by too little welfare. Quite the contrary. The driving idea behind welfare reform is that the welfare system itself pushes people into lifestyles that cause poverty for children. Moreover, a substantial amount of the "inequality gap" is also caused by our savagely counterproductive welfare system.

Voters understand how bad it is. A 1994 CBS-New York Times poll shows that huge majorities of Americans think welfare recipients don't want to work and will never get off welfare and get more welfare benefits than they need.

Census Bureau data show that 46 percent of families with single mothers are in poverty. But among families with married parents, 7 percent are in poverty. Although arguable, evidence, expert testimony and common sense tell us that the current welfare system enables and/or encourages "non-marriedness," particularly out-of-wedlock birth. That causes poverty.

It is likely that the leaker does not come from the White House, but from the vast welfare bureaucracy that never did like Mr. Clinton's idea to "end welfare as we know it." The mind-set of that bureaucracy is apparent in the so-called "studies" that show the Senate welfare bill "adding" a million children to the poverty rolls. The assumptions of the studies strangely do not take into account the very purpose of the bill — to encourage young people to have children after marriage, not before, thus sharply improving children's economic circumstances.

Studies that assume welfare reform will not work are the work of those who believe that welfare reform will not work. Hence, the studies are useless and misleading.

Should Mr. Clinton accede to the demands of status-quo liberals and veto or obstruct the Senate welfare bill, he would be headed into deep political quicksand, and he knows it.

In my now-infamous phone conversation with the president (Oct. 26, 1995), I brought up his strategy of so-called "triangulation." The strategy accepts the idea that the Republican Congress may be generally headed in the right direction, but only a moderate Democrat like Mr. Clinton could keep it from going too far too fast.

I asked the president about a mythical Democrat named Congressman Glotz. What will happen in 1996 when you, Mr. President, are campaigning in Glotz's district? What will happen when a wise guy like me asks whether the voters should vote for Democrat Glotz, when the Clinton campaign is based so publicly on a Republican Congress that is headed in the right direction?

Mr. Clinton said that was "the one question" he wouldn't answer, "at least until the budget bill is resolved." Later, though, he said that the best evidence that Democrats are moving toward the center of the political spectrum could be found in the way Senate Democrats have dealt with the tough-minded Senate welfare bill. (35 of 46 Democrats voted in favor.)

It was clear (to me) how Mr. Clinton intended to deal with the Glotz Conundrum. By the time he gets to Glotz's district, both he and Glotz will have shown they too are tough on welfare.

If they have not, they would push kids into poverty, and themselves out of office.

Ben J. Wattenberg, a senior fellow at the American Enterprise Institute, is a nationally syndicated columnist.

To
Rosen
From
Buz

THE POLITICAL INTEREST

Michael Kramer

"Fixing Welfare Right"

WELFARE AS AMERICA HAS KNOWN IT SINCE THE Depression is just about dead and buried. The end game began in the Senate on Saturday, and the debate is already furious. Some of the proposed bill's prescriptions, such as requiring teen mothers on welfare to live at home or attend school, are long overdue. And Bob Dole has cleverly worked to smooth the harshest provisions of the House legislation. The drive to cut funds to moms who have more kids while on welfare, for example, would be left for the states as an option rather than mandated by Washington. That's the good news. The rest ranges from moderately bad to callous and counterproductive.

The central change involves ending welfare as an entitlement. Being poor will no longer mean automatic qualification for benefits, so some needy people will be ignored.

Worse still, the entire level of federal welfare spending will be cut by about \$70 billion over seven years, and the states will be spared the burden of contributing any money at all. No state is likely to be that cruel, but curtailing their obligations is stupid. Currently, states contribute about 40% of the entire pie of cash welfare assistance, and it's the level of state participation—the dollar amount per recipient—that now governs Washington's piece of the total funding. That's why benefit levels among states vary so dramatically.

If states are no longer required to pony up their own funds as a condition of federal help, the money they do earmark for welfare will have to compete with every other program. In battles like those, the politically powerless lose, and no group has less clout than the poor. In fact, this truism has already caused welfare benefits to decline about 40% in constant dollars over the past 20 years. States strapped for cash—as all of them are—cut welfare first.

Considered together, the new bill's changes will make a mockery of the proclaimed goal of "reforming" welfare by moving people off the dole and into work. There's little use bemoaning this future; the votes are there. But there's still a chance to improve the Senate bill with floor amendments.

As an entitlement, welfare spending currently rises when recessions hit, which is the system's least objectionable aspect. Workers laid off during hard times deserve help, and that assistance is usually temporary. Under the new law, spending won't increase during recessions (which also helps end the economic decline), so those most worthy could be left in the cold. The "contingency fund" that several Republican Governors favor could alleviate this deficiency. "There has to

be some give in the program," says Ohio Governor George Voinovich, whose own welfare reforms are among the most intelligent in the country. "But it takes money," Voinovich concedes, "and too many in Congress, including too many in my own party, simply haven't a clue about what it's really like to be poor in this country. Yet if we're supposed to get serious about getting people to work, which is what everyone says, then we've got to spend what it takes." Voinovich would also have contingency funds available for job training and child care, "without which," he says, "no serious welfare-to-work program can do the job."

The Senate bill is supposedly all about work—but that conceit is the biggest sham of all. On paper the bill appears tough: states without 50% of their welfare recipients "working" by the year 2000 will have their federal funding reduced

5%. But at least 44 states, says the Congressional Budget Office, which is now controlled by the G.O.P., couldn't meet that goal because they'd have to spend about two-thirds of the welfare money they get from Washington just on work programs, thereby leaving way too little for benefit payments. "But that's the least of it," says Voinovich. "The critical questions are how to define work and who to exempt from the requirement. I mean, it's 50% of what? Right now, there are no exemptions contemplated. Some of us



An Ohio welfare recipient heads home after a day of job training

think that women with kids under three years old shouldn't be considered in the calculation, especially since we say we want to promote strong families." As for defining "work," Voinovich is incensed that education programs don't meet the criteria. "We're supposed to be getting these people work that can sustain them, but most don't have the skills they need. Schooling is key. Excluding education from the calculus is ridiculous."

In theory, Bill Clinton could help. But the President who talks about "fixing welfare right" and who's threatening to disapprove bills that offend him has pointedly refused to say he would veto the Senate bill if it doesn't contain the changes that people like Voinovich insist are "urgently needed." And that's because it was Clinton who pledged to "end welfare as we know it," and Clinton who bought into the idea of reform on the cheap when he touted his own welfare changes: "First of all," he said, "they'll save money." The political reality, explains a Clinton adviser, "is that people don't understand that real reform requires spending more, not less, and the President can't have voters think he's soft on welfare reform." So don't expect this Democrat to march with the poor. ■

SOFTWARE

STILL MESSIN' WITH BILL

Microsoft faces a new round of antitrust accusations

Bill Gates is back on the defensive. When U.S. District Court Judge Stanley Sporkin rejected the consent decree negotiated by the Justice Dept. and the software giant, he set off a frenzy of renewed criticism among Microsoft Corp. rivals. Once again, competitors are talking antitrust. "There are certainly grounds for an antitrust suit," says Novell Inc. CEO Robert J. Frankenberg. "The question is whether that is the best way to spend our energy."

So far, none of Microsoft's critics have taken formal action. But both Novell and ASCII Group Inc., which buys for independent computer dealers, confirm they have been approached by attorneys proposing civil antitrust suits against Microsoft. Sources close to Apple Computer Inc. say it has been asked to join, too. Gates isn't happy about the buzz. Justice and the Federal Trade Commission have al-



GATES: "We don't have an enemies list"

ready gone through "every possible piece of mud that anybody could come up with against us," Microsoft's CEO says.

For now, Gates's most public fight is with Apple, which in February fired off a letter to Sporkin complaining about Microsoft. In his angry response, Gates accused Apple CEO Michael Spindler of duplicity. Apple claims it can't get early versions of Microsoft's Windows, which it needs to make the Macintosh more compatible with Windows. Gates retorts that

Apple won't give Microsoft early versions of its Mac programs, even though Apple provides them to other software makers. He also blasts charges that Microsoft is vengeful toward foes as "an absolute lie. We don't have an enemies list."

STINGY RIVALS? Maybe not, but the company doesn't lack for angry rivals. Novell, IBM, Sun Microsystems, and Taligent all echo Apple's complaint that Microsoft is slow to share new versions of Windows, though most companies' executives won't be quoted saying so. Each of them markets competing operating-system software. "There is no doubt Microsoft is out to kill us," says Novell's Frankenberg. "This is not paranoia. They really are out to get us." Microsoft executives counter that these rivals all are stingy about sharing information with Microsoft.

For now, Gates says he's content to let the federal courts finish their review of Sporkin's ruling. He's confident Microsoft will be absolved and refuses to concede that his tactics need to change. "This is a fiercely competitive business," Gates says. Rivals may have him on the defensive, but Gates isn't backing down.

By Richard Brandt, with Kathy Rebello, in San Francisco

DEMOGRAPHICS

WELFARE SURPRISES

The Census says recipients aren't who you think

Are welfare mothers promiscuous teenagers who have babies to get on the dole? Or are they down-on-their-luck women who need a temporary helping hand? Washington's fierce battle over welfare reform may turn on which view is more accurate. Now, the Census Bureau has weighed in with its first-ever study of recipients of Aid to Families with Dependent Children (AFDC)—and it turns out neither stereotype is entirely accurate.

The Census report, which is due to be released on Mar. 3, shows that unwed mothers under the age of 17, the prime targets of GOP reformers, make up a tiny slice of the welfare population. In the summer of 1993, when Census did its survey, only 32,000 of the 3.8 million AFDC mothers were 17 or under and unmarried. Their average age was

30, and 53% are—or had been—married. That suggests that the House GOP plan, denying benefits to unwed mothers until they turn 18, wouldn't save much money.

The new data support Democrats' claims that many AFDC recipients could reverse their fortunes with some help. A majority have a basic education: 38% have finished high school, and another

19% spent at least one year at college. Moreover, 15% of AFDC mothers are still pursuing education. AFDC recipient Alicia M. Straub, 24, will graduate this year from the University of Washington with a degree in sociology—even though she was abandoned by the father of her son, Devin, 2. "I see a big future in front of me," she says.

Still, the Census study offers ammunition for welfare hardliners as well: AFDC recipients on average have more children than nonwelfare moth-

ers—2.6 vs. 2.1. And those on the dole are twice as likely to have borne their first child as a teen—29% against 15%. Early childbearing poses a thorny problem for reformers, because other studies have shown that the younger a woman is when she gets on welfare, the more difficult it is for her to leave the rolls.

Will cutting off benefits prevent those early births? Republicans argue that

welfare offers teens a cash incentive to become mothers. The Census report doesn't settle the question, but it offers an intriguing hint: Some states with the highest benefits, such as California, have the lowest birth rates for unwed teens, while House Speaker Newt Gingrich's Georgia—one of the stingiest states—has one of the highest pregnancy rates for such youngsters. Money apparently isn't the lure Newt thinks it is.

By Christina Del Valle and Mike McNamee in Washington



REFUTING A MYTH Alicia Straub, a welfare mother, is a student at the University of Washington

TOP TO BOTTOM: PHOTOGRAPHS BY DANA LIEBERGROUPE; DANIELA DUFINOWSKI

Shepherds of the Inner City

How to help troubled adolescents—and make welfare reform succeed

BY JOE KLEIN

Leon Dickerson will be attending the Carrollton middle school in Baltimore this week. Leon is 23. He is a graduate of Holy Cross College. His presence at Carrollton will be a demonstration of concern and a show of force and an attempt to save a life. The life belongs to a 13-year-old named Shawn, whose story is all too common. Shawn's father isn't around. His mother is incapable of caring for him. He lives with his grandmother. "He's really smart," Leon Dickerson says, "but he doesn't want anyone to know it. He's afraid they'll pick on him in school, call him a nerd. So he acts out a lot, roams the halls, talks back to his teachers. I told him the next time he was given a 'disciplinary removal,' I'd spend a week sitting in class with him, making sure he didn't mess around. He's really embarrassed, but too bad. I had to show him I'm serious about his education."

Leon Dickerson is part of an extraordinary program called Choice. His official title is "team coordinator," but a more accurate job description might be: shepherd—which we'll define here as something like a social worker, only a lot more intense. His flock includes 60 troubled adolescents—"the cream of the crap" is the operative one-liner—who are under the direct supervision of six caseworkers, all recent college graduates who have agreed to work 70-hour weeks for a year for a pittance. The strategy is simple: prodigious face time with the kids (who are referred by an array of local agencies that process juvenile miscreants). The caseworkers are in contact with each kid three to five times each day. They make sure the kids are in school. They see that the kids do their homework, get tutored, get medical care. They trail after them in the evenings, herding them back toward their homes, making sure they're in bed on time (each has a curfew). The kids are watched over for three to six months, which doesn't seem long—but new habits and expectations apparently begin to percolate; a recent study showed that 73 percent stay out of trouble for six months after they leave.

Choice is a rather extreme example of an emerging truth about programs that deal with behavior-driven—that is, underclass—poverty: those that work best concentrate on socialization. "These kids know no fear," says Leon Dickerson. "They need limits." They need to be taught how to behave in civilized society; they need to be punished when they break the rules (and, of course, encouraged when they do well). In a word—and this is not very surprising, given the family disintegration in the poorest neighborhoods—they need parents. The trouble is, being a parent is very labor intensive. Creative shepherdry also takes a lot of time—but it appears to be the indispensable element in addressing the anomic poor. The degree of attention may vary with the situation, the terminology may change, but not the basic princi-

ple. At America Works, perhaps the most successful welfare-to-work program in the country, the shepherds are called "corporate representatives." Each has 20 or so clients to watch. "They're trouble-shooters," says Peter Cove, the founder of America Works. "Their job is to cut through the static that overwhelms the lives of most welfare recipients—the babysitter and boyfriend problems, the confrontations with bureaucracy. They explain what's expected in the workplace, how to behave."

Programs like Choice and America Works are small, scattered, experimental. But if the president's welfare-reform proposal goes forward—a tenuous proposition, admittedly—an army of shepherds will be needed. This, rather than the creation of day-care "slots" or public-service jobs, will be the real challenge for the Clinton plan. Without serious individual counseling and hectoring, the customized application of carrots and sticks, welfare reform will fail. The Clinton reformers say they are unable to calculate how many shepherds they'll need and how much they'll cost—but it need not be as expensive as all that; shepherds come cheaper than social workers.

Best Intentions: Traditional social work has been elevated from a calling—that is, a quasi-religious, charitable activity—to a "profession" in the 20th century. The results have not been inspiring. Most members of the "helping professions" begin with the best intentions but ultimately drift into less strenuous realms. They tend to be bureaucratic processors, paper shufflers, 9-to-5ers. "Kids don't just have problems 9 to 5," says Mark Shriver, the founder of Choice. Indeed, true shepherdry may be more of a calling than a profession, and a fleeting one at that. It is best practiced by the young, the energetic, the altruistic—it is too emotionally exhausting to be sustained for more than a few years (with occasional inspirational exceptions). Shriver's system seems about right: he trolls the college campus,

es, offering a year of hard work for \$17,500, no frills. Those who turn out to be exceptionally good at it—like Leon Dickerson—are asked to stay on as supervisors.

Bill Clinton had a similar idea during the 1992 campaign. He proposed college scholarships in return for a year, or two, of service—real service, as police officers, teachers, social workers. But his supporters in the public-employees unions (the institutionalized voice of the "helping professions") blocked that plan, fearing for their jobs, and the national-service program that emerged was a sweet but toothless thing, a T-shirt and litter-bag program for the underprivileged. If, however, the president is serious about welfare reform, he may have to go back to Plan A: you can't really reform welfare "as we know it" without reforming the welfare bureaucracy as we know it. To do that, he'll need more shepherds... and fewer social workers.



LARRY DOWNING - NEWSWEEK

'Choice': Caseworker and client

'These kids know no fear. They need limits'—and surrogate parents.

Clinton Advisers Urge Tough Line on Welfare

By JASON DePARLE

Special to The New York Times

WASHINGTON, March 2 — The task force drafting President Clinton's welfare plan is urging him to abandon traditional work programs for a more stringent approach that denies any cash to welfare recipients who fail to work, officials said.

The endorsement of the plan, called work for wages, was reached at an unusual daylong meeting on Saturday, which for the first time spelled out many of the crucial details behind Mr. Clinton's campaign promise to "end welfare as we know it."

To keep families from coming onto welfare, for instance, the task force also wants to spend an extra \$2 billion a year on child care for low-income workers. That would, in effect, double the Government's annual spending on such programs.

And to reduce the number of jobs needed, the task force wants to phase in the program over 10 years or longer. The work requirements would apply only to mothers born after 1972, a move that would initially exempt about three-fourths of the caseload.

Cost Put at \$7 Billion

While Saturday's meeting spelled out important new details on the emerging plan, a number of issues remain unresolved. Perhaps the most important is how to pay for the program, which is expected to cost up to \$7 billion a year.

The work-for-wages plan would mark a sharp departure from previous work programs for welfare recipients. Those programs, sometimes called "workfare," continue to send out welfare checks while requiring recipients to show up on a job site, often in a government office.

Studies indicate that those programs have done little to move people into private jobs. And critics say welfare rules make it too difficult to penalize recipients who do not show up for work.

The work-for-wages program, by contrast, would try to better simulate a regular job. States would pay private companies, government agencies or nonprofit groups to hire welfare recipients for a limited period of time. But those who do not show up for work would get no cash at all.

Threat to Some Families Seen

Some advocates for the poor say the work-for-wages plan could harm vulnerable families by exposing them to the whims of employers without a welfare system to fall back on. They fear, for example, that a mother could be accused of poor work habits, dismissed from her job and left without any eligibility for cash assistance.

The task force is also uncertain about how to treat welfare recipients who complete a work program but still cannot find regular jobs on their own.

Allowing families to continually re-enroll in a work program could pressure and dissuade people from seeking independent jobs. But barring families from re-enrolling could leave them with no way of supporting themselves and their children.

The recommendations were discussed today at a two-hour Cabinet

meeting, as the Administration moves to fulfill one of Mr. Clinton's most popular campaign promises. He has vowed to expand training opportunities for welfare recipients and require those still unemployed after two years to join a work program.

The task force drafting the Clinton plan is made up of 31 officials from 10 Federal agencies. For the past several months, however, most of the work has been done by the group's three co-chairmen: David T. Ellwood and Mary Jo Bane, Assistant Secretaries of Health and Human Services, and Bruce Reed, a White House aide.

As they presented their findings on Saturday, they cloaked them in an unusual amount of secrecy. The members were given less than an hour to read a 43-page paper, which they were not allowed to keep. Each page was stamped with the member's name, to prevent anyone from removing a page.

Several people who attended the

A task force spells out how to 'end welfare as we know it.'

meeting, annoyed at what they called excessive secrecy, agreed to provide accounts of the discussion.

The group also endorsed a provision that would require welfare mothers under the age of 18 to remain in their parents' home rather than setting up independent households. The move is intended to dissuade young women from becoming pregnant.

In addition, the group called for the Treasury Department to find a way of giving low-income workers advanced payments on the refundable tax credits they now collect at year's end. The idea is to make work more immediately rewarding. The group also voted to allow states to let 10 percent of their caseloads remain in training for longer than two years — to pursue, for instance, higher education.

In backing the work-for-wages approach, the task force hopes to create a more dignified set of work programs. "In principle, persons are wage earners, rather than recipients," the confidential paper said, according to the notes of someone at the meeting.

But some advocates worry that employers may not be able to accommodate the often-ethnic lives of young, unskilled mothers. People on welfare often accept, but lose, jobs frequently, as a result of problems arising with child care or transportation.

"There needs to be protections against the arbitrariness of employers, and there needs to be some sort of safety net," said Jodie Levin-Epstein, of the Center for Law and Social Policy, a Washington research and advocacy group. "Otherwise, it could make poor women worse off than they are today."

Drawing the Line Getting Families Off Welfare and Into Jobs Isn't as Easy as AFDC But 'Workfare' Aims to Do It With Training and Limits On Duration of Payments An Experiment in Cincinnati

What Street Journal Mon. Oct. 25, 1993

By PAULETTE THOMAS

CINCINNATI — After eight years on welfare, Julia Davis, a single mother of three, was the world's most promising job candidate. But pushed by her caseworker, Ms. Davis is now working.

Her job? She answers phones and does data for a Hamilton County welfare office here for \$7.64 an hour.

The irony of a welfare mother landing a job in the welfare system itself escapes Ms. Davis, as well as several colleagues at nearby desks who are former welfare moms too. But it points up a steep barrier to efforts to put welfare recipients to work — finding enough private-sector jobs.

The pressure to say "time's up" to the job-bodied who receive public assistance is about to increase as President Clinton prepares to follow through on a campaign pledge that helped candidate Clinton sell himself as a new kind of Democrat: "to end welfare as we know it." The centerpiece of the plan: putting a strict time limit on welfare benefits.

Two Years and Out

We are committed to two years — and then out, says Bruce Reed, a senior White House adviser. It's unlikely that the final proposal would end benefits after two years, though. Instead, welfare parents would then be required to work for their checks.

It would be the most radical plan for welfare reform any president has yet proposed. No state has gone so far as to impose a time limit on welfare benefits, though Florida, Vermont and Wisconsin have proposed variations on that idea. For the Clinton plan to succeed, congressional researchers say about 1.5 million new jobs would be needed, if all parents with children older than six who have been on welfare for two years or more must participate. Where would the jobs come from? "That," Mr. Reed concedes, "is the big question."

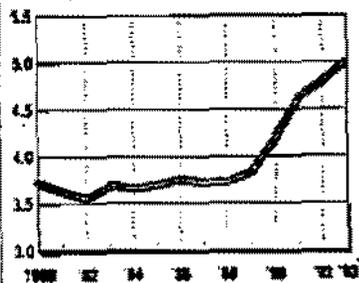
Clues to the future of the Clinton proposal are visible in state experiments, many of them spurred by the 1988 Family Support Act. The law created the Jobs and Basic Skills program, or JOBS, in which about \$1 billion a year in federal money can be matched with state and local funds for training and job creation for welfare parents. The goal is to require work for as many as possible on welfare, or to provide the training to move them into private-sector jobs.

From Welfare to Welder

There are some success stories. In Wisconsin, welfare cases have fallen 17% since 1988 with the aid of a booming economy and ambitious JOBS training programs that also provide child care and

Welfare Explosion

Number of families receiving AFDC at the end of each year in millions



As of April 1993
Source: Congressional Budget Office

transportation. Margo Reeves, a mother of two and on welfare for eight years, earned her high-school-equivalency degree and enrolled in a welding class after mentioning to a caseworker that she had enjoyed shop class before dropping out of the 10th grade. "They paid for child care, they funded the class, they paid for the books," says Ms. Reeves, two months into her \$14,400-a-year welding job, and off welfare.

But even in a program that is considered successful, success is uneven. Of the 13 welfare mothers who began in the welding class with Ms. Reeves, only two completed it. And only about 13% of Wisconsin's caseload is involved in training or mandatory work in exchange for benefits. The Center for Law and Social Policy in Washington estimates that 10% of welfare parents nationally are "participating" in JOBS programs — and three-fourths of those are in education and training programs.

One "workfare" experiment that has showed progress is an Ohio program that was credited with helping to cut welfare rolls in 28 participating counties by 11.3% in the late 1980s after putting 25% of welfare parents in jobs and training. The 11-year-old program continues as part of JOBS. But here in Hamilton County, even some of the success stories show the challenges of the work-for-welfare approach.

Bonnie Oaks, who lives in the poor Lower Price Hills section of Cincinnati, wanted nothing more than to get off welfare after 12 years. But her husband was disabled and her daughter had asthma.

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and welfare covered her family's health care. The job she wanted, as a teacher's aide, included no health benefits. As Ms. Oaks recalls, a nurse told her she "was crazy to think about a job" because she would lose her health benefits.

She took the job anyway, determined to get off welfare. Now the education program that paid her salary is losing funding, and she fears that she and her daughter — her husband died in June — will have to go back to living on \$279 a month from Aid to Families with Dependent Children. "You can't get free of it," she says. "Jobs are scarce."

If universal health care comes to pass, as President Clinton has proposed, then medical benefits will no longer be an incentive to stay on relief. But meanwhile, many welfare recipients are loath to give up health benefits and subsidies for food, child care, housing and transportation, in exchange for a low-paying job with no benefits. And most states — wary of punishing the needy — lack real enforcement power to make anyone participate who is unwilling.

Of Hamilton County's 23,000 welfare families, 14,100 are exempt from work or training under Ohio's rules because the parent has a child under age three or a disabled family member.

That leaves 8,900 eligible recipients, who each receive periodic letters ordering them to meet with their caseworker to devise a plan for getting off assistance—or face a reduction in their welfare payment to \$274 a month from \$334 for a household of three, the size of a typical welfare family. But about 800 of that group are considered "not job ready" because of substance-abuse problems or difficulties getting child care or transportation.

So only about 2,000 recipients fully participate in the work or training programs. The threat of smaller checks means little in the real world, says Linda Meyer, director of the Hamilton County JOBS program. The rules for assistance are so complex that when payments are reduced, some recipients assume that it is due to rule changes. In any case, they just reduce their modest living standards even more. If they live in public housing, their rent may fall commensurate with their welfare check. And they will probably still receive food stamps.

Ms. Meyer says she favors tougher rules to push long-term, able-bodied welfare recipients into action — something drastic, such as suspension of their payments if they don't attend classes. "The worst thing is to just put people on welfare and forget about them," she says.

What happens to the 2,000 who comply with the rules for participation? About half are tested and fall short of basic job skills; they wind up in education and training programs, many to receive high-school-equivalency diplomas. The rest go to part-time jobs or "job search" training programs.

In only about 100 of the county's 23,000 cases are people actually working more than 20 hours a week in exchange for their benefits. A persistent problem, and one that the Clinton plan will face, is finding private-sector jobs. "We are our own best employer," says Ms. Meyer. Her office employs Ms. Davis and five other former welfare mothers, and two others who work in exchange for their welfare benefits. As she scrounges for job leads, she grows impatient-hearing "business people" who complain about welfare mothers. "I say, fine," she says. "So hire them."

Some who do land jobs through state programs probably could have gotten them on their own. Before she went on welfare, Faith Chatman of Cincinnati had attended the University of Texas for a few years and worked for a while in a department store. After three years on welfare as a single mother of a young son, Hamilton County began sending her letters saying she had to "participate" in the JOBS program; she was to start a job search, a training program or a work program. "I didn't want to do it," she says. "I heard they put you in jobs you don't want."

By her own account, she would visit the welfare office and tell the caseworker what she felt she was expected to say. Then she would go about her business until she was summoned again a few months later. She finally decided on her own to get off welfare, spent six months going to a library to research good-paying jobs and enrolled in the county-paid training program. After nearly five years on welfare, Ms. Chatman, 31, was trained as a dental assistant, and now earns \$11 an hour as a dentist's office manager.

Welfare Reform

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COVER STORIES

The Vicious



TIME

Photograph by TIME by Mark Richards—BOY

Cycle

When young, single women have children, it almost guarantees they will be poor. Can welfare reform break the pattern?

By NANCY GIERES

ONE DAY THIS PAST WINTER there came a defining moment in the fight over the true cause of America's moral breakdown. It was the day police in Chicago arrived at a small apartment, opened the door and faced 19 children living in a squalor so wretched that one child pleaded to a female officer, "Will you be my mommy? I want to go home with you."

This is how a conservative like Bill Bennett responds to a crime scene like that: "Body count!" barks the former Education Secretary. "Body count, yes, body count. Kids dying, kids abused, kids cut up, kids burned with cigarettes, kids whose brains are so poorly developed they can't function in school. This isn't child neglect, it's child endangerment." The Chicago story was a classic example of how a big-hearted, deep-pocketed government ends up subsidizing disaster. In all, the six mothers who lived in filth were collecting \$5,496 a month in welfare payments. The system will keep on paying such women as long as they keep having children, don't get married and don't get a job. Which leads to an inflammatory proposal, one that is seeding a revolution.

Women who have children they cannot support and are not fit to raise, Bennett and his disciples argue, use their children as hostages to win benefits. In response, the government should not hand out welfare and food stamps and counseling. It should cut off aid, take the children away and place them in foster care or orphanages. "It's not the state tearing the child away from the arms of a clutching mother," he says. "Nobody cares about the kid. I know the initial reaction would be to say this is the hard approach. But this is the compassionate approach if you use as an index two words: body count. We will have a lower body count with our proposal than they have with theirs."

A FAMILY TRADITION

Delores St. Onge, 37, has been on and off—mostly on—California welfare since she became pregnant at 19. She says, "It broke all my heart and all of my plans," when her 17-year-old daughter Hope became pregnant with Tariq and went on welfare too.

| | |
|--|-----|
| Fundamental reform | 81% |
| Minor reform | 16% |
| Encourages | 10% |
| Discourages | 84% |
| Take money out of the paychecks and tax refunds of fathers who refuse to make child-support payments | 95% |
| Require all able-bodied people on welfare to work or learn a job or skill | 92% |
| Spend money to provide free day care to allow poor mothers to work or take classes | 90% |
| Replace welfare with a system of guaranteed public jobs | 74% |
| End increases in welfare payments to women who give birth to children while on welfare | 42% |
| Cut the amount of money given to all people on welfare | 25% |
| Require women to find a job and get off welfare within two years and if they can't take care of their children at that time, give them to an orphanage | 17% |
| Eliminate all welfare programs entirely | 7% |



Their plan, in this case, is the one that President Clinton is expected to lay out this week when he finally unveils his proposal for overhauling the welfare system. No promise in his race for the presidency proved so popular as the pledge to "end welfare as we know it." No issue in his first term has inspired such bipartisan, near universal agreement on the need to do something dramatic. And for all the attention paid in the past year to his health-care plan, no policy has such potential to reinvent whole aspects of American public and private life. Behind all the bureaucratic tinkering is a moral campaign against illegitimacy, aimed at persuading poor people to become stable, self-supporting workers before they be-

come parents. If this crusade works, its supporters promise, it could do more to fight crime, strengthen families, and rebuild the fabric of the inner cities than any other anti-poverty program on the table. Given the failed history of welfare reform, Clinton is already proposing to do something radical. He wants to make able-bodied people work for their benefits, cutting them off after two years if they refuse. But he too has seen that putting people to work is not enough. Since teenage mothers form the hard core of the welfare population, consuming \$34 billion in benefits a year, and are the least likely to climb out of poverty, he has made teen-pregnancy prevention a pillar of his program. He has in-

cluded states to cut off additional payments to women who have children while on the dole, a hotly controversial measure dubbed the "family cap." Clinton's ideas have great popular support, but his plan will still come under fire from all sides. A group of conservatives are taking his themes and raising the stakes even further. They don't want to reform welfare; they want to abolish it. Only drastic measures, they argue, will break the cycle of dependency that has destroyed so many families. To liberals, such a policy is cruel and racist, and it punishes children for their parents' behavior. When the Philadelphia Inquirer ran an editorial suggesting that women on welfare be implanted

“Everyone recognizes that dealing with births ou



with the contraceptive Norplant—a sort of chemical family cap—the newspaper was fiercely attacked, even by some of its own staffers, for advocating genocide. “Who will put the limit on the number of kids a family should have?” asks Buffy Boesen, a Denver community organizer. “In China the government does it. Is that the way we’re going—if you’re poor, you can’t have any more?”

Of all the domestic-policy battles of this Administration, none is more politically incendiary than taking money away from mothers with children. The President needs to define himself as a new kind of Democrat yet preserve the liberal base he will need to pass his health-care bill. For

Congress the challenge is to show that it is capable of reversing a disaster of its own making. Meanwhile, more than half the states, tired of waiting for Washington, have started a revolution of their own. Virtually everything in Clinton’s plan is already being tried somewhere. The basic principles of encouraging regular work and intact families are becoming so firmly established that nothing Washington does—or fails to do—will diminish the pressure for change.

What could be easier than scrapping a program that is widely derided as morally poisonous, politically stupid and a fiscal swamp? Welfare is a relatively tiny budget item, only 1% of annual government

TWO YEARS AND OUT

After the best of her five children was born with crack cocaine in his system, Vonnie Owens, 37, cleaned up and volunteered for Florida’s pilot Family Transition Program. She has two years to complete an education program, get a job—and get off welfare.

spending. But the stories of fraud and abuse are so common and the evidence of disastrous unintended consequences so compelling that a large majority—81% of those surveyed in a TIME/CNN poll—thinks it is time for “fundamental reform.” Clinton’s plan, like the three major bills already proposed in Congress, has as its core a requirement that people work for their benefits, if not in the private sector, then in a government job. The bureaucracy’s role would change from check writing to job training and placement.

BUT EVEN AS THIS CONSENSUS about putting welfare mothers to work was building, the debate was shifting again. The problem is not that too few single mothers are working, the conservatives are saying. The problem is that there are too many single mothers in the first place. To critics like Bennett, author Charles Murray, former Housing Secretary Jack Kemp and their allies in Congress, illegitimacy is the underlying cause of poverty, crime and social meltdown in the inner cities. Far better to discourage people from having children before they are ready, the conservatives argue, than to burden society with weaving the safety net of jobs, child care, Head Start, health care and a collapsing foster-care network for those who cannot cope.

It is hard to argue with the evidence they cite. Nearly a third of American children are born out of wedlock, and those children are four times as likely as the others to be poor. Unwed mothers average nearly 8 years on welfare, in contrast to 4.8 years overall. “From the President on down, there has been an amazing shift in attitude,” says Douglas Besharov, a resident scholar at the American Enterprise Institute. “Today everyone recognizes that dealing with births out of wedlock is the central issue of welfare reform, so much so that the President’s draft plan makes dealing with illegitimacy the No. 1 priority.”

There is a long-term price of illegitimacy as well, one that resonates at a time when the fear of crime, particularly the crimes committed by a generation of young, pitiless men and boys, has become a national obsession. When people ask

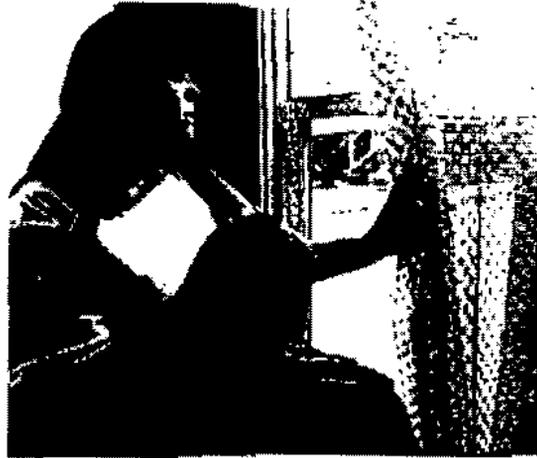
of wedlock is the central issue of welfare reform.”

“Arguments made around a table in Washington”

where all these 16-year-old predators are coming from, one answer is chilling: from 14-year-old mothers. More than half the juvenile offenders serving prison time were raised by only one parent. If present birthrates continue over the next 10 to 15 years, the number of young people trapped in poverty and tempted by the streets will increase dramatically. Says John DiIulio, professor of politics and public affairs at Princeton University: “You have a ticking crime bomb.”

The second point of consensus is that historically the welfare system has rewarded everything it ought to prevent and punished everything it ought to promote. “The Federal Government has created a monster,” says Ann Clark, a welfare case manager in Colorado Springs, Colorado. “I’m dealing with third-generation recipients. Welfare has become their way of life. It scares them to death to try to get off it.” The idea is not that the government get into the business of deciding who should have children; rather it is to get the government out of such decisions, by removing all the perverse rewards and punishments embedded in the system.

Across the country, welfare case workers argue that most recipients want to



A PLACE OF THEIR OWN

Tim Tackler, 27, of Portland, Maine, was in her home when she had her first two sons. She worked briefly as a housekeeper. But with the birth of a third son, Tackler became too overwhelmed by work. She recently moved from a shelter to a subsidized apartment.

work. “The problem is not work ethics,” argues law professor Julie Nice of the University of Denver. “It is the lack of jobs.” But those who do manage to find work can instantly lose their health coverage, food

stamps, public housing and child care. Marriage too comes with a penalty: Mary Ann Mendez, a mother of three in Harlingen, Texas, received only Medicaid benefits when she was living with her common-law husband, who worked periodically. When he left her, however, her broken home was showered with benefits: Aid to Families with Dependent Children (AFDC), more food stamps, gas money to get to and from school, and free day care. “It doesn’t seem like they want families to stay together,” she says.

But when it comes to correcting all the other damaging incentives of the welfare system, the arguments break out. The hottest topic at the moment is the family cap. Already in New Jersey, Arkansas and Georgia, families receive no increase for children born while on the dole, and Clinton’s plan would allow other states to follow suit. Since the average increase of about \$67 is much less than the cost of raising another child, welfare mothers didn’t really have much economic incentive to have more kids. But this above all is a symbolic issue, a chance for the government to send a message about how it plans to treat parents who have children they cannot afford.

The co-chairs of Clinton’s welfare-

“We Go After the Real Source of This Problem”

Last Friday, President Clinton spoke about welfare reform with TIME correspondents Ann Blackman and James Carney:

TIME: The plan you’re about to announce cuts off cash benefits after two years but has no firm limit on the amount of time recipients can remain in subsidized jobs. Is this in fact “ending” welfare?

Clinton: I think it is. Most Americans believe that working, even if it’s in a subsidized job, is preferable to just drawing welfare and not working. I made that clear all along, that if we’re going to end welfare after a two-year period, people had to be able to work. And if there was not work in the private sector, then we’d have to create the jobs. Second, I think that this bill, plus the earned-income tax credit, plus providing health-care coverage to people in low-wage jobs, will dramatically undermine the whole basis of dependency. Finally, we go after what is the real source of this problem, which is the mordinate number of out-of-wedlock births in this country. I think all these things put together give us a real chance to end welfare as we know it.

TIME: Your plan has been scaled back considerably. Why was the added money for child care for the working poor cut back?

Clinton: It would be better if we could do more, but this will help. A lot of the folks that need the child-care support are going to get cash benefits with the earned-income tax credit.

TIME: All the proposals on the table will cost money. But doesn’t the public expect that reform will produce savings?

Clinton: I think it will produce savings. In the long run the expenditures we make will be more than repaid by people who move into the work force and stay there for a lifetime instead of coming back on welfare. And if we can change the value system of the society toward more work and responsible parenting, the savings are going to be enormous. Many of them can’t even be calculated in terms of how many more successful children you’re going to have who don’t drop out of school and don’t get in trouble.

TIME: In coming up with the money to pay for this plan, why did you decide against going after mortgage-interest deductions for the wealthiest homeowners?

Clinton: Because I did not want to have a big debate here about whether this was some back-door way to eventually have middle-class people paying even more money for a welfare state. I think it would have been a bogus debate.

are far removed from the concerns of real people.”

reform task force, policy adviser Bruce Reed and welfare experts Mary Jo Bane and David Ellwood, warned the President last month that child-welfare groups hated the family cap and would fight it. So would the Catholic Church and some right-to-life groups, out of a fear that it might encourage abortion. So, ironically, would certain liberal groups, on the grounds that being pro-choice includes defending a woman's right to choose to have children—even if she can't afford them without taxpayer help.

Clinton has always stressed the need to bring the welfare system in line with real-world values. Why should women on welfare be rewarded for making a decision that reduces their chances of getting off welfare? Working women do not get a raise in return for giving birth; they have to bear the responsibility and financial burdens themselves. "We're sending a clear message that we will pay for your first kid for a short time while you get ready for the work force," says Donna Shalala, Clinton's Health and Human Services Secretary, "but we will not pay for the second kid."

The record so far in New Jersey, where the cutoff started last August, suggests that the family cap may have some deterrent effect. By last November, evaluators claim,



LIVING WITH LEARNFARE

Wisconsin has adopted a Learnfare program that ties a family's welfare benefits to school attendance. Some people fear the strict rules will undermine families. But this program has enabled Crystal Torgge, 16, to stay in school by providing day care for her baby.

births to welfare mothers were down 16% from the same month a year earlier. But its critics still argue that in the long run it will do more harm than good. "The premise that women have children for economic

reasons is a joke," argues Betsy Smith, a sociologist at Florida International University who has extensively studied women and welfare. "It's a complicated internal process. Women have children to fulfill an emotional need; to have someone that loves them unconditionally, or simply to have the experience of raising a child."

But far more effective than limiting the number of children born to welfare parents, experts agree, is discouraging girls from becoming parents in the first place—hence the heavy emphasis on preventing teen pregnancy. Clinton's plan would provide \$400 million over five years, with most of the money earmarked for schools and school districts in poor neighborhoods to start teen-education programs that combine sex education with encouragement of abstinence. Teens who do have children must stay in school to be eligible for benefits; high school graduates must be in job-training programs.

Like so many aspects of the illegitimacy debate, pregnancy prevention puts the conservative critics in a bind. Besides not wanting to be seen as pushing abortion, these reformers tend to oppose extensive sex education or making contraception more easily available to young people, on

TIME: Do you plan to go after this provision in a second term?
Clinton: The answer is no.

TIME: The Talent-Faircloth bill cuts off welfare entirely to younger mothers and calls for establishing orphanages. Why not try something like this?



The President speaking to middle-school students in Baltimore

Clinton: I don't think that taking children away from parents against their will, if they want to try to be good parents, is the way to go. We've got enough families breaking up as it is.

TIME: You've left it to the states to decide whether to impose a "family cap," limiting benefits for mothers who have more children while on welfare. Critics say it will deprive mothers of the money to buy basic necessities.

Clinton: We've got some states that are trying it now, and we'll have evidence as it comes in. That's why I think the states ought to be free to try. We ought to let this thing be debated by people who are closest to the problem. I was in an alternative school in Atlanta, and I asked the kids if they thought teen pregnancy would drop if there were limitations on reimbursement after one or two kids, and 80% of them did.

TIME: Most people don't expect that there will be action on this until next year. If not, won't there be a loss of momentum?

Clinton: I don't think so, because the American people are too interested in it. Whether the bill itself passes this year or early next year is not of monumental significance. I think that the chances of ultimate passage are enhanced by the fact that Republicans did offer their own plan. There are lots of similarities. Ultimately, I don't care who gets the credit for it. I want the result.

“The current system has already pulled the family apart. Nothing could be more harmful.”

the ground that this fosters sexual activity. So the focus tends to be on abstinence campaigns, which are spreading through school districts across the country, and on increasing the deterrents and penalties for girls who get pregnant before marriage.

In some cases, the most powerful impetus for change may come from the welfare mothers themselves, who know too well the price of parenthood. Dolores St. Orge, 37, a welfare mother in Riverside, California, looks at her daughter and sees how much they are alike—and it breaks her heart. Dolores got pregnant at 16, left school and has been on welfare most of the years since. Her daughter Hope dropped out when she got pregnant, intentionally, at 17. “She saw other girls with babies,” Dolores sighs, “and thought they were cute.” She and Hope share a house and their welfare checks, but Dolores is relentless about breaking the cycle. “I don’t say, ‘If you finish school . . .’ It’s always, ‘You will finish school, and then you will go to college.’” Dolores is a supporter of the family cap. “If you get pregnant and have another child, it’s like you’re getting paid to have kids,” she says.

Elke Baca, 28, a former welfare mother in Denver who now works as a telephone installer, doubts the cap would make much difference. “They’re not having babies for the money in the first place,” she says. She has more faith in the work requirements: “Give them a limit, then cut them off. That’s what I’d do. That ought to be enough motivation.”

Though young mothers are the ones who cash the welfare checks, the reformers are targeting men as well in an attempt to break the pattern of irresponsible behavior on both sides. Clinton proposes that each welfare mother be required to give the name and location of her child’s father before she can collect welfare. Men who fail to make payments will have their driver’s licenses revoked. Massachusetts has made willful non-payment a felony punishable by as much as a five-year term in prison. Maine’s new welfare law, which threatens to take away the professional and driver’s licenses of parents who fall behind on child-support payments, is persuading deadbeat dads to fork over roughly \$1 million a month.

Penalties, however, are never enough. Social critics point to the need to change

the patterns and assumptions that guide the behavior of young people growing up in desperate neighborhoods. Elijah Anderson, a sociology professor at the University of Pennsylvania, argues that young black males have such trouble finding family-sustaining jobs—the traditional mark of adulthood—that they end up building their self-esteem through games that emphasize sexual prowess. Their babies become evidence of their manhood. “I ask why they don’t marry the girl,” Anderson says, “and they say, ‘Because I can’t play house.’ That

for me, you wouldn’t be getting this check.”

Such patterns can provide ammunition for reformers at the extreme end of the debate who argue for abolishing the welfare system altogether. “How does a poor young mother survive without government support?” asks author Charles Murray. “The same way she has since time immemorial. If she wants to keep a child, she must enlist support from her parents, boyfriend, siblings, neighbors, church or philanthropies. She must get support from somewhere, anywhere, other than the government.” In Murray’s view, state-run orphanages become the caregivers of last resort.

But that proposal may be hard to stomach, even for “family values” conservatives, who traditionally want to keep the government as far as possible from the business of raising children. “One thing we know about poor families is that parents love their children,” says Judith Gaeron, president of the Manpower Demonstration Research Corporation, a leading welfare and poverty think tank. “Why should we be confident that an institutional environment is going to provide any benefit to these children?”



GETTING THE LEAD OUT

In Ohio, 1,000 welfare recipients have opted off the rolls by signing up with Cleveland Works. Financed by public and private sources, the program trains workers for tasks like lead-paint removal, then places them in jobs with benefits.

means they don’t have a job that allows them to support a family.”

The welfare system often creates strange distortions in social relationships that soon become traditions of their own. It is not uncommon, says Anderson, for a young man to persuade a young woman living at home with her parents to have a baby so she can get on welfare. “She lives home with Mom and Dad, and the \$158 she gets every two weeks amounts to an allowance,” Anderson says. “And she gives a lot of it to the boy.” The welfare check binds a boy and girl together, just as a baby can. “There’s no ring involved, but the boy comes to expect his share of the check. Sometimes he’ll demand his share from the girl and fight about it, saying, ‘If it weren’t

Conservative activists are removed by images of Dickensian poorhouses, given the breakdown in families and the case-loads drowning the foster-care system. “Nothing could be worse than the current system,” argues Robert Rector, a senior policy analyst with the Heritage Foundation. “The current system has already pulled the family apart. The system treats having a child out of wedlock as a favored life-style that’s deliberately subsidized by the government. Nothing could be more harmful than that.” True enough, but Clinton’s point man Rood disagrees with the orphanage solution. “It’s the kind of goofy social engineering that these same conservatives have made fun of for most of their lives,” he says. “The whole point of welfare reform ought to be to reinforce families and a sense of parental responsibility—not to take people’s children away.”

The debate leaves open the question of how to pay for whatever reform is enacted—a problem that has dogged both Clinton and the reform sponsors in Congress. The cheapest possible welfare program is on

that just hands out checks—like the system now in place. Anything that adds job training or child care or orphanages involves new bureaucracies and new costs. "The real question is how you overcome the belief that welfare reform should save money," admits a senior White House official.

"We're entering a counterintuitive era when closing bases costs money, the GATT trade agreement costs money, and reforming welfare costs money. And the public is already kind of sticker-shocked."

CLINTON'S DELAY IN INTRODUCING his bill, and his retreat from his radical rhetoric, presented moderate Democrats and Republicans with the chance to define the issue for themselves. Of the competing bills in Congress, two are almost identical to Clinton's in philosophy, differing only in financing and thus the pace at which people would be pushed into the work force. The Mainstream Forum Plan, proposed by moderate House Democrats led by Dave McCurdy of Oklahoma, would put a three-year limit on how long a welfare recipient can stay in a publicly funded job. A C.O.F. bill submitted last November, which is sponsored by 160 out of 176 Republicans in the House, would speed up the work requirement so that half of all welfare recipients would have to be holding jobs within five years of the bill's passage.

Both plans actually cost more than Clinton's scaled-down version: \$12 billion over five years, vs. \$9.3 billion. Yet House Republicans promise a saving of \$31 billion over the same five years. Where will all the extra money come from? From a proposal, in the words of the sponsors, to "simply end welfare to most noncitizens." To fund either approach, the sponsors propose cutting off millions of legal immigrants from school breakfast and lunch programs, foster care, emergency food and shelter and child care, as well as AFDC. Though Clinton's plan also includes cuts in programs for noncitizens, they are far more modest. "It's a matter of priorities," says McCurdy. "We believe American citizens are the priority."

The most extreme proposal, with very little chance of passage, is the Talent-Faircloth bill, introduced by Representative James Talent and Senator Lauch Faircloth. Their plan would deny benefits to unwed mothers under 21, without promis-

DREAMS OF COSMETOLOGY

While raising her six children, Charvaine Wright, 26, of Mexico, Missouri, has been training as a cosmetologist. She even has a job lined up. But without enough money to pay a babysitter and no way to travel to her job, she's still scraping by on welfare.



BY THE LONDON TIMES

ing them a job or any other means of support. The savings would go to the states for setting up orphanages and group homes. To those who have called these requirements harsh, Talent replies: "What the existing system does is tell young people they can raise a child without waiting until they're old enough to handle the responsibility. It's a cruel lie to people."

THE PRESIDENT MUST KNOW how useful—or how dangerous—welfare reform can be politically. All during his campaign, when his pollsters monitored the responses to commercials promising a drastic revolution, the response was off the charts. One White House aide and campaign veteran estimates that 40% of Clinton's paid advertising mentioned ending welfare. It formed the basis for Clinton's claim to be a New Democrat. Middle-class voters, argues Al From of the centrist Democratic Leadership Council, "just never expected to hear a Democrat say, 'You can stay on welfare for two years, but then you have to get a job.'"

There is another motivation: the cost of continued delay. Some activists are warning of the risks of social explosion if something is not done to break the desperate cycles of life in America's poorest precincts. "The conditions are desolate now," Housing Secretary Henry Cisneros warned Clinton, after Cisneros visited housing projects in Chicago. "With meager public resources coming in, what people would do in desperation, I don't know. But what I do know is that some intellectual arguments made around a conference table in Washington are far removed from the concerns of real people."

For years it was easy to argue that welfare needed reform in order to save money. But the current crusade proves that the most powerful motives lie elsewhere. Tightfisted Republicans are prepared to spend more, large majorities of voters are willing to spend more, so long as the money is going to support the values and programs that strengthen families and community life. As earaging as the stories of fraud and waste may be, what has saddened most people is the evidence that a program designed with the best of intentions—to help those most in need—could end up doing them so much harm. Spending more money, on the right things, becomes a way of making amends.

—Reported by Ann Blackman and James Curney/Washington, Richard N. Ostling/New York and Richard Woodberry/Colorado Springs

Want a Baby? First Get a Life

By RICHARD LACRO

BY THE AGE OF 13, KATHRINE MIMS WAS WHAT YOU MIGHT CALL A WELFARE mother in training. That was in 1965, when home was a two-bedroom Harlem apartment that she shared with her mother, four brothers, one cousin and a pregnant aunt who was 14. All of them were supported by welfare checks, a background that might have put Mims in line for early pregnancy, an education cut off in the ninth grade or so and a long stretch on public support. Instead, she is married today and looking forward to starting a family—after she finishes her degree program at Manhattan's Hunter College. Even she sounds surprised by it all. "I didn't think I'd make it out of high school."

And what might it take to accomplish such a small miracle? This much: private tutoring to help her finish school, weekly lessons in sports like swimming and tennis, career counseling, a summer job—and a guaranteed college education. All of that became available to Mims the year she turned 18 and heard about the Family Life and Sex Education Program of the Children's Aid Society, a social-service agency in New York City that aims to help inner-city teenage boys and girls to get a life before they go about conceiving one. The goal is to reduce teenage pregnancy in a sneaky way, not so much by preaching against sex as by bringing enough structure and accomplishment to the lives of the kids involved that they keep themselves in line. As the ultimate incentive, every graduate is promised admission to Hunter, with full tuition. "We knew we needed a carrot-and-stick approach—and Hunter

was the carrot," says Donna Shalala, Bill Clinton's Secretary of Health and Human Services, who initiated the program in 1985 when she was the school's president.

Program Director Michael Carrera claims that of the 250 teen graduates there have been only eight out-of-wedlock pregnancies among the girls. Only two of the boys are known to have fathered children. Forty-one percent of those who finish the program go on to college.

"The most potent contraceptive you can provide is to help them believe that they are valuable," he says.

"We give guidance and support and love," says director Carrera, with program graduate Marisa

way are rarely irresponsible sexually." Because it works with small numbers of kids who are at least sufficiently motivated to sign up, it's not possible to tell if the same program would be as successful with a full cross section of inner-city kids, or whether its potentially costly combination of close supervision and college-tuition guarantees could be duplicated on a wider scale. Even so, 10 cities around the U.S. have developed programs modeled after Carrera's.

Though the program includes classes in sex education and family planning, the focus is on gaining skills that lead to a life of stability and regular employment. "In some sessions they would ask, 'How much do you plan on making?' Then they showed you how much it would cost to raise a kid," says Donnell Harvin, who completed one of 10 New York programs that have sprung up in emulation of Carrera's. "They were never really pushy about sex." Experts in teen sexuality say that's one of the most effective ways to discourage early pregnancies. "Most middle-class youths take a strong interest in their future and know what a pregnancy can do to derail it," says Elijah Anderson, a sociology professor at the University of Pennsylvania who has studied sexual norms among the urban poor. "In contrast, many inner-city youths see no future to derail." That leaves open the question of what Americans are willing to pay to put them on the right track.

—Reported by Ann Blackman/New York



The end of welfare— sort of

*The inside tale of Clinton's plan
and why radical reform is elusive*

Sometimes, the grandest campaign pledges have the humblest origins. Bill Clinton's memorable promise to "end welfare as we know it" was cobbled together late in 1991 by a 31-year-old aide named Bruce Reed, who was stuck in his Washington, D.C., office one Saturday night. Reed had to draft an upcoming speech for Clinton, and pollster Stanley Greenberg and media consultant Frank Greer wanted "concrete calls" in it to draw press coverage. Polls showed that voters disliked welfare, and Reed thought limiting benefits might be a good idea. Early Sunday morning, a colleague helpfully supplied him with a paper by Harvard Prof. David Ellwood: a plan to limit cash relief to 18 to 36 months. "We'll more or less split the difference," Reed figured. He typed: "In my administration, we are going to put an end to welfare as we have come to know it. . . . We'll give [those on welfare] all the help they need and we'll keep them on public assistance for up to two years but after that, people who are able to work, they'll have to go to work."

That vow was later shortened in campaign ads to a pledge "to end welfare as we know it"—one of the most radical social policy proposals a president has embraced since the New Deal. Now, after more than 200 meetings with interest groups, uncounted consultations with elected officials and a year of work by a 32-member interagency task force, Clinton plans to unveil his welfare plan and make good on his epic pledge.

The story of how his administration put together its historic plan is a morality play of sorts about how Washington works—and doesn't work. It shows the often byzantine personal and institutional rivalries of the capital, where one figure in particular, Sen. Daniel Patrick Moynihan, played a large role. Yet the story of the plan's evolution is larger than any individual or agenda. It also illustrates a frustrating paradox: How can it be that the great mass of voters consistently hungers for welfare reform, that virtually every president for the past 30 years has promised to overhaul the system, and yet no administration has ever succeeded in cleaning up the mess?

The answer, in part, is that most of the obstacles to reform lie inside the Washington beltway. A *U.S. News* poll last year found that 9 in 10 Americans support Clinton's two-years-and-out proposal. Yet in Washington, an unlikely coterie of

liberals and conservatives has persistently blocked far-reaching reform. This time, they again helped shrink Clinton's radical scheme and may ultimately stifle it in Congress.

No one has been hurt more by the stalemate than public-aid recipients themselves, who month in and month out confront endless paperwork hassles but receive little help in becoming independent. The recent recession only compounded the mess. Since 1989, the number of Americans on relief has mushroomed; at present, a record 14.3 million individuals are on Aid to Families with Dependent Children and 1 in 7 children is on the dole. As dismaying as the numbers are, the symbolism is also troublesome. In toto, more whites and Hispanics than blacks are on AFDC, but most voters, says sociologist Nathan Glazer, associate welfare with the broken families

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and crime of the black inner-city poor. "It is this image," Glazer argues, that "drives the politics of welfare."

The mess and the president. If any president was in a position to crack the welfare gridlock, it was Bill Clinton. Coming from a man endorsed by liberal Democrats, his two-years-and-out plan had a Nixon-goes-to-China appeal. Moreover, Clinton knew more about the welfare system than any president in generations. A lifelong policy devotee, he even kept abreast of technical reports on education and job-training programs for welfare recipients. He handed out so many copies of one paper by Ellwood that gubernatorial aide Carol Rasco took to carrying the study everywhere.

Unlike most candidates, Clinton laid out his reform plans in some detail. He promised to provide recipients with health

DELICATE BALANCE ■ Clinton's challenge is to meet voters' demands to get tough on welfare mothers without hurting their children, who make up two thirds of AFDC recipients.

coverage, child care, education and training during their first two years if they needed it, after which they would be required to work in community service or the private sector. Campaign officials calculated that an impressive 1.5 million AFDC recipients would eventually be required to work. That posed formidable problems, since training unskilled mothers, providing child care and monitoring work sites are far more complex and costly than just sending out relief checks. Clinton also had to

pull off the perilous juggling act that had frustrated his predecessors: cutting dependency by getting tough with welfare mothers, while not hurting their children—two thirds of all AFDC recipients. Even Ellwood was nervous about Clinton's campaign plan. "For me," he wrote shortly before joining the administration, "the greatest fear is that desperately needy people will be cut off welfare and hurt."

The senator. The fledgling administration started disastrously with the man who mattered most in Congress—Moynihan. Barely a week after Clinton took office, an anonymous official was quoted saying that "we'll roll right over" Moynihan. But before the year had passed, Clinton and his aides were kowtowing to Moynihan, not the other way round. As White House Counselor David Gergen says admiringly: "Moynihan is now the de facto chief of social policy."

He achieved that status partly through his position as chairman of the Senate Finance Committee, in which he oversaw not only the welfare overhaul but administration initiatives on health care, tax reform and trade. But none mattered to him like welfare reform, for its rocky history was his own. In 1969, as an adviser to Richard Nixon, Moynihan had championed the Family Assistance Plan. Afterward, he wrote an opus accusing myopic liberals of helping kill the plan in Congress. Finally, Moynihan got Congress to approve his Family Support Act of 1988, which raised child-support awards and put more emphasis on training and educating chronic welfare recipients.

For all his expertise, Moynihan sometimes was maddeningly obtuse and could be the ultimate contrarian, brilliantly defining problems but offering few solutions. Clinton did not help his cause with Moynihan by picking health care, not welfare, as his legislative colossus and by removing funds for welfare reform from the '94 budget—a decision Moynihan forcefully protested at a private meeting. Just how Clinton could ever pay for welfare reform was a mystery, given the deficit, his expensive domestic agenda and the fact that he was unlikely to propose a second tax raise. To aggravate matters, Clinton then appointed to key positions several individuals whom Moynihan considered closet leftists with no intention of "ending welfare as we know it."

His chief suspects were Secretary of Health and Human Services Donna Shalala and Assistant Secretary Mary Jo Bane. Shalala, like her friend Hillary Rodham Clinton, had chaired the Children's Defense Fund, which opposed Moynihan's welfare bill in 1988. Bane, a Harvard professor who had co-authored several oft-cited research reports with Ellwood, had run the social services department in Moynihan's home state of New York—where the senator believed she had lamely implemented the work provisions of his 1988 bill. At her long-delayed confirmation hearing, Moynihan taunted Bane when she failed to give the precise illegitimacy rate nationwide, for New York State and New York City. "If you do not know that, you do not know what your job is," he declared. "Do not insult the intelligence of this committee," Moynihan warned. "Part of that pattern is saying . . . we're going to end welfare as we know it." Moynihan instructed Bane to "take a message" back to the White House. If Clinton was not going to send up legislation soon, he should stop talking about ending welfare. "It is beginning," he said, "to be an embarrassment."

The best and the brightest. In early June, the president appointed Bane and Ellwood of HHS and Bruce Reed, now a



White House staffer, to head the administration's interagency working group. Beyond their intellectual firepower, each brought a special talent to the endeavor. Bane was sensitive to administrative issues and believed many reforms that sounded nice in Washington failed to alter the enervating culture of field offices. Reed, described by one congressional aide as having a "Buddha-like" reserve, was the centrist Democrat who knew Clinton's views and regularly reminded fellow officials that "we have to meet the public's perception of the president's pledge." Ellwood had grown up in a family steeped in social activism and had a gift for the succinct quote; he coined Clinton's catch phrases about "making work pay" and rewarding those who "play by the rules."

The cochairs, joined by White House aide Kathi Way, asked Clinton for preliminary guidance on several aspects of his plan in a memo they sent shortly before the first cabinet-level briefing on June 18. Clinton, however, never answered most of their questions; the meeting evolved, as one official present said, into a "kind of Rorschach test where you tried to figure out what the president would say." When Ellwood, 39, started talking about alternatives, Clinton scribbled to an aide: "I had no idea Ellwood was so young."

One of the few bits of guidance Clinton did provide was to be "bold": "If you get everything else right, but get the values wrong, we'll fail." Participants soaked up that early optimism.



At a meeting not long after the briefing, a congressional aide suggested to the cochairs that the administration might do better to start with a 10-state demonstration project, a proposal Ellwood himself had recommended in December. "That's not bold enough," Ellwood responded. "Ellwood," says the aide, "used the word 'bold' 25 times in the meeting—before I gave up counting." The cochairs also downplayed the warnings of former Carter aides at a dinner weeks later to proceed incrementally. "Key Clinton people said, 'You don't understand—I'll give you four reasons why the environment for reform is better today,'" recalls ex-Carterite Bob Greenstein.

The chorus speaks. Soon after their appointment, the cochairs pledged themselves to an "open and collaborative" process. The working group began the Washington protocol of setting up subtask forces, holding field hearings, meeting with AFDC recipients in focus groups and consulting the professional welfare establishment. They quickly found the advocates were horrified by time-limited welfare. One notable exception was AFDC recipients; welfare mothers often spoke in favor of time limits, saying they wanted to preclude the possibility of spending their lives on public assistance.

The doubts of the advocates grew when the *New York Times* reported that the working group had agreed in late November to make reform "deficit neutral." Under the recent "pay as you go" budget law, any increase in entitlement spending had to be

A DEADENING CULTURE ■ No one has been more victimized by the political stalemate over welfare than recipients, who confront endless paperwork hassles in welfare offices but receive little help in becoming independent.

paid for with an entitlement cut or tax increase. That meant the administration would have to fund its welfare plan largely by slashing other programs for low-income Americans, even as the biggest chunks of HHS's budget (Social Security, Medicare and Medicaid) were politically untouchable or reserved for health care reform. A donnybrook was in the offing.

The rebellion began at a December 9 meeting in Ellwood's office with two lobbyists from the powerful American Federation of State, County and Municipal Employees. AFSCME's chief concern was that tens of thousands of members would lose their government jobs because of competition from Clinton's potentially massive community work program for AFDC recipients. Union representative Chuck Loveless believed some officials were trying to set up AFSCME as the "bogeyman." AFSCME could support putting more money into the underfunded 1988 welfare law and perhaps a series of well-designed demonstration projects, but it was better to put off reform to 1995 with antiwelfare sentiment on the Hill so strong. "You've got 9 million people out of work," Loveless fumed, "and you're going to create 1.5 million jobs for welfare recipients?"

Ellwood responded almost like a psychologist at a group therapy session: "What I'm hearing is a lot of anger here." Reed jumped in to say the administration didn't "want this to be another NAFTA [the 1993 trade fight that pitted Democrats against each other]. We think most Democrats will support it." Even so, Ellwood stressed, mere demonstration projects wouldn't do. "At the end of this," he said, "we can't have a headline that says 'President Fudges on Two-Year Limit.'"

The following week, the cochairs got quashed by the Democratic members of the key House subcommittee handling welfare legislation. The liberal views of Chairman Harold Ford of Tennessee and his members were almost the opposite of Senator Moynihan's. Ford wanted to reform AFDC by creating guaranteed jobs with fringe benefits that paid at least \$18,000 a year. He opposed requiring recipients to work in poorly paid "workfare" slots and told Ellwood that the best solution to the welfare problem was "to just dust off the old CETA [massive public works] program."

Other liberals at the session argued that the administration couldn't finance welfare reform and should put the bill off for a year while they concentrated on health care. "It's stupid for the president to keep talking about ending welfare after two years, because it's not going to happen," said Washington Rep. Jim McDermott. "We can make this work," Ellwood pleaded. "All of us have been advocates for poor children all our lives." Robert Matsui of California, a key committee member, was unswayed. "How are you going to pay for it?" he asked. "Nothing is decided," Ellwood responded. Matsui erupted. "You have to start keeping us informed. We don't want to first read about what you're thinking in the *New York Times!*"

The debate over how to reform welfare was soon consumed by the question of when to send up a bill. The cochairs had planned to have legislation ready to be introduced in the 1994 State of the Union address. But in a meeting in early December, House Speaker Thomas Foley and Majority Leader Richard Gephardt urged Clinton to avoid overloading the committees that handled health care. If, however, Clinton did defer reform, he would be ravaged in the press and risk losing the

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issue to the Republicans—who had introduced their own bill incorporating a two-year time limit.

The timing issue was raised before Mrs. Clinton on December 15. She thought the welfare planners should press ahead. Her most prescient piece of advice was: "Whatever Senator Moynihan wants, we should listen to."

Moynihan unbowed. In the fall, Moynihan and the administration had received the best of friends. On "Meet the Press" in November, Clinton had cited the need for policies to stem family breakdown. The next day, Moynihan sent him a chart that showed if trends continued, half of American children would be born out of wedlock by the year 2000. "Listening to you discuss family policy yesterday," he wrote, "I found myself thinking of that distant time when I brought it to the attention of the White House. Things started so well. Then, ruin." A month later, Moynihan hailed Clinton in a speech. Clinton returned the kudos, calling Moynihan a "national treasure."

Then, as the senator might say, ruin. On January 5, the *New*

York Times published a story by Jason DeParle that implied Clinton had decided to delay welfare until health care passed. The story annoyed Clinton, who felt he had not made a decision. Moynihan was indignant. He had long felt the president was moving too slowly. "If you want a bill, 32 people on a task force can't write it," Moynihan had advised. "You put two people in a room over a weekend, and they write you the bill." Now, he might have to wait another year to take up reform.

The next day, Moynihan blasted Clinton. He told the *New York Post* that unless he got his welfare bill, "I might just hold health care hostage." Adapting a line from William F. Buckley, he said Clinton was using welfare reform as "boob bait for the Bubbas." Two days later, he added injury to insult on "Meet the Press": "We don't have a health crisis in this country. We do have a welfare crisis." The humbling worked. Even Hillary Clinton called Moynihan to say, "We got you."

Moynihan told senior Clinton aide George Stephanopoulos he wasn't all that serious about holding up health care, but his threat ended debate about a delay. In his State of the Union address, Clinton pledged to unveil his welfare bill in the spring. Three days later, Ellwood and Reed briefed Moynihan on seven reform financing options. The senator plainly appreciated

getting his first glimpse at hard numbers. He also seemed pleased by a panegyric from Ellwood. Some time before, Moynihan had complained that a sentence in Ellwood's 1988 book *Poor Support* mischaracterized the Moynihan report on the black family. Now, Ellwood told Moynihan that he had reread the 1963 report and found it "brilliant." When he finished his paean, the senator smiled. "Go on!" he urged.

The reporter. One reporter, DeParle of the *New York Times*, almost single-handedly framed public debate on the Clinton proposal. DeParle, 33, had earned a reputation as a cerebral and tenacious reporter, and in the first half of 1994, critics of the administration's plan leaked documents and details of private meetings to him. His subsequent stories painted a picture of disarray and infuriated the three cochairs.

Part of the problem was the task force now had to find funds for reform—via either tax hikes or entitlement cuts. No member was anxious to finance reform on the backs of the poor, but except for HHS officials, no one was volunteering money from his own budget. The money hunt, said one observer, "was a little like watching cannibals when the pot is empty—pretty

INTERVIEW WITH THE PRESIDENT

Making 'a dramatic difference'

President Clinton discussed welfare with U.S. News's Matthew Cooper and David Whitman. Excerpts.

Q Did you have to compromise your vision of welfare reform?
No. It's like a lot of things—we may not have all the money we need. We've been very disciplined in working within the budget. But I think we're going to make a dramatic difference. With the funding we have, we'll go from 15,000 welfare recipients required to work to 400,000 people who will hit the time limit by the end of the decade. That's a huge increase. I think this is going to be a dramatic departure from anything that's ever been proposed. There's a real bipartisan consensus in the Congress and in the country to do something.

Q Are you frustrated by special interests? If you're a change agent, you're going to have that. In this case, it's a little more complicated because the budget rules are very rigorous. Some people are saying, "Don't stogie us out just to pay for welfare." When I take on interest groups, I'd rather do it from



Reformer. A consensus?

tally like we did on the economic program, the health care program, the crime bill. I enjoy those because those are open, honest, straightforward debates.

Q Would a 10 percent reduction in the rolls be a success? I think that would be substantial. But the size of the rolls at any given time will be partly a function of the economy. I think we can do a lot better.

Q Is this plan fair to immigrants? We did try to raise

some money by controlling the growth of benefits to immigrants, and I think that's entirely appropriate. But some folks think we can pay for this much and more simply by cutting off all benefits to [legal] noncitizens. After a careful study, we decided that we couldn't do that.

Q Was Senator Moynihan right when he said you had used welfare as "boob bait for the Bubbas"? I thought [he was] very supportive yesterday. I think that's a pretty hard case to make. I don't know that there's a public official in America today—except Moynihan, who's been talking about this for 30 years—who's got a record that stretches back any longer than mine. I believe you'll see real support from grassroots leaders who represent poor people when they see [the plan]. I don't think it's just the Bubbas of this country who believe there's something badly wrong with a system that maintains people in a state of dependency. This is something the Bubbas of America and the liberals can get together on.

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soon you start eyeing each other, and no one is happy."

DeParle's first story on financing quoted an anonymous official calling the cuts under review "unconscionable." The February 13 piece listed several options, highlighting one especially draconian proposal—taxing food stamps and housing assistance. The concept of taxing food stamps was harsh but not necessarily absurd: Unemployment compensation, for example, was taxed. But first impressions prevailed. Even Jay Leno joked on the "Tonight Show," "If Clinton is going to raise taxes on the poor and cut the benefits, what do we need the Republicans for?" Clinton told aides to drop the idea.

The following month, the financing hunt expanded to include new taxes and a grab bag of almost 40 budget cuts. Meanwhile, the leaks to DeParle continued. In response, the

very headline Ellwood dreaded ("President Fudges on Two-Year Limit") since in 1993, only a third of all welfare recipients would be covered by the limit, and perhaps 10 percent of those 1.67 million families would then be in the work program. Another problem was that older mothers drew more public ire than younger ones for staying on AFDC for years at a time. As one task force member wrote in a memo to the co-chairs, "The 'sound bite' that comes immediately to mind... is 'The president's proposal won't touch the 30-year-old welfare queen.'"

Back at the White House, Carol Rasco and Bruce Reed convened a meeting to discuss ways to regain control of the news coverage. Reed complained that DeParle was trying to "set the administration up for failure by writing stories about things he knows we aren't going to do," and, with the concurrence of White House Counselor Gergen, arranged to leak the news about the phase-in to the *Los Angeles Times*.



POLITICAL SYMBOLISM ■ More whites and Hispanics are on welfare than blacks, but many voters associate welfare with the problems of poor urban blacks. "It is this image," argues sociologist Nathan Glazer, that "drives the politics of welfare."

cochairs started holding fewer meetings and put less down on paper. At one session, Ellwood gestured toward a security camera in the corner of a conference room in a White House conference facility, and joked, "That's Jason's camera."

In mid-February, the White House tried a new ploy: leaking to DeParle's competitors. The cochairs had tentatively decided to phase in the two-year time limit so it applied only to mothers born after 1969. Two developments had persuaded the troika to scale back. First, state administrators told them that even a jobs program with 300,000 slots would be hard to set up by the end of the decade. Second, Moynihan aide Paul Offner wrote a *New Republic* article suggesting the time limit apply only to mothers under the age of 20 or 25. While work programs for young mothers had a spotty record, Offner's recommendation to target the next generation had a moral simplicity and would sell well with Moynihan. Still, one drawback was obvious. The administration could end up with the

The cochairs' paranoia hadn't created quite yet. The working group's second all-day-Saturday retreat took place February 26, and the troika prepared as if drafting blueprints for the Manhattan Project. The night before, HHS officials arranged to print a confidential 43-page issue paper so that each member got a copy with his name on the top of every page. That way no one could tear out a page without the cochairs' knowledge. When the working group arrived Saturday morning, everyone got 45 minutes to read the document but had to return it at the end of the meeting. Mary Jo Bane pleaded with the group not to talk about the contents for the next two weeks. "We wanted to brief the cabinet," she explains, "without having them read about the plan and filter it first through the *New York Times*."

After an all-day debate that dealt chiefly with the design of the work program, task force members who had been irate at the lack of consultation seemed assuaged; people even applauded moderator Bane at the conclusion. But the collegial spirit didn't last: Task force members "annoyed at... [the] excessive secrecy" gave DeParle an account of the meeting within 24 hours. Soon, he had a 12-page summary of the retreat that Bane had drafted for the cabinet. Abruptly, HHS called a bizarre briefing for a half-dozen reporters to hand out copies of the confidential cabinet memo and also the retreat paper they had gone to such lengths to keep secret. The briefing's purpose was plain to everyone—keep DeParle from controlling the coverage with another exclusive.

Some Clinton officials thought the anger at DeParle was misdirected—and belatedly, a hunt of sorts began for the leakers. The chief suspects were Andrew Cuomo (Department of Housing and Urban Development) and Christopher Edley (Office of Management and Budget), two outspoken liberal critics of the plan. Bruce Reed learned of a potentially incriminating conversation between them in the men's room the morning of the retreat, and both men's bosses were confronted by White House aide Rasco. Neither, however, was repri-

manded, and it turns out they had been unfairly singled out. DeParle's chief source in the administration, providing proof of culpability beyond a doubt, called *U.S. News* to make sure that Edley and Cuomo were not wrongly impugned.

Back to the president. In March, Rasco and Shalala convened three cabinet meetings. They wanted to avoid the pattern of the health care briefings, where aides ringed the room, making cabinet members self-conscious about betraying ignorance or inadvertently undermining some carefully honed position. No one was allowed at the welfare meetings except the cochair, a few senior Clinton aides and principals—Shalala, HUD Secretary Henry Cisneros, Lloyd Bentsen, Robert Reich, Janet Reno and OMB Director Leon Panetta.

Whereas the health care meetings often had a dry, mathe-

matic way." Labor Secretary Reich suggested lowering the cap on the mortgage deduction to raise funds, and Bentsen said he would have Treasury look more seriously into a gambling tax.

Finally, the cabinet deferred to the president. After pulling a virtual all-nighter, the cochair and Ellwood deputy Wendell Primus completed a 95-page, single-spaced briefing book. It spelled out five options, from a bare-bones plan costing \$6.2 billion over five years to a Cadillac version at \$16.1 billion. The latter included add-ons favored by liberals, such as a five-year, \$4.5 billion child-care program for the working poor that eliminated the incentive to go on AFDC to get free day care.

The cochair suggested that Clinton could trim most of the plan except for the work and training programs for young AFDC mothers affected by the time limit. Because of the phase-in decision, they warned, "we are already under some attack for not going far enough fast enough." The plan might not end welfare for everyone, but Clinton could aim at "ending welfare for the next generation."

Clinton didn't have time before the March 22 session to read the memo, but he told senior aides he liked what he had been hearing. Earlier, Rep. Tim Valentine of North Carolina had asked him: "Now why does it cost more money again to end welfare?" The more the administration spent on reform, Clinton said, "the more we will have to meet the burden of answering the Tim Valentines... that's why we need to be especially careful to show the results of every dollar we spend."

At the trough. Meanwhile, Panetta renewed the quest for money from sources other than low-income programs. He found it—along with a panel of special interests who denounced every program cut as it leaked in the *New York Times*. By the time Clinton finished his treasure hunt, his plan was actually cheaper and provided fewer public service jobs than the House Republicans' plan. They outspent him and put more AFDC recipients to work, relying on big cuts in benefits for noncitizens to fund reform.



JOB TRAINING ■ One ambitious and expensive part of Clinton's plan is an expansion of training programs to help welfare recipients find work before their time on the dole runs out. Most training programs have only modest success, though.

matical quality, the welfare sessions were filled with debate about values. At one point, Shalala, Banc and Ellwood argued that teen mothers should be required to live at home instead of helped to set up their own households. Cisneros interrupted. "In some Hispanic families," he said, "it is a badge of dishonor for a teenager to get pregnant out of wedlock. Some of these girls will get abused if they have to stay at home."

The cabinet embraced most task force policy decisions but nixed several of the harsher financing options. Yet when it came to finding funds for reform, the cabinet, too, was stymied. Cisneros, Reich, Shalala, Gergen and Stephanopoulos argued with Panetta and Bentsen that relying chiefly on cuts to low-income programs to finance reform would backfire. "When we send the bill up," said Stephanopoulos, "we can't have the first reaction be that the Hispanic and black caucuses and the women's groups go bonkers. The [congressional] caucuses are going to be unhappy with the two-year limit any-

The interest group parade began when the *Times* disclosed that OMB might limit the amount the wealthy could build up in tax-deferred annuities. Before long, the Hill was inundated with mailgrams from the life insurance industry, and after House Ways and Means Chairman Dan Rostenkowski warned Clinton officials off the proposal in May, the president abandoned it. Then, Richard Marbes, national commander of the Disabled American Veterans, wrote to say he was "shocked, appalled and indeed outraged" that OMB wanted to extend some restrictions on veterans' benefits and use nearly \$2 billion in savings to help pay for welfare reform. On May 20, Veterans Affairs Secretary Jesse Brown wrote Marbes that the idea was dead, stressing how pleased he was "that the president has again demonstrated his commitment to veterans."

Even apparent boondoggles had their defenders. One OMB proposal would have raised \$490 million over five years by limiting crop subsidies to farmers with nonfarm incomes over

\$100,000 a year. Panetta told administration officials, "This is never going to happen." Sure enough, House Democratic leaders nixed the idea at a May 17 meeting because lawmakers would never be able to explain to farmers why they were singled out to help pay for welfare reform. Then, last week, cash-starved officials restored the crop-subsidy cut.

Ultimately, the Democratic leaders endorsed only two financing measures: restricting disability payments for addicts and alcoholics and trimming welfare payments to elderly immigrants. Special taxes fared just as poorly. In April, a hullabaloo erupted over the plan for an excise tax on the gross revenues of gambling establishments. The *Las Vegas Sun* reported a lobbying blitz funded by the Nevada Resort Association, and Nevada Gov. Bob Miller flew to Washington to protest the tax to White House Chief of Staff Mack McLarty, among others. Nevada Sen. Harry Reid pledged that to kill the

off \$1.8 billion in excess corporate taxes. According to HHS estimates, the plan at first will have little impact on the welfare rolls. In the year 2000, roughly 390,000 heads of AFDC families will be working out of a population of 5.7 million. But if all goes as planned—a big if—the program could have a large impact by 2004. By then, two thirds of the caseload will be covered because more mothers born after 1971 will be subject to time limits, child-support collections should rise and universal health coverage could ensure that no one has to quit a job to get AFDC. HHS projects 1.3 million recipients—a quarter of those on the rolls—will be working, in school or in training.

Epilogue: The center holds? Clinton's tardiness in announcing his plan could hurt its chances in Congress. The delays have already made it unlikely a bill can be enacted this year and have cemented opposition on the left and right. A splinter group of Republicans has unveiled an unprecedented bill to eliminate

all benefits to women under 21 who have children out of wedlock; one GOP aide contends some Hill Republicans now say they "don't care if Clinton proposes to shoot welfare recipients at dawn—we'll still oppose whatever he sends up here for not being tough enough." Democrats are badly split, too. The moderate Mainstream Forum has introduced a costly bill that loosely resembles the House GOP legislation and cuts back benefits for immigrants. Meanwhile, Matsui has rejected the concept of time-limited AFDC and introduced his own bill to bolster spending on existing training and jobs programs.

Will the political center ultimately hold? Reed thinks so. "A powerful idea," he says, "will outlast efforts to subvert it. I have constantly been grateful that the president made such dramatic, specific promises during the campaign because without them we would have had a hard time getting anywhere." But not everyone was so upbeat. For some task force members, welfare reform was a slow process of whittling away, in which they compromised Clinton's radical vision, an



WAITING ON WASHINGTON ■ The big question now is whether the political center can reach a compromise that will help those struggling in the welfare system or whether ideological partisans will thwart a deal as they have in the past.

tax he would "become the most negative, the most irresponsible, the most obnoxious person of anyone in the Senate."

At a hush-hush meeting with the vice president, Stephanopoulos, Rasco, Reed and Kathi Way, Clinton finally rejected the tax. Most of the money would finance more child care for the working poor, which had not been part of his core campaign plan. By dropping the tax, Clinton effectively settled for a scaled-down version of reform that would cost a little over \$9 billion over five years. On April 26, the co-chairs warned him in a memo that they could not trim the education, training, work and child-support provisions "much further while still meeting the commitment to end 'welfare as we know it.'"

Finally, at a May 24 meeting with cabinet members, Clinton appeared to settle on the last few billions. His program would be financed primarily with \$7 billion in cuts from social programs; one of the only non-HHS programs affected was the Superfund environmental cleanup, from which Clinton picked

"open" process went underground and poor families became pawns in ideological struggles. "We had a little cognitive dissonance syndrome at work here—'this is the best we can do so this must be good enough,'" argues one member.

In fact, there is little reason to assume that the welfare mess will somehow soon evaporate. The budget deficit persists, and that alone is incentive for pressing ahead with experimental programs. Of the many officials who toiled on reform, Clinton himself seems most pleased by the plan and unruffled by questions over its fate. "You never know," he said at a May 16 meeting, "this might just catch fire and pass this year." The president even appreciated the press coverage that so dismayed his advisers. At one of his final meetings on welfare, he declared: "I just think it's great the country is having this debate now—it's real important." ■

By DAVID WHITMAN WITH MATTHEW COOPER

Taking On the Welfare Dads

Teen Parenthood: Clinton's controversial reform limits benefits and confronts the complex psychology of boys who make babies

BY STEVEN WALDMAN

IF I HAVE FIVE GIRLFRIENDS," 20-year-old Anthony Jackson explains, "I'll use a condom with four of them." The fifth one is his special girlfriend, "the one who I know and she really knows me." With her, Anthony says, he would not use a condom. "Pregnancy is, like, for your real girl."

President Clinton's new welfare-reform program is supposed to make young men like Anthony think again about getting their girlfriends pregnant. Much of the focus of welfare reform is aimed at teenage mothers (chart), but the White House also wants to make it harder for men to walk away from their children. Since the plan would cut off welfare after two years, the fathers would no longer be able to count on taxpayers to take care of their kids indefinitely. Clinton's plan would beef up efforts to collect child support and force women to identify the fathers of kids born out of wedlock. "Mothers [already] have to take some responsibility, but men face no consequences," says David Ellwood, the Department of Health and Human Services official who helped write the plan.

Will welfare reform force young men to become more responsible about fatherhood? Consider the examples of three from Lawrence, Mass., a low-income community with a high teen-pregnancy rate. Each shows a deep confusion about what it means to be a parent. Some reforms called for by Clinton would have little effect on their behavior. But all three young men show an affection for their children that might be nurtured into a sense of responsibility, given the right mixture of rewards and punishments.

Babies before marriage: Anthony visits his 1-year-old son in Boston regularly, which is a lot more than he saw his own father. "I want to be there for my baby," he



BLACKIE STEINER FOR NEWSWEEK

'I want to live long enough to see [my daughter] grow up'

says. He often helps buy clothing and food for the child. He has studied to get a GED (high-school general-equivalency diploma) so he can earn and contribute more. He criticizes girls who get pregnant just to increase their welfare checks—and he wants it to be clear that his son was no accident.

But he treats his boy more like a favorite nephew than a son. He knows that if he doesn't contribute money, a welfare check will keep his child from starving. Tougher child-support enforcement would work in theory, but local agencies that would have to implement reform are notoriously bureaucratic and understaffed. Greater availability of birth control wouldn't have helped; Anthony wanted the baby. More important, welfare reform would not alter his conviction that child rearing does not require marriage—or even

cohabitation. "Marriage is a big step," he says earnestly. "I want everything to be right. I might have a baby with her, but I haven't found Miss Right." In his peer group, sex happens when you're a kid, babies when you're a teen and weddings—maybe—when you're an adult.

The proposal that seems most likely to change Anthony's behavior is a two-year limit on the mother's receiving welfare. If she lost her benefits, "I'd have to get another job," he says. "I'd step up."

Setting down: As a demonstration of love for his daughter, Kayla Ashley, Carmelo Rodriguez frequently sold drugs. "I'd make \$700 a week and by Saturday it was gone," says Carmelo, who is now 19. "I had to because my daughter didn't have everything I wanted her to have. I got her a christening dress—it's so beautiful it looks like a wedding dress."

Carmelo has skated on the edge for several years, moving from town to town and

at one point landing in a detention facility. But he still talks sentimentally about Kayla's birth. "I remember that day like it was crystal clear. She was 21 centimeters, 6 pounds 7 ounces. Born at 4:08 and 80 seconds. Just two minutes after, I held her for, like, 45 minutes without putting her down." Like Anthony, he didn't know his father—"somebody killed him"—and is determined to do better for Kayla. "I was there when she first said da-da."

Carmelo's motivations are poignant yet in some ways backward. Carmelo wanted a child to help him straighten out. "I felt like if I had a kid, it would settle me down," he says. To a certain extent it has. Carmelo joined the CED course for a few months and spends less time hanging out with his friends. His ex-girlfriend, Shana Paduana, had equally misguided reasons. Bounced from one foster home to another as a child, Shana thought getting pregnant would bring stability by forcing Carmelo to stay around. "I imagined I'd have a husband and a family, but..." she says, finishing the sentence with only a shrug. Now she's on welfare, and she and Carmelo have broken up.

Shana believes the two-year limit might help others but wouldn't have prevented her daughter's birth. What would help? She



PHOTO BY MAGGIE STUBER FOR NEWSWEEK

points to her upper arm, where she now has a Norplant contraceptive implant to prevent pregnancy for five years. Clinton would provide \$400 million to help set up family-planning programs. But so far, low-income communities have strongly resisted efforts to pressure girls into using the device.

Imagining the price: "Guess what? I'm pregnant." Amy Lasser said to Efrain Talavera when he was 16 and she was 15. "Oh yeah?" Efrain recalls responding with all the nonchalance he could muster. "Guess what? I'm hungry. Let's go to McDonald's." He spent the next several months being cruel to her in the hope she would leave him. "She would call and I'd tell [whoever answered the phone] I'm not here—but I'd say it loud enough so she

heard." He was terrified and angry about the prospect of fatherhood. "I'm chasing girls—and now it's over. It's over," he thought to himself. Abortion was out of the question; both believed it was wrong. Amy had not wanted to get pregnant, but she desperately wanted to keep the baby. "I wanted the responsibility," she says, tears trickling down her cheek. "I wanted someone to love me—to love me forever; I wanted something more—more of a challenge."

As the delivery date approached, Efrain decided he couldn't abandon his child. "I want to live long enough to see her grow up," he says. He stood by Amy's side when Liffiana was born. Sometimes, when he looks at the little girl, he imagines she's thinking, "Oooh! That's my father—I'm proud of him." He changes diapers, bathes her every day and irons her clothing "so it's always creased."

Efrain and Amy seem the most likely to be helped by policy solutions. They used contraception, but not consistently—"if he used a rubber I would feel like a slut," she says—so Norplant would seem to have been ideal. Amy received welfare after the birth but now lives with Efrain and his mother and doesn't need government benefits. Efrain just got a job as a janitor to help pay the bills. Both believe taking away the security of welfare would force kids to be more careful about birth control.

But the most effective welfare-prevention

I felt like if I had a kid, it would settle me down

'Marriage is a big step... I haven't found Miss Right.'



As Long as You're Under This Roof . . .

President Clinton's expected \$9.4 billion proposal to reform welfare casts him as a caring but demanding parent, showing "tough love" to teens whose families cost the country about \$34 billion a year in benefits. Here's how he'd change the life of a typical teen parent:

| | Child Support | School | Marriage Penalty | Family Cap | Work |
|----------------|---|---|--|---|---|
| Now | Unwed dads often aren't named on birth certificates, foiling attempts to collect child support. If he pays, Mom's check shrinks. | A teenager is a kid, but a teen mother is an adult. She can get her own check, her own apartment and drop out of school. | If a pregnant teen gets married or lives with the father of her child, she is probably ineligible for welfare. | After a year or two, she's likely to have another child. Her AFDC check increases as her family grows. | Work is for suckers. If Mom gets a job, her check is reduced by the amount she earns, and she's likely to lose her Medicaid and free child care. |
| Clinton | If Mom doesn't identify the father, she doesn't get a check. States can threaten deadbeats with garnishing wages and suspending professional and driver's licenses. | A teen mother must live at home until age 18 and has to stay in school or lose her benefits. If the family's income is high enough, she gets no check at all. | States can abolish the "marriage penalty" and make it easier for married couples to get welfare. | States can decide to cap payments: if a welfare mother has another child, her check stays the same. If reduced income leads to child neglect or abuse, authorities step in. | Benefits disappear two years after graduation. Mom takes a private-sector job or is assigned a minimum-wage government job. National health care replaces Medicaid. |

NATIONAL AFFAIRS

program in Lawrence has nothing to do with benefits checks. It is the Greater Lawrence Boys' Club. Not one of the 300 to 400 boys who visit daily has fathered a child, says associate director Steve Kelley. The key, he says, is providing a safe and stable pseudofamily. The kids eat, study and play sports there from 2 p.m. to 9 p.m. (A sign on the door says: IF YOU LEAVE THE BOYS' CLUB YOU MUST GO HOME FOR THE DAY.) Kelley talks incessantly about the importance of going to college and brings in successful "alumni" who have graduated from prestigious schools to illustrate how far the kids can go. If their aspirations are raised high enough, Kelley figures, they will begin to view fatherhood as a burden instead of a lift. "It's the ones who have goals that make it," he says.

Clinton's welfare-reform plan recognizes the importance of reaching kids before they make tragic and irrevocable decisions. The president intends to launch a publicity campaign emphasizing the self-destructiveness of having babies too young, and there will be more money for programs like the Greater Lawrence Boys' Club. Still, Clinton is up against some deeply ingrained behavior. Anthony, Elfrain and Carmelo have internalized the message that marriage is a serious matter, yet missed the message that child rearing is. They have little faith they can succeed in the world, yet exaggerated notions of their capacity to be good parents. And even under the most generous welfare-reform plan, there won't be enough Boys' Clubs to turn all of these fathers into men. ■



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Programs in Administration,
Planning, and Social Policy

June 20, 1994

To: Helen Blank, CDF
Joan Lombardi, HHS
Bruce Reed, White House

From: Bruce Fuller, Associate Professor
Phone: 617-496-4817

Subj: Op-ed draft - welfare/child care

The L.A. Times may run the attached piece within the next two weeks. Please let Susan Holloway and I know if you see any inaccuracies of misconceptions -- from your view point.

Thanks for the help. *BF*

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| | |
|-----------------------|-------------------------|
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LA TIMES EDPAGES

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Dead End

kept pace with rising demand. But the supply of quality preschools is distributed unfairly. Working-class sections of Los Angeles have just 11 class-groups (define classes) for every 1,000 preschool-aged children, compared to more than 25 groups in affluent suburbs like San Mateo County or Arlington, Va. Some inner-city neighborhoods and towns in Southern states have no child-care centers at all, or the few that exist are of dismal quality. Welfare agencies like to nudge mothers into home day-care, since it saves money. Latino families often opt for home-based care, modest operations run by Spanish-speaking neighbors who are more personal. But a recent study, drawing on observations of these services in Los Angeles and the San Fernando Valley, found that many such caregivers have no training in child development and that preschoolers show little warmth or attachment to the care providers.

Clinton's welfare proposal does include fresh funding for child care, but far less than the leading Congressional proposals. Clinton's increase, in fact, is less than the increases proposed by President Bush in his last two years in office.

Washington's policies, while pro-family, are increasingly fragmented and unfocused.

Clinton's support for families has come in fits and starts, in fragments like the budget increase for Head Start, rather than building broad-based policies and consolidating programs. Entitlements increasingly go to parents who already have abundant resources. More than \$1.5 billion in child-care tax credits now go to families earning more than \$60,000 a year. Rather than financing welfare reform by cutting benefits for the politically powerless, like the White House plan to slash aid to elderly immigrants, money can better be saved by targeting child-care aid to poor and working-class families.

Just a year ago, the Family Leave Act—a touchstone of pro-family sentiment among presidential candidates—advanced the argument that perhaps we should change work as we know it, allowing more time for parents to be with their young children. But Washington's prescription for impoverished single mothers goes in the opposite direction: If these mothers are going to work full-time, we cannot demand that they also warehouse or endanger their children with low-quality child-care, or even no care at all.

Bruce Fuller and Susan Holloway are, respectively, professors of comparative policy and human development at Harvard University.

By BRUCE FULLER and SUSAN D. HOLLOWAY

The Clinton Administration is eagerly sketching the virtuous New Welfare Mother of the 1990s: She awakes early to drop off her youngster at day care, then zooms to Burger King. Sure, she earns just \$4.35 an hour, but she has sworn off the evils of welfare. Through the sanctity of working full-time, and despite her ignoble past, she rises up as a born-again Calvinist. What's wrong with this picture?

This lovely scene depends upon the mythical mother's ability to find a child-care or preschool spot for her young child. Almost two-thirds of the 4.4 million single mothers on welfare have preschool-aged children. But the current day-care system serves just 4 million youngsters nationwide. And "system" is an optimistic misnomer: Preschooling in America is an archipelago of little organizations in basements and churches, thinly stretched over an escalating number of children.

If President Clinton is serious about strengthening fragile families—as he signaled in his first year, implementing the Family Leave Act and cash support for working-poor parents struggling to escape welfare—he must also focus on the most vulnerable members, young children. If policy-makers rushing to get single mothers off the dole and into jobs inadvertently push infants and young children into unsafe, low-quality day care, we will undoubtedly read more stories of abuse inflicted by care-givers, youngsters left home alone because the babysitter didn't show, babies handed off to "friends" of dubious child-care ability in violent neighborhoods.

Thoughtful family policy should aim to reduce welfare dependency and strengthen the quality of young children's lives. This requires that policy-makers and children's advocates tackle three issues as this summer's debate over welfare reform stirs in Washington:

• Dumping more young children into already strained child-care organizations will further erode quality. Any parent who has shopped around for preschool services has seen distressing disparities in quality, from unsafe conditions to unstimulating staff. We pay preschool teachers one-fourth the wages earned by public-school teachers. Low-quality preschools turn over half their staff every year; a recent review of Head Start confirmed what insiders had known for years: the program's rapid rate of expansion has seriously undercut its quality.

• Poor single mothers have too little access to child care. The child-care market has

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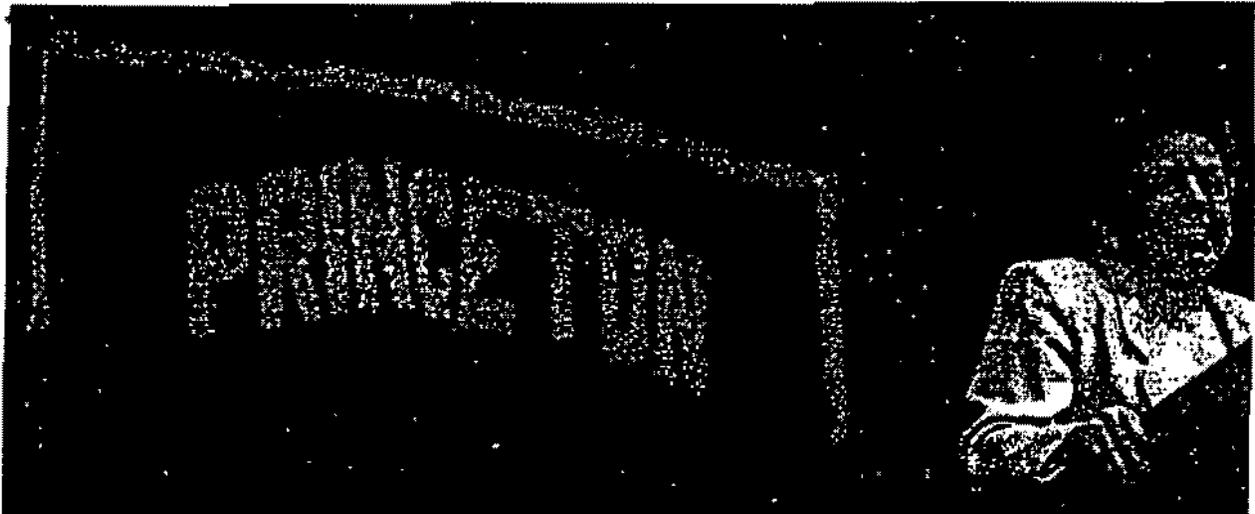
To Bruce & Rahm -
2 pages -
FYI.

Melvin

PRINCETON METRO

The Trenton Times
4/20/96

Words of a woman



Staff photo by Mary O'Con

U.S. Secretary of Health and Human Services Donna Shalala delivers the keynote address at the symposium at Princeton University.

Shalala opens Sigmund symposium

By JOSH ROSENFELD
Staff Writer

PRINCETON BOROUGH — Welfare reform must make work a viable economic alternative to staying on the dole, especially for poor single mothers, U.S. Secretary of Health and Human Services Donna E. Shalala said yesterday in a speech at Princeton University.

"The incentives we offer to poor women should always point in one direction: work," Shalala told a crowd of 150 at Princeton's McCosh Hall. "We have to make work pay," she said. "Lifetime unemployment is degrading for women and for men."

Her speech was the keynote address in the Sixth Annual Barbara Boggs Sigmund Symposium on Women and Poverty, which continues today at Princeton with panel discussions about women's health-care concerns throughout life.

Welfare policy, Shalala said, must emphasize values like the need for women to work and the need to have two-parent families.

"In this country, we value education and we value marriage," Shalala said. "Yet our current welfare system encourages teenage women to set up their own households as mothers."

"In this country, we value education and we value marriage. Yet our current welfare system encourages teenage women to set up their own households as mothers."

— Donna Shalala

Children, she said, need "to see adults working that they 'see work as a part of citizenship and responsible adulthood.'"

"For those who refuse to work, assistance must be reduced and then eliminated," she said.

Children also need fathers, Shalala said, denoting the idea that "fathers are a bonus, not a necessity."

"Women should not have to be both parents," she said.

Shalala suggested ways government could do the rewards of work greater than those of welfare.

Raising the minimum wage from \$4.25 per hour to \$5.15 per hour would make it a "living wage," she said.

"The minimum wage is a women's issue," Shalala said, adding that while 47 percent of women are employed, 39 percent of minimum-wage earners are women.

She said entry-level jobs need to be combined with the health care child care single mothers would otherwise get through welfare.

"Why in this country do you get health care if you have children you're on welfare but don't get it when you go to work?" Shalala said.

Shalala noted also that many poor single mothers would work if they had access to "safe, affordable" child care.

The Daily Princetonian, Monday, April 23, 1996

Shalala addresses ways to eradicate poverty of women

By SARAH LIND WIMMER
Donna Shalala, U.S. Secretary of Health and Human Services, addressed a capacity crowd in McCosh 10 Friday afternoon on her ideas for helping women transcend poverty.

Shalala's speech served as the keynote address of the Sixth Annual Barbara Boggs Sigmund Symposium on Women and Poverty sponsored last weekend by the Women's Center.

Shalala opened her speech by saying, "I've come to Princeton to discuss where we've been and where we must go" in the fight against poverty, specifically for women and children.

She continued, "Our challenge is

(Continued on page two)

Shalala advocates fighting poverty

(Continued from page one)
to ignite the American dream for (families in poverty) by... offering the tools to grab the dream." Only then will America truly be "the land of equality, the land of opportunity, our promised land," she said.

"Women in poverty weaken the economy," Shalala said. "(These economic effects) touch all of us, rich or poor, woman or man," she added, citing that 14 million women over age 18, one in five children and 60 percent of households headed by African-American and Latino women live in poverty.

"It's our obligation to make their descent into an ascent" out of poverty, Shalala asserted.

Comprehensive policies
"We must fight poverty with comprehensive policies that reflect twentieth-century values," she said. Shalala stressed that too often our policies are based on values no longer held by society and are "grounded in assumptions that no longer reflect where we are."

Since currently two-thirds of mothers work and 99 percent of American women will work for pay

somewhere in their lives, Shalala said she believes the "social and economic fabric (of America) has fundamentally changed (since Franklin Roosevelt's inception of the welfare system), and public policies have to reflect that trend."

Shalala offered her and the Clinton administration's plan for changing current policy by "demanding respect" for women in poverty, "offering opportunities in return," "strengthening families" and giving incentives and opportunities for women to work. Recalling the age of Rosie the Riveter during World War II, when "encouraging women to work was an issue of national security," Shalala said it is "in the national interest to do the same today."

Shalala stressed that the government's work to reform welfare is

"far from done."

"We can balance the budget and reform welfare" by encouraging work and rewarding education and marriage while still protecting vulnerable children, she said. "It's not welfare reform if we're not providing the correct (incentives)," Shalala added.

To avoid slipping into the welfare system in the first place, "children need to see adults working as an inherent part of our culture," she said. "We need to get our values right... (and) make work pay."

She added the administration is working toward this goal by expanding the earned income tax credit for working families and urging an increase in the minimum wage to a "living wage."

(Continued on page four)

Westside

LATIMES 4/23/96

U.S. Health Secretary Helps Open Center

Donna Shalala, secretary of the U.S. Department of Health and Human Services, participated Monday in the opening of the UCLA Center for Healthier Children, Families and Communities.

The aim of the new center at the School of Public Health is to coordinate research projects on children's health issues that include doctors and researchers from hospitals and facilities across Los Angeles, Cedars-Sinai Medical Center, Harbor-UCLA Medical Center and Martin Luther King Jr./Drew Medical Center are affiliated with the new center.

Addressing a crowd of about 200 health professionals, Shalala commended UCLA for its effort to improve children's health.

"As you open the doors at UCLA's Center for Healthier Children, Families and Communities, you are combining the best of all worlds," she said. "You are combining the best academic research, the best leaders and the best prevention strategies to provide a one-two-three punch for our children, our families and our country."

Shalala went on to describe the Clinton administration's commitment to the managed health care system and Clinton's fight to reform Medicaid instead of allowing lawmakers to repeal the program. She also pitched a new federal health strategy known as "Safe Passages," which targets substance abuse, tobacco use, teenage pregnancy, sexually transmitted diseases, violence, diet and physical activity.

Shalala discusses Medicaid

(Continued from page three)

She said she advocates a \$5.15 per hour minimum wage to help the 10 million Americans working for that salary. Since 5.8 million of these workers are women, Shalala categorized minimum wage as a "women's issue."

She added that "making work pay" for welfare parents also involves increasing funding for Head Start programs and the inception of the Family Medical Leave Act, in which parents could take an emergency leave of absence from work without jeopardizing their jobs.

"(We need to make) work a more rational choice than staying on welfare," she said. "It's a rational decision to choose the path that provides for your children," with health care and child care. In the current system, "welfare provides (these benefits)," but low income jobs usually do not, she explained.

"Access to safe, affordable child care is often the difference between waiting for a welfare check or being in the work force," Shalala said.

Shalala also advocated a thorough overhaul of Medicaid to "increase

flexibility of the states." Shalala said Medicaid waivers should be extended to working families so parents could "move off welfare to the work force and keep their health insurance." Shalala also emphasized the need for better preventive health care for impoverished women.

Despite the speech's theme of women and poverty, Shalala said it was not inappropriate to discuss the role of fathers. She emphasized the benefits of two-parent families, noting that children of single-parent families are twice as likely to drop out of school, have children before age 20 and live in poverty than children of two-parent families.

"Women shouldn't have to be both parents," Shalala said. "This is why the President has taken strong steps to strengthen families and enforce fathers' roles."

Shalala is the Chair of the Children's Defense Fund. She also co-chaired the U.S. Delegation to the United Nations Fourth World Conference on Women in Beijing.

Shalala received an honorary Princeton degree in 1991.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

M E M O R A N D U M

To: Bruce Read and Mary Jo Bane
From: Terry Edmonds and Dan Porterfield
Subject: The Secretary's Welfare Reform Op-Ed
Date: April 19, 1994

For your information, we are providing a copy of the Secretary's Op-Ed which we are targeting for publication in the Wall Street Journal, first. This piece is based on the Secretary's April 13 Urban Institute speech -- which you also reviewed last week.

David Ellwood and Melissa Skolfield have signed off.

Please get back to us today if you have any comments.

Thank you.

690-7470

Op-Ed

Donna E. Shalala

U.S. Secretary of Health and Human Services

on

Improving Entry Level Jobs Key to Ending Welfare as a Way of Life

April 14, 1994

If you listen to the disparate voices in the welfare reform debate, you can hear a common echo. From Bill Bennett to Eleanor Holmes Norton to welfare recipients themselves, virtually everyone agrees that work and responsibility are the core values that must guide any approach to ending welfare as a way of life.

Let's focus on responsibility first. When we talk about ending welfare as a way of life, we're not just talking about moving people from welfare to work. We must also find a way to reignite the fire of parental responsibility that is our true national heritage and our only rational hope.

That's why our welfare reform proposal will include measures to strengthen child support enforcement, holding fathers as accountable as mothers, and moving to collect the more than \$34 billion in support payments that goes uncollected each year.

Our proposal will also include a strong emphasis on the prevention of unplanned pregnancies -- with special efforts to reduce the more than one million teen pregnancies that occur in this country each year.

Work is the essential means of providing that support. Our reform proposal will be based on the simple notion that welfare must be transitional, with a clear expectation that those who can work do so within two years, including mothers with children.

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The trouble is, the traditional minimum wage entry level job with no benefits is not always a strong enough bridge to self-sufficiency for millions of people who desperately want to move from welfare to work.

What is encouraging is recent research which tells us that seventy percent of people get off welfare within two years. Unfortunately, most of them wind up coming back, primarily because minimum wage jobs still keep them below the poverty line. And because of the lack of fringe benefits, such as health care and child care, that would make work a better deal than welfare.

Take the case of a 22-year-old single woman in Homosassa, Florida, who's bounced between welfare and work while supporting her child.

She entered a job training program and got a good job with a construction company. But as soon as she started working, her AFDC payments were cut.

Among her new expenses was \$200 a month for child care three days a week.

This young woman couldn't afford these extra costs, especially child care, and so eventually she quit her job, and

went back on welfare. For her, and millions like her, work simply didn't pay.

In fact, recent Census Bureau statistics show that the percentage of Americans who work full-time but cannot lift themselves out of poverty rose 50 percent from 1979 to 1992. And 24 percent of all women who worked full-time in 1992 earned too little to keep a family of four above the poverty line.

And at the same time that more working people have been slipping into poverty, we have seen health care coverage evaporate for working Americans. Right now, about 21 million people who go to work every day do not have health insurance -- and those who have entry level jobs are most likely not to be covered.

A 1994 study found that over a 20-month period, only eight percent of people on AFDC who went to work found jobs that provided private health insurance. But during that same period, 100 percent of those who stayed on welfare got coverage through Medicaid.

In fact, studies show that 10 to 20 percent of people on welfare are there because it's the only way they can get health care coverage.

In addition, the average hourly cost of center-based child care rose 19 percent between 1975 and 1990. By 1990, an employed mother with a pre-school age child spent an average of \$3,150 a year on child care.

These three things -- declining wages, declining health care, and more expensive child care -- have turned the entry level job into a false hope that often fails to hold the weight of people struggling to end welfare as a way of life.

That's why we have to bolster the entry level job so that it is truly a better deal than welfare.

Here's how we plan to do it.

First, to address more than a decade of declining wages, this Administration has already expanded the Earned Income Tax Credit, or EITC. When fully implemented, the EITC will make a \$4.25 an hour job pay the equivalent of \$6.00 an hour, for a family with two children.

Second, to deal with the evaporation of health care benefits for working Americans, the President has introduced historic health care reform that guarantees private health insurance that can never be taken away.

And third, to give working parents the security of knowing their pre-school age children are safe during the day, our welfare reform plan will include a significant investment in child care.

The basic American values of work and responsibility have been undermined by our current system. We think the best way to re-energize them is through a combination of sanctions and incentives -- the push of a two-year time limit with the pull of powerful economic incentives and supports.

Welfare as we know it has failed. Our reform proposal will offer the working poor and communities across this nation new tools for ending welfare as a way of life.

COVER STORY

Welfare Overhaul Leaves Dole With Campaign Dilemma

Crafting a measure that President Clinton will sign could bolster — or bungle — election chances

President Clinton's ability to fulfill his campaign pledge to "end welfare as we know it" now rests mainly with Bob Dole, the man who has the least incentive to help him.

How Dole, the likely GOP presidential nominee, handles the welfare issue in coming weeks will alter the course of a major campaign issue for both candidates. As the Senate majority leader from Kansas, Dole will determine whether Republicans try to move a welfare bill that Clinton can sign.

In doing so, Dole can control whether Clinton fulfills his promise to overhaul the six-decades-old welfare program. However, Dole cannot predict with certainty what effect the issue will have on his own campaign. It is a choice that he faces on a number of issues: How to best use Congress and the legislative agenda to benefit his presidential campaign.

Both parties agree that the welfare system needs fixing, though they disagree on how far to go in dismantling the current federal guarantee of providing welfare checks to all eligible low-income mothers and children.

Regardless of the outcome, Clinton and Dole will compete on the issue — either to claim credit for remaking a welfare system that has failed to lift the poor out of poverty or to assess blame for leaving an unpopular program unchanged.

Dole has several options, and with the help of political and congressional advisors he has been assessing the political fallout and advantages of each. He could decline to send a new comprehensive welfare overhaul bill to



Clinton, who has already vetoed the GOP welfare bill twice. That would allow Republicans to brand Clinton as all talk, no action.

He could send Clinton a bill that he is likely to sign, allowing both leaders to claim credit for a historic shift in the program. Or he could send a bill that Clinton would almost certainly veto — such as one linking welfare to a proposal to overhaul Medicaid, the nation's health insurance program for the poor, to further sharpen differences between the two likely presidential contenders.

"There's a debate going on about how many chances we want to give [Clinton] to sign a welfare bill," said Sen. Rick Santorum, R-Pa., who has been in the middle of the debate. "It comes down to [Dole's] call about what to do. To me, this is a purely political question."

The political overtones are vast, but so are the policy implications. If Republicans abandon the effort now,

history shows that there is little certainty that the 105th Congress would take up the same effort. (Box, p. 1026)

Making Government Work

Dole's welfare dilemma showcases the difficulty he's facing in running the Senate while he runs for president. It creates challenges as well as opportunities. He cannot simply run against Clinton's record and make promises. He must show that he can make government work.

Both Dole and Clinton favor saving federal money through overhauling welfare and giving states more say over the program. "It's not a partisan thing," Dole said April 17 on the NewsHour with Jim Lehrer. "It's failed — we need to put a premium on work."

Dole and other Republicans back far-reaching legislation that would end the federal guarantee of welfare benefits, impose time limits on benefits and create new work requirements for recipients. States would gain almost complete control over the program.

But Clinton rejected that approach without more federal money, protections for children, and more assistance for recipients who are required to work.

"There are powerful incentives for both Bob Dole and Bill Clinton to show they can get the public's business done before the election and not let their mutual failure to get things done be a partisan club," said Will Marshall, president of the Progressive Policy Institute, a think tank for moderate Democrats.

Dole may try to pin his presidential campaign more on his legislative accomplishments than any overarching

By Jeffrey L. Katz and David S. Cloud

vision. "We need to develop our agenda, the Republican agenda, the Dole agenda, and lay it out there for the American people to make a judgment," Dole said recently, rattling off a list of legislative priorities he wanted to act on.

Dole allies say that he has not decided what to do and that it will depend on several factors — how successful he is at building a record of other accomplishments, for example. The welfare bill also could be rolled into a new deficit-reduction measure, which Dole is considering moving.

"He's leaving preliminary planning to other people, said Sen. Charles E. Grassley, R-Iowa, a Dole ally. He said Dole will make a decision "further down the road."

Republicans in both chambers are revising the welfare measure vetoed by Clinton, which was sent to him first as part of last year's deficit-reduction measure (HR 2491), then as a free-standing measure (HR 4).

The version now being fashioned in Congress will reflect bipartisan support from the nation's governors for ending the welfare entitlement and shifting control over the program to the states. Senate leaders tentatively plan to have the bill on the floor in June.

Despite his memorable vow in 1992 to "end welfare as we know it," Clinton has suffered little political damage so far by vetoing the GOP welfare bill. Republicans concede that the veto was overshadowed by the GOP's unpopular strategy to shut down the federal government over budget disputes. Also, Clinton vetoed the bill during a January blizzard when Congress was in recess. Few Democrats had supported the measure, and the veto came as no surprise.

At the time, the Republican presidential nomination was still up for grabs, and the candidates were too engrossed in their own battles to focus on the veto. But if Clinton were to veto a welfare bill again, Dole would surely pounce on it with great fanfare.

Republican officials and Dole's advisors contend that the vetoes exemplify Clinton's biggest weakness: He makes impressive promises, but fails

to deliver. In campaign appearances, Dole has cited Clinton's rejection of the welfare bill, calling the president "old veto Bill."

The Republican National Committee recently began airing television commercials that highlight Clinton's welfare vetoes while accusing him of failing to offer a "serious" welfare plan of his own.



Dole and Sen. William V. Roth, Jr., R-Del., at a news conference on health insurance reform April 16.

Clinton's own welfare proposal was not introduced until 17 months after he took office, so as not to interfere with his ill-fated health care initiative. Congress never acted on the plan, which would have phased in time limits on benefits and work requirements on recipients while retaining the federal entitlement.

Governors Push

The nation's governors, particularly Republican chief executives from states that are crucial to Dole's presidential hopes, continue to push for action on welfare. But some of these Republican governors are also determined to combine welfare legislation with changes to Medicaid that Democrats, including Clinton, are much less

willing to accept.

Governors have been some of the leading players in recent efforts to revamp welfare, aggressively seeking waivers from the federal government that allow them to experiment with their state's welfare programs.

Governors from both parties eagerly await legislation that would give them even more control over welfare.

Two of them, Gov. Tommy G. Thompson, R-Wis., chairman of the National Governors' Association, and Gov. John Engler, R-Mich., were particularly influential in persuading Republican lawmakers to give states more control in exchange for limited federal funding.

"It's ready to go," Thompson said of welfare legislation unanimously endorsed by the nation's governors Feb. 6. "It still has strong bipartisan support, and I believe it has some support in the White House. But it will not go up unless it's attached to Medicaid. And that's what caused the problem."

Republican governors argue that Medicaid changes must be linked to welfare legislation because the two programs must work in tandem in order to achieve change. They also say that increases in Medicaid expenses are having a much more devastating impact on state budgets than increases in welfare expenses.

Their hope is that by packaging something Clinton opposes — the Medicaid changes — with something he is much more inclined to sign — the welfare overhaul — they can get Clinton's signature for the entire package. Republicans in Congress pursued a similar strategy on budget issues, and it failed.

"Medicaid is where the money is for the state," said John Truscott, Engler's press secretary.

But the flip side of the governors' argument is that by tying the two issues together, they give Clinton an excuse to veto the entire package — and another opportunity to brand Republicans as extremists.

Democrats and Republicans have more fundamental differences over Medicaid than they do over welfare. For instance, most Democrats — and some moderate Republicans — are

more resistant to eliminating the individual entitlement to medical services for the poor than they are to eliminating the entitlement to welfare checks. Most Democrats and some Republicans are also concerned about reducing the scope and coverage of Medicaid benefits.

Junior Members

Some congressional Republicans, especially junior members, want Dole to make all reasonable compromises to move a welfare bill that Clinton can sign. They want to play a part in making sweeping changes to the program and tout a legislative accomplishment that voters will respond to when they run for reelection.

Consider Rep. Phil English, a freshman Republican from a politically competitive district in northwest Pennsylvania. English took a hard line on welfare during last year's debate in the Ways and Means Human Resources Subcommittee, which shaped much of the House bill. He never varied much from the party line or passed up a chance to blame Democrats for clinging to failed welfare policies.

But having offered their benchmark legislation last year, English now believes that Republicans ought to compromise where possible with Clinton and congressional Democrats. "I'm not willing to let the perfect be the enemy of substantial reform," he said.

He is not worried that overhauling welfare might cost him a good campaign issue to use against Democrats. "I would rather be able to say that I got something done," he said. "I might lose this election. I would like to be part of reforming the welfare system."

His views are shared by another Republican freshman on the subcommittee, John Ensign of Nevada. "It's more important that the country see us being willing to put our party aside and look for the greater good of the nation," he said.

House Speaker Newt Gingrich, R-Ga., agrees. Since Dole wrapped up the party's presidential nomination,

Gingrich has said that he would defer to Dole on legislative strategy. But Gingrich still has ideas about where the party should be heading, and he wants a welfare bill enacted this year.

"He really wants welfare reform," says GOP consultant Eddie Mabe Jr., a Gingrich ally. "I don't think he has any idea how to do it, but he thinks there must be a way to make it work."



Gov. Tommy Thompson, R-Wis., left, and Gov. Bob Miller, D. Nev., right, at the National Governors' Association.

However, some conservative lawmakers are leery about taking further steps away from principles they first advanced in the original House version of HR 4, such as the attempt to deny additional benefits to welfare recipients who have more children.

And even GOP moderates are unsure whether moving a bill that Clinton would sign is a political plus for Dole.

Rep. E. Clay Shaw Jr., R-Fla., chairman of the House Ways and Means Human Resources Subcommittee, said if Dole "decides to take the lead on welfare reform, then his fingerprints are on it and he certainly would share much of the credit for the passage of the bill, whether the president signs it or not."

But Rep. Michael N. Castle, R-Del., a veteran of the 1988 welfare debate, is not as certain. "Bob Dole's a very pragmatic man," he said. "I'm not sure that he wants to take all his political stock and put it on getting welfare done when the chances are that he can't get as much credit as the president can."

1988's Welfare Debate

This is not the first time that Clinton and Dole have figured prominently in a national welfare debate or used it to pursue their presidential ambitions. It also happened in 1988, the last time Congress tried to change the welfare system (PL 100-485). (1988 *Almanac*, p. 349)

Clinton, then governor of Arkansas, played a leading role in pressing Congress to move what was then considered a far-reaching measure, emphasizing education and training for welfare recipients. Clinton was an up-and-coming executive hoping to build a reputation as an innovator.

Initially, Dole, then the Senate minority leader, kept his distance from the welfare bill pushed by Sen. Daniel Patrick Moynihan, D-N.Y., even though it had attracted bipartisan support in Congress and among governors. Dole was then mounting his second campaign for the GOP presidential nomination.

Dole made his support of the welfare bill contingent on passage of an amendment sought by then President Ronald Reagan that required welfare recipients in two-parent families to work more than 16 hours a week — the first such work requirement since the program's inception.

Though mild by today's standards, the so-called workfare provision was anathema to many liberals supporting the bill, some of whom referred to it as "slavefare." But Dole had a persuasive argument and a characteristically pragmatic response: Reagan would not sign the bill without it. Dole's position was a forerunner of current GOP efforts to impose tougher work requirements on states.

Clinton was among many governors who were unenthusiastic, but he restrained his criticism, mindful of his emerging reputation as a "New Democrat" who proposed hard-headed solutions to social problems. "Philosophically, I don't have any problem with some kind of work requirement," he said at the time. "But it's counterproductive to substitute makework for meaningful

Seems Like Old Times

Sound familiar? The president vows throughout his first term to replace the nation's main cash welfare program, Aid to Families with Dependent Children (AFDC). He is motivated by widespread concern about the program's rapid growth in cost and number of recipients. Although Congress is controlled by the other party, lawmakers accept the general goal.

A protracted legislative struggle ensues, much more so in the Senate than the House. The two parties come tantalizingly close to making sweeping changes to the nation's welfare policy. But with a general election looming, presidential and congressional politics get in the way. Both sides give up.

In the aftermath, the administration is accused of not pushing hard enough for the proposal. Republicans deny that their members prefer inaction on welfare so that they can use it as a campaign issue. And the subject exposes internal divisions among Democrats over social policy.

This may sound like a summary of the current effort to overhaul welfare. But it dates back almost a quarter-century, when President Richard M. Nixon and the Democratic-controlled Congress agreed that AFDC ought to be replaced but could not agree how to do it.

If 1996 parallels 1972, the outcome could be constructive for Republicans who are unsure whether to keep pushing for their plan to eliminate AFDC and give states broad control over welfare programs through block grants.

The lesson of 1972 is that Republicans ought to seize the moment while they can. That is because as close as the two parties came to an agreement on a plan to



Daniel Patrick Moynihan

replace AFDC that year, momentum quickly dissipated and the issue was never revived after the election.

At the time, Nixon proposed to replace AFDC with the Family Assistance Plan. As originally envisioned in 1969, the plan would have replaced AFDC with a program to provide the unemployed with \$1,600 a year for a family of four, plus food stamps valued at \$300. The working poor would have qualified for benefits, too. The unemployed would have been required to take job training or lose their portion of the benefit.

A major advocate of the plan was Daniel Patrick Moynihan, then a counselor to Nixon and now a Democratic senator from New York. Moynihan discussed the battle over the plan in his 1973 book, "The Politics of a Guaranteed Income."

The legislation was embraced by the House in 1970 but died in the Senate, where Republicans and Southern Democrats were skeptical of the proposal and liberals complained that the payments would be too low.

A year later, Nixon made a comprehensive welfare overhaul bill "White House priority No. 1" and the legislation was symbolically designated HR 1.

The House again approved a revised version of the proposal, and the Senate again balked, agreeing only to experiment with several different welfare plans.

The proposal was abandoned in Congress shortly before the 1972 elections, then dropped for good by Nixon the following March. He chose instead to try to improve how AFDC was run — a quest that others have continued to this day. (1973 *Almanac*, p. 541; 1972 *Almanac*, p. 899; *Congress and the Nation*, Vol. III, p. 622)

—Jeffrey L. Katz

training."

In the end, the provision stayed in the bill. In return, liberals won the promise of billions more of spending on training programs. Reagan signed the measure into law.

Speaking on the Senate floor before the final vote, Dole offered a stern warning to governors like Clinton: "If we find that this new money simply leads to an expansion of the rolls and no fundamental change, the governors will have much to account for."

In fact, welfare rolls did swell beginning in 1989, mainly due to a weakened economy and a rise in out-of-wedlock births. Whether or not the 1988 bill was a failure, both Dole and Clinton continue to spar over what should be done to correct the system's failures. In 1993, Clinton proposed to delay the workfare requirement Dole

pushed through in 1988. Clinton's bill later recommended other work requirements instead.

Another Chance for Clinton?

Republican strategists are divided over whether Dole should give Clinton another chance to sign a bill.

The disagreement revolves around different views about what kind of campaign Dole should run: A slashing effort that puts the most stress on highlighting Clinton's opposition to much of the GOP program — or a more positive approach that highlights Dole's experience, competence and judgment.

Dole's decision about how to proceed will not be easy. Some GOP strategists contend that he would be best served by aiming to get a bill enacted. "It's always better to pass it and say what we've done, than say, 'Here's what we passed and it

got stopped,'" said GOP campaign consultant Ed Coeas.

On the other hand, Dole is getting strong pressure from Republican Party officials to stand pat on welfare and not send another bill to Clinton, thus preserving one of the party's clearest avenues of attack. Some GOP officials believe Clinton, desperate for a chance to fulfill his promise, will sign almost any welfare measure that reaches his desk. Says Virginia Hume, a party spokeswoman, "The RNC's view is that no bill is better than a bad bill or a phony bill."

But some Republicans fear that Dole will overemphasize tearing down Clinton's record instead of building up GOP accomplishments. "The nominee wants it to be Dole vs. Clinton," said a GOP congressional aide. "We want it to be promises made, promises kept." ■

COVER STORY

Voter Call for Revamped Welfare Poses Problem for Democrats

Rep. Sander M. Levin eagerly defends his liberal voting record on social issues against the Republican tide. But the Michigan Democrat is now willing to join GOP efforts to end the 61-year-old federal guarantee of welfare checks for eligible low-income women and children.

Abolishing the federal welfare entitlement is such a dramatic change that even most Republicans did not support it until last year.

Levin would take this step only if states got more welfare money during periods of economic recession, and only if Republicans ease reductions in food stamps and other social services for the poor. But Levin's position illustrates the political difficulty the welfare issue poses for minority Democrats in Congress.

After battling the GOP on the issue for more than a year, Levin is among a growing contingent of Democrats who want to take credit for helping to enact a bill to revamp welfare. To do that, Democrats need to compromise with Republicans on a welfare bill that President Clinton can sign this year. (*Story, p. 1023*)

But signing onto a bill that emerges from the Republican-controlled Congress could alienate the party's core political base. Opposing it — and ignoring the bipartisan call of the nation's governors to remake the program — leaves Democrats open to charges that they are defending an outdated welfare system.

For now, both parties remain divided about how to proceed, though few debate the political need to act. From Clinton on down, nearly all elected officials promised voters they would remake the program, even if their particular approaches varied. Less than seven months before the general election, they are all coming up short.

By Jeffrey L. Katz



SCOTT J. FERRELL

Levin, a Michigan Democrat, is among a growing contingent of Democrats eager to enact a welfare overhaul.

Over the next few weeks lawmakers must either make significant strides to resolve these differences or prepare voters for a season of finger-pointing. Many are pushing to get something done before this year's presidential and congressional election season takes hold.

"I think it's doable in '96, if there's a will," Levin said.

In Congress, Republicans are now revising legislation that Clinton vetoed twice — on Dec. 6, as part of the deficit-reducing budget-reconciliation bill (HR 2491), and on Jan. 9, as a free-standing bill (HR 4 — H Rept 104-430). The revisions will take into account unanimous support among the nation's governors for a modified version of HR 4. (*Comparing the plans, Weekly Report, p. 559*)

How the welfare bill is packaged

will be key to its fortunes. The parties have edged closer to an agreement on a free-standing welfare bill. But many Democrats are likely to resist GOP attempts to link the legislation with separate plans to revamp Medicaid, where a bipartisan solution seems more elusive.

Beyond that, Democrats are divided about how to proceed. Some argue that they should work to defeat the Republican approach, having successfully attacked last year's more extreme Republican proposals — such as suggestions that living in an orphanage is better than living on welfare. That debate, they say, defined the GOP as being more interested in punishing the poor than in enabling welfare recipients to help themselves. (*Box, p. 1028*)

Other Democrats want to try to fashion the welfare bill more to their liking, and generally accept the Republican approach to end the federal welfare entitlement. These Democrats say that attacking the extreme elements of the Republican plan did not satisfy the public's desire for changing the system.

Lawmakers who resist the public's call for sweeping welfare changes do so at their own political peril, said Delaware Gov. Thomas R. Carper, a Democrat and former House member. "I would not want to be a Democrat or Republican member of Congress who voted against a centrist plan on welfare reform, as I believe the governors recommended," he said.

Ending the Entitlement

The biggest compromise Democrats have been called upon to make is to accept ending a poor family's entitlement to welfare checks.

Before the 1994 elections, the closest thing to a consensus on welfare was the idea of imposing time limits on benefits and requiring recipients to work after a certain interval.

Republicans took a much more ex-

Democrats: Contrasting Views

Montana Sen. Max Baucus wholeheartedly embraces Republican attempts to overhaul welfare. Minnesota Sen. Paul Wellstone is repelled by them.

Together, these two Democrats — both of whom are seeking re-election in competitive races — represent the contrasting views within their party on welfare policy.

Baucus was the only Democrat to vote for the GOP welfare bill in the Senate Finance Committee on May 26 and in the Agriculture Committee on June 14. During floor consideration, he was the only Democrat in either chamber to vote against an alternative welfare bill offered by the Democratic leadership Sept. 7, and was the only Senate Democrat to vote for the conference report on HR 4 on Dec. 22, 1995.

Although Baucus supported some Democratic efforts to change the GOP welfare bill, he does not want to quibble about the details. "It's in the ballpark," he said of the welfare overhaul.

His advice for Democrats who are still balking at the proposal: "Get the job done. Find a solution. People want it."

Baucus' continuing efforts to burnish his moderate image back home have prompted some criticism. His likely GOP opponent, Lt. Gov. Dennis Rehberg, has accused Baucus of taking on a more conservative profile



Baucus



Wellstone

on issues such as welfare to help his bid for a fourth term.

By contrast, Wellstone was the only senator seeking re-election who voted against the Senate welfare bill Sept. 19. He argued that children would suffer if the bill was enacted.

"This is to me a very personal point," he said. "I did a lot of community organizing over the years, worked with a lot of poor people, a lot of poor children. And I just can't vote for anything that would create

more poor children."

He is already taking heat on the issue back home. Former Sen. Rudy Boschwitz, R-Minn., who is seeking his party's Senate nomination and a rematch of his 1990 race with Wellstone, has made Wellstone's welfare vote a cornerstone of his own campaign. "Old Math: Wellstone = Welfare," says a Boschwitz billboard. "New Math: Boschwitz = Workfare."

Wellstone said his vote will be harder to defend against attack ads than in public appearances, where he has sought to characterize his action as a "Minnesota vote" that reflects his state's compassion.

"Yes, it'll be a very difficult issue," he said. "But I think it makes me a more vital senator, because I voted for what I believe. And that will make me, I think, a better candidate in the long run."

—Jeffrey L. Katz

pansive view when they took control in the 104th Congress. They followed the wishes of several influential GOP governors who offered to accept limited federal funding for welfare and related social services in exchange for unprecedented state control over the programs.

The problem Democrats in Congress have faced since then is whether to condemn the GOP proposal as too harsh, or to accept it as a base from which to seek modifications.

Although most of the cost savings from HR 4 would come from scaling back food stamp benefits and limiting social services to legal immigrants, the most historic aspect of the legislation would be ending a poor family's entitlement to welfare checks.

This has provoked a deep split among Democrats. Every Democratic governor, some Democrats in Congress such as Levin, and Clinton seem willing to give states broad discretion over welfare through block grants,

though they have pushed for more child-care funding and other assistance for welfare recipients who are required to work.

Other Democrats say that providing welfare funding in a block grant will hurt the poor. Among the most prominent critics of the approach is Robert Greenstein, executive director of the Center on Budget and Policy Priorities, a liberal public research group.

Background

Governors' plan Weekly Report, pp. 558, 394

1995 Weekly Report

Out-of-wedlock births p. 150

Overview of welfare issue p. 613

Partisanship during House passage p. 872

Funding formula dispute p. 1842

Putting welfare recipients to work p. 2001

Moderates reshape Senate bill pp. 2804, 2908

Highlights of provisions pp. 3890, 3542, 3324

"I don't think it's possible to design a block grant to provide what I would regard as adequate protection," he said, "and [that] does not substantially increase the risk of a race to the bottom," where states compete to reduce welfare benefits.

Mark H. Greenberg, a senior staff attorney at the Center for Law and Social Policy, another liberal public research group, said the fundamental question about a block grant is not to be found in the hotly contested details, such as whether states should be penalized for spending less than 75 percent or 80 percent of what they previously spent on welfare.

"It has always been whether states should receive a lump sum of federal money with no responsibility to help poor families that need assistance," Greenberg said.

Rep. Charles W. Stenholm, D-Texas, initially opposed providing welfare in a block grant and voted

against the conference report on HR 4. But since then he has welcomed the changes sought by the National Governors' Association (NGA), which called for, among other things, more child care funding and a bigger contingency fund for states. Stenholm now accepts the block grant idea.

"Most of us who want a bill realize that we've got to have compromise," Stenholm said.

Levin, too, is willing to compromise and give states more authority over welfare programs through block grants, as long as states follow broad national goals.

"That means any block grant has to be structured so that it achieves the purpose of moving people off of welfare into work and not hurting poor children," he said.

The Governors' Role

Democrats in Congress were pressed to support the GOP welfare proposal when Democratic governors joined their Republican colleagues Feb. 6 and unanimously endorsed a modified version of the welfare bill Clinton had vetoed the month before.

Their decision means that any Democratic lawmaker who opposes another welfare bill that closely resembles what the governors endorsed could be portrayed as defying the call of every state's chief executive.

Gov. Howard Dean, D-Vt., a former NGA chairman, said that Democratic governors were only making suggestions and did not intend to isolate congressional Democrats. "I don't think we've circumscribed the Democrats in the House very much," he said. "It would be nice to get a bill. But that has to be negotiated in Washington."

Some Democratic lawmakers have discounted the governors' efforts as that of a special interest group. "They'd like as much money as they can get with few strings attached," said Sen. Christopher J. Dodd, D-Conn. "This is just a grab for money," said Rep. Robert T. Matsui, D-Calif.

But moderates generally applauded the governors' initiative. "Governors are not going to wait around while this dysfunctional political system in Washington dithers," said Will Marshall, president of the Progressive Policy Institute, a think

tank for moderate Democrats. "They are both capable and willing to assume the responsibility for radically changing social welfare policy."

Democrats in Tandem

More so than on most issues, there are benefits for Clinton and congressional Democrats to be on the same side of the welfare debate. If a signifi-



"I would not want to be a Democrat or Republican member of Congress who voted against a centrist plan on welfare reform."

—Gov. Thomas R. Carper, D-Del.

cant number of Democrats vote for the bill, Clinton will be more likely to sign it. If a majority opposes it, a veto becomes more likely.

Similarly, if the administration indicates that Clinton is probably going to sign a welfare bill, that could help sway Democratic lawmakers to vote for it.

"There is a certain view among a number of Democrats that, 'I'm not going to vote against a welfare bill that he's going to turn around and sign then isolate me,'" Greenstein said.

Already, some Democrats are ner-

vous about having opposed HR 4. Stenholm noted that every House Democrat voted for an alternative welfare bill supported by the Democratic leadership, which would have imposed time limits on welfare benefits and work requirements on recipients.

Nevertheless, he said, "Will we be attacked by our opponents for having voted against welfare reform? You better believe it."

Stenholm is part of a group of conservative Democrats and moderate Republicans who are trying to bridge the gap between the two parties on welfare. The group has drafted a proposal (HR 3266) that would blend aspects of HR 4 with the NGA proposal. As of April 18, it had 30 cosponsors.

They are eager to pass a welfare overhaul that Clinton will sign. "People want to go home with something to run on," said Rep. John Tanner, D-Tenn. "You're not going to have a Democratic or Republican plan exclusive of the other party that's going to make it through this place."

The growing interest among Democrats in supporting a welfare bill was evident March 22, when the group talked about its bipartisan solution. Five of the eight Democrats who attended the event had opposed the conference report on HR 4.

A majority of Senate Democrats have already shown their willingness to accept main tenets of the Republican welfare bill: 35 of 46 Democrats voted to approve the Senate version of the legislation Sept. 19. (*Vote 443, 1995 Weekly Report, p. 2936*)

If support for a GOP welfare bill grows in the House, some of the most likely adherents are the 90 Democrats who voted last May for the conservative Demo-

cratic alternative to the fiscal 1996 budget resolution. The resolution reflected the Republican goal of achieving a balanced budget by 2002, and Democrats' reluctance to provide a tax cut until the budget is balanced. (*Vote 342, 1995 Weekly Report, p. 1460*)

In any case, Democrats have shown that although Republicans can pass a welfare bill, they cannot get one signed into law without more Democratic support. "Essentially they thought the president would sign anything," Levin said. "They misread him and they misread us." ■

Clinton Aides Predict Health-Care Plan Will Result in Net Job Gain in Long Term

By RICK WARTZMAN

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — White House officials predict President Clinton's health-care plan would generate more jobs than it would cost over the long term. But they concede that the impact on the job market during the first few years is less clear.

The employment issue is sure to be one of the most politically explosive aspects of the coming health-care debate.

Some studies already have asserted that the president's proposal, which would mandate that all employers contribute to their workers' medical coverage, would cost millions of jobs in the long run.

But administration officials argue that those models don't take into account a variety of offsetting factors, including government subsidies that would be offered to small businesses.

"It's hard to know what the effects would be in the short run, although they're likely to be small," said Laura Tyson, chairwoman of the president's Council of Economic Advisers, in an interview. "But the beneficial effects of the plan would strengthen over time."

The idea is that by reining in the growth of health-care costs, companies should have more money to spend in other areas, including hiring. Ms. Tyson said the Clinton plan would probably result in a net job gain within five or six years of being put into place, but she declined to provide a specific estimate.

Not everyone agrees with the administration's assessment. Princeton University labor economist Alan Krueger figures the plan would mean 200,000 to 400,000 fewer jobs in 10 years than would otherwise be the case.

Still, Mr. Krueger, whom the administration credits with having one of the most sophisticated economic models in this area, noted that would be only a small job loss in the context of a labor market with 120 million workers. "This is going to be a big issue for opponents of the plan," he said, "but it's largely a red herring."

Pinning down the likely impact of the Clinton plan on the job market is a difficult, if not impossible, task. The president's proposal would do so many things simultaneously — extend comprehensive health benefits to every citizen, call on every employer to help provide insurance coverage for their workers, and cap the growth of both private and public-sector medical costs — that no economic model exists that factors in all of the variables.

"Some of this is unknowable," Ms. Tyson said. "The models are very imperfect."

There are other complications as well. For instance, administration economists are still struggling to understand the eventual impact of the proposal on early retirees. The White House has said the government would pick up the bulk of the health costs for early retirees, leading some in the administration to fear that companies would be encouraged to shed many of their older workers.

Early retirees, aged 55 to 65, are too young to be covered by Medicare, the federal health-care insurance program for the elderly and disabled, and have become a particular burden for the nation's Big Three auto makers as well as companies in other mature industries. But it remains unclear whether companies that take advantage of the early-retiree provision would be assessed a special surcharge, potentially lessening the fallout from the

measure.

In addition, the administration is trying to determine what would happen to the ranks of the self-employed, who would enjoy enhanced tax benefits under the health plan. And White House officials are wondering whether as many as a quarter of the nation's welfare recipients could be prompted to enter the job market if health coverage were guaranteed.

Of course, no part of the labor market would be as rolled by the Clinton proposal as would the health-care sector. But while some occupations, such as insurance agents, are likely to suffer under the plan, home-based health-care providers and others could prosper.

In an appearance yesterday on CBS-TV's "Face the Nation," senior White House adviser Ifa Magaziner said that when it comes to jobs, "there's likely to be some gain in the short term, and then on net balance, we think there will be some gain in the long term as well." In an interview later, Mr. Magaziner clarified his remarks and said he was talking about short-term gains in the health-care sector alone. He said he agreed with Ms. Tyson that the net effect on the overall job market is more uncertain during the first few years.

During the talk show, Mr. Magaziner was challenged on several points by the heads of the American Medical Association, Health Insurance Association of America and National Federation of Independent Business.

James Todd, executive vice president of the AMA, said he worries about the administration's emphasis on cost containment. "We're beginning to wonder if they're putting dollars first, putting the patient second," he said. NFIB President Jack Paris said his 610,000 members, who are owners of small firms, "tell us they have great fear that this will put them out of business" because of the employer mandate.

In response, Mr. Magaziner said the proposal shouldn't lead to a rationing of medical services, as Dr. Todd suggested, because there is so much waste in the current system to be squeezed out first.

Clinton to Call for a Ban On Plutonium Production

By WALL STREET JOURNAL Staff Reporter

NEW YORK — In his first speech to the United Nations General Assembly, President Clinton is expected to call for a world-wide ban on the production of plutonium and enriched uranium, as part of an effort to contain the spread of weapons of mass destruction.

Mr. Clinton believes that the spread of such weapons represents the primary danger to the world in the post-Cold War period. According to a senior administration official, the need to stop the proliferation of weapons of mass destruction, including nuclear, chemical and biological arms, will be one of the major themes of Mr. Clinton's speech this morning.

In addition, the president will call on other nations to stop testing nuclear weapons, as part of his overall support for a comprehensive ban on such tests. He will push for a strengthening on the ban of export of missile technology. Though he isn't expected to give details, Mr. Clinton's proposals reflect the fact that the administration's interagency review of proliferation issues is completed, officials said.

Clinton Backs Away From Plan to Weaken Welfare Work Rules

WASHINGTON (AP) — The Clinton administration is backing away from a plan to weaken work requirements for thousands of married parents on welfare.

The Department of Health and Human Services withdrew its plan Friday, three days after outlining the shift in policy in a memo to state welfare agencies.

HHS had wanted to allow welfare recipients from two-parent families to spend as little as eight hours a week on the job, instead of the 16 hours Congress required when it passed the law in 1988.

Sen. Alfonse M. D'Amato (R., N.Y.), accused the administration of weakening the work requirements at the same time President Clinton has promised to overhaul the welfare system and force recipients to take a job after two years on the rolls.

The work requirements are to take effect Friday and require states to find jobs or job training for as many as 120,000 unemployed parents on welfare. The administration had tried to postpone the effective date for two years, but Congress refused.

"Now that they can't delay any longer, the administration is now trying to water down these work requirements," Mr. D'Amato said Thursday after learning about the administration's memo, but before it was withdrawn Friday. "It's clear that this administration is evading welfare reform."

The administration, as well as state welfare agencies and advocates for the poor, had argued that the changes would have given states flexibility to design work programs to help participants find permanent jobs.

But on Friday, a senior official at HHS said the plan had been scrapped. HHS decided to conduct a further review after receiving questions from lawmakers and state welfare agencies, said the official, who spoke on condition of anonymity.

States and advocates for the poor have complained that the new rules will force them to shift money away from training and education programs for single mothers on welfare into creating community service jobs for laid-off fathers.

a Dispute

Business Deal

May Land You in Jail

Legal System Can Be Surreal;

Nafta and Recent Reform

Won't Cure All the Ills

Pemex's Sovereign Immunity

By DIANNE SOLIS

Staff Reporter of THE WALL STREET JOURNAL
MEXICO CITY — It all began with a knock on the door of Room 1924 of the Hotel Stouffer Presidente.

When Alex Argueta opened that door three years ago, the resort developer from Tucson, Ariz., found four federal judicial policemen telling him he had a problem

Battle Over Nafta

Although Nafta cleared a hurdle on Friday when a federal appeals court panel ruled that the pact was exempt from formal environmental review, it still faces a bloody battle for survival in Congress. Article on page A3.

with a car registered in his name. But this, he says, was a ruse. The police really wanted to talk about his dispute over a bank loan. Although it would have been a minor civil matter in the U.S., Mr. Argueta quickly found himself behind bars. In the headquarters of the federal attorney general, he says, he listened to a man being beaten in the next room, and was told he would be beaten, too, if he didn't answer some questions.

He answered them. But still he languished for 16 months in the infamous *Reclusorio Preventivo Norte* as his case wound through Mexico's courts. Among his fellow inmates: Rafael Caro Quintero and Miguel Angel Felix Gallardo, once Mexico's top cocaine capos.

"The whole situation was a bizarre nightmare," says Mr. Argueta, who was never convicted of a crime.

Red Tape and Worse

If you think dealing with the U.S. legal system is vexing, try tussling in Mexico. Mr. Argueta's ordeal reads like a surreal novel by Gabriel Garcia Marquez. Despite the enthusiasm over trade with Mexico, dozens of Americans are finding, as he did, that when a cross-border deal sours, they risk entering a labyrinth where their investments can be wiped out by bureaucratic blockades, mercurial magistrates, or worse.

President Carlos Salinas's government has taken some steps to straighten out these problems. His new, reform-minded attorney general, Jorge Carpizo, recently started a special arbitration unit. And in July, Mexico's ancient commercial code—based on Napoleonic law—was modernized to streamline arbitration. Bail laws were liberalized this month to provide freedom for a wider variety of charges. Including criminal matters that would be civil matters in the U.S. Carlos Angulo, a Mexican attorney with the U.S. law firm of Baker & McKenzie, calls these changes "a breakthrough."

He notes, however, that the streamlined arbitration process won't cover all business disputes. Many businesspeople, to be safe, say they will continue putting clauses in contracts calling for private arbitration. Attorneys in both countries say that even if the North American Free Trade Agreement takes effect, settlement of business disputes between private firms will remain a problem for companies investing in Mexico. "Nafta doesn't deal with AIDS, malaria or guns in the streets," says Julius Katz, Nafta's chief negotiator for the Bush administration. And "Nafta doesn't deal with private-party-to-private-party disputes," but with disputes arising over such Nafta items as tariffs and intellectual property, he says.

To be sure, many foreigners never run into trouble investing in Mexico. But when they do run afoul of the Mexican legal system, it can be a tortuous experience. Mr. Angulo, the attorney, warns that the problem of illegal arrest procedures "has been and remains a very important area of human-rights violations in Mexico."

Crime Against the Patrimony

In Mr. Argueta's case, the issue seemed fairly simple. Banco Mexicano Somex SA said he shouldn't have used the proceeds from its \$2 million loan to repay other investors in his development project along the Gulf of California. Mr. Argueta said he had papers signed by an officer of the bank showing that it knew all along how he planned to use the money.

When the dispute developed, the bank, then government-owned, evidently had leverage Mr. Argueta hadn't counted on. The next thing he knew, he had been charged with a crime against Mexico's patrimony, a vague category of illegal behavior (and one that isn't affected by the streamlined arbitration procedures). He tried to fight the charge, but it was shuttled back and forth among seven judges as he sat in prison. One judge bowed out because she knew an attorney on the case, but only after studying it for seven months. Eventually, Mr. Argueta signed an agreement modifying the terms of the loan, and the charges were dropped, according to legal documents.

Says Jack Binns, a former U.S. ambassador to Honduras who tried to assist Mr. Argueta: "If you are in jail, you settle. It's the dispute-resolution mechanism."

Though he is out of jail, Mr. Argueta says the bank refuses to send him statements listing the principal and interest accumulated on his restructured loan.

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Continued From First Page

which comes due at the end of 1994. He fears that if he doesn't get an accurate accounting, the bank may find a new way to claim that he violated the agreement, and he may ultimately lose title to the scenic Gulf of California property.

Banco Mexicano Somex points out that the loan dispute cropped up when the bank was in government hands, which it no longer is. Asked about Mr. Argueta's apparent arrest on false pretenses, a lawyer for the bank says, "That is possible. That is how the attorney general manages things, not the bank." But the lawyer, Raul Cardenas, adds that Mr. Argueta was "pardoned" by the bank, and "to accept the pardon is to admit that he committed the crime." Mr. Argueta's attorney denies that his client implicitly or explicitly admitted guilt to get out of prison.

The arrest occurred before President Salinas's reformist attorney general was appointed, and his office says it has no file on the case. Mr. Argueta had complained to the government, but he says his letters went unanswered.

Other investors have hit a different obstacle — a statutory one. Robert Gough wrestled with *Petroleos Mexicanos*, Mexico's petroleum monopoly, known as Pemex, for two years over its agreement to buy 19 costly valves from his company, Tubular U.S.A. Inc., of Corpus Christi, Texas. When Tubular didn't receive a \$234,000 payment for four of the valves, it sued Pemex in a federal court in Houston rather than get caught up in Mexico's murky legal system.

Tubular provided evidence of a fraudulent plan by Pemex employees to run off with the money, and the judge agreed that Tubular was the victim of corruption. But Pemex argued successfully that it was protected under the a law called the U.S. Foreign Sovereign Immunities Act, which shields foreign governments from a wide variety of suits. In short, Pemex could act like a business, but when it pleased, it could claim a sort of governmental status. "I still can't believe it," Mr. Gough says.

Hill Flanigan and David Black, partners in Arriba Ltd., of Houston, slid into a similar morass after agreeing in 1984 to buy residual oil from a Pemex labor union. The union, which had long had the right to sell a certain percentage of Pemex's oil and had taken a cut of it, didn't deliver the oil. Arriba sued the union in federal court in Houston and won two default judgments, which, including treble damages and interest, totaled \$450 million. The union refused to pay, just as it had refused to attend key court hearings.

Messrs. Flanigan and Black enlisted sheriff's deputies to confiscate any union assets located north of the Rio Grande. They managed to seize jewelry that a

union official had left in a safe-deposit box in Texas, and impounded two union airplanes. In 1989 they seized a third, a Boeing 757 jet, but it turned out to belong to the Mexican president; they returned it.

The oil men thought at one point that the union was finally willing to compromise; it agreed to pay their legal fees and make oil deliveries over the next 18 months. To celebrate the agreement, the union rented a hotel in McAllen, Texas, and flew up a squadron of Mexican entertainers to fete the two men at a lavish party. But after paying the \$750,000 in legal fees — plus a big hotel bill — the union still didn't deliver the oil.

Messrs. Flanigan and Black also tried suing Pemex but hit the same stone wall that had blocked Mr. Gough: the Foreign Sovereign Immunities Act. Pemex also argued successfully that the contracts were illegal because, when the union signed them, it no longer had the right to such business. In eight years of legal maneuvering, the Americans have collected only a little more than \$1 million on their \$450 million in default judgments.

So vexing are the problems in Mexico's vacation-home industry that fully a third of the cases in the U.S. Embassy's Property Recovery Unit are dedicated to such housing. Gloria Lajous, author of a recent book on tourist problems, says, "We have always taken corruption for granted."

Unfortunately, Dorothy Bringe didn't. The Chicago personnel consultant thought the Mexican government would stand behind her investment in a condominium in Cancun. The reason: Under Mexico's complex, protectionist property laws, a government-bank trust owned the land under the property. Moreover, the government was encouraging investments in tourism. But when the condo developer ran into trouble and skipped with what was left of \$15 million collected from hundreds of condo buyers, the government said they were on their own.

Then they got sucked in further. A wily construction union contended it was first in the line of creditors. Mrs. Bringe says she and more than 100 others paid the union \$40,000, hoping to resolve the issue, but the payment did no good. "We made many mistakes," she says.

The group finally resorted to picketing Mexican consulates in the U.S., U.S.-Mexican trade shows, and a meeting of President Salinas and President Clinton late last year in Austin, Texas. Now the group is working with its third attorney on the eight-year-old problem. "I am still a supporter of Nafta," Mrs. Bringe says, "but it worries me that no one has addressed the issue of small businessmen getting burned."

For Peter Fiorance, the frustration extends to a very personal matter: executive compensation. A senior executive for more than a decade with Buffalo Forge SA, which was a Mexican industrial-machinery affiliate of a unit of Ampco-Pittsburgh Corp., he got into a bind when his job was cut in 1991 in a corporate restructuring. He asked for about \$250,000 that he believed was due under Mexico's



WINGMAN
TRAVELER
JOURNAL 7-95

Anytime Republicans have to listen to Democrats accuse them of being soft on welfare, they are doing something very, very wrong. That is what happened last week and what will keep happening until House Republicans admit they've made a wrong turn on the road to welfare reform.

The issue is forcing recipients to accept work, or at least pursue it, as a strict condition of getting benefits. President Clinton's plan to "end welfare as we know it" would impose such a requirement after two years on the rolls, cutting off payments to anyone who refuses.

The sensible response to that idea is: Why wait two years when you can do it the first day? But the Republican response has been: Why bother? The welfare bill now in the works in the House would convert most federal welfare programs, particularly Aid to Families with Dependent Children, to block grants and allow the states to use the money to combat poverty however they choose — even if it means letting recipients escape labor for years on end.

This provided an opportunity for liberal Democrats to attack their

opponents as wimps. House Majority Leader Richard Gephardt, Missouri Democrat, attacked the GOP proposal because it "does nothing, absolutely nothing" to promote work over welfare. Rep. Richard Neal of Massachusetts — who gets a 100 percent rating from the Children's Defense Fund and a zero from the American Conservative Union — got to

sound like the taxpayers' best friend: "Individuals should be provided with the opportunity to work, and if they do not want to work, then their benefits should be denied."

The pose may be insincere, but the point is valid. In their version of welfare reform, the Republicans are abandoning a sound idea that enjoys overwhelming public support: Any able-bodied adult who becomes a public burden should not be idle. They seem to think a stringent work requirement would amount to federal interference in matters best handled by the states.

But House Republicans are not exactly pure on the issue of devolving authority. "We simply cannot fulfill our role as stewards by signing a blank check to anyone, even

the nation's governors," said GOP Rep. Clay Shaw of Florida, head of the subcommittee that is drafting the proposal.

He was defending sections of the bill that meddle in out-of-wedlock births. The GOP proposal would deny cash assistance to unmarried mothers under age 18 and prevent states from increasing benefits for a mother who bears additional children while on AFDC. It also has an extremely modest work requirement, insisting that at least 2 percent of adult recipients engage in "work activities," with a goal of 20 percent by 2003. (The "Contract With America" called for 50 percent.)

Why not include a serious workfare provision? Some states will establish one on their own, as Wis-



Wilt down on welfare reform?

what states really ought to try is abolishing welfare altogether, at least for unwed mothers. But attaching a workfare provision wouldn't prevent states from taking more ambitious action to shrink the underclass. It would only prevent them from taking less ambitious action.

A state would still be free to find out what would happen if it adopted radical reforms. But it wouldn't be free to see what happens if it effectively preserves the status quo, letting recipients collect benefits without doing anything useful in return. We already know what happens under that system.

On the broad issues posed by welfare and poverty, Republicans have won the debate. Nearly everyone agrees that the current system promotes dependency, discourages work, subsidizes illegitimacy and breeds a host of social pathologies. Nearly everyone agrees it should concentrate on fostering responsibility and self-reliance, not just handing out cash. Nearly everyone favors a requirement that welfare recipients work — including welfare recipients who have experienced it.

The principle that a healthy adult being supported by the taxpayers ought to look diligently for work, and accept any that is available, should not be controversial among Republicans. If they reject it, they will have a devil of a time portraying the Democrats as out of touch.

Stephen Chapman is a nationally syndicated columnist.

DONALD LAMBRO

Cloudy Clintonomics forecast

Debate over Fed Chairman Alan Greenspan's obsession with inflation that remains negligible diverts attention from a much more important development: the slowdown of the Clinton economy.

Those of us who maintained during the budget debate of 1993 that higher tax rates on those who save and invest would inevitably weaken the economy have had to put up with a lot of ridicule over the past two years.

And with 4 percent growth, it would seem President Clinton's tax increases have done no harm to the economy. On the contrary, there are those who say the tax increases were exactly the medicine the economy needed.

Washington Post political columnist David Broder, for example, believes the president's 1993 budget has "contributed significantly to making this one of the longest and

deficit has had a significant impact on a \$7 trillion economy?

The point is that in an economy as big as ours it is impossible for any economic policy to have a quick impact one way or another. Like a giant ocean liner, the U.S. economy requires a long, slow, wide arc to reverse course.

Ronald Reagan cut marginal tax rates across the board just as the economy was heading into one of its longest and deepest recessions since the Great Depression. But it took two years for his economic policies to begin producing the robust recovery that lasted more than seven years.

Similarly, when Mr. Clinton pushed through a budget in 1993 that shoved the top tax rates from 31 percent to more than 40 percent, the economy had already resumed its upward growth. We were recovering from the short-lived 1990 recession and Mr. Clinton's taxes,

also suggests that the decline is well under way and it could be long and steep. Among them:

- A disturbingly high jump in the jobless rate from 5.4 percent to 5.7 percent in January. Can you imagine what unemployment will be if the economy slows to a 2.4 percent growth rate?

- The Commerce Department says retail sales fell in December, usually the best month for store sales. November's figures also have been revised downward, rising by an anemic 0.2 percent instead of the 1.2 percent raise that the government had previously reported.

- Home sales have fallen sharply as a result of higher mortgage rates, the nation's poverty rate is at 15 percent, and median incomes have fallen as the economy fails to provide enough better-paying jobs.

The whole theory of Clintonomics was based on the idea that a deficit reduction caused by higher tax rates

would yield lower interest rates, which in turn would produce a healthier, growing economy.

Two years ago, I wrote that this was the ultimate in voodoo economics and that in time the higher tax rates would undermine venture capital investment, weaken tax revenues and produce higher deficits. And the Federal Reserve Board would not continue to hold down rates when the deficit looked like it would be growing again.

Mr. Clinton's latest budget forecasts only serve to reconfirm these fears. They project an endless stream of \$200 billion deficits,

fed by higher spending and much lower revenues than originally predicted.

But that's the good news for the administration. The bad news is that if the economy slows below expected levels, tax revenues will shrink even more. And that will mean much higher deficits over Mr. Clinton's term than the \$1.3 trillion in added debt already being forecast.



"I'm not unemployed, I'm a foot soldier in the fight against inflation by keeping the economy from overheating!"

most job-producing, inflation-free periods of economic growth since the 1960s."

But if David Broder has any evidence there is a direct correlation between raising income tax rates and stronger economic growth, he had better produce it, because it would be the discovery of the century. It doesn't exist.

As for his claim that Mr. Clinton's budget has contributed "significantly" to the stronger economic growth of the past year, he had better talk to a few economists first. Does anyone believe a reduction of about \$50 billion in the structural

which did not fully kick in until 1994, had little effect on the economy's upward trajectory.

Those of us who argued that these policies would harm the long-term health of the economy are beginning to see some early warning signs that our predictions could be right.

Virtually every economist of any note is now forecasting that the economy is in the early stages of a slowdown. Even the administration predicts in its recent budget that economic growth will slow to 2.4 percent this year, far slower than last year's 4 percent growth rate.

A flurry of other economic data

Donald Lambro, chief political correspondent of The Washington Times, is a nationally syndicated columnist.

Abolishing welfare

Armstrong Williams agrees with Bill Clinton that we should do away with welfare as we know it. Williams is the ultra-conservative lack Washington public relations man, radio talk-show host, syndicated columnist and publisher of a newsletter called *The Right Side*. Needless to say, his views do not make him popular with the black leadership.

Williams offers such compelling arguments about what's wrong with welfare that he should be invited to testify when congressional committees take up welfare reform.

"We need to abolish welfare in its present form for the simple reason that welfare not only doesn't work, it is a cure that worsens the disease," Williams wrote in a recent column. "If the first law of medicine, 'do no harm,' were applied to government programs, welfare would be the first to go."

Williams noted that since 1965, the cost of welfare has gone from 1.5 percent of the gross national product to 5 percent. In constant dollars, that's an eightfold increase in less than 30 years, he said, adding that the country has spent \$5 trillion trying to eliminate poverty and welfare rolls continue to grow.

"Welfare should be abolished because it does the opposite of what it was intended to do," he continued. "It is an expensive and expansive benefit program geared toward joblessness, dependency and illegitimacy. The old saying is that if we want people to eat, we should not just give them fish, but teach them to fish. Welfare does the exact opposite — it hands out fish only so long as you don't try fishing."

"Welfare's kindness that kills," Williams concluded. "Shame on a system that breaks down family life and saps personal initiative as surely as slavery ever did."

Calling Johnson's hand

Jerry Russell, the political consultant, public relations man and newsletter editor, has this comment about me in the current issue of his *Short Takes*.

"I'm glad Bennie Johnson lost (and I wish he'd take his sign down on South University). Anybody who thinks Starr is a racist (whatever else he MAY be) is too dumb even for the House of Representatives."

Johnson is the unsuccessful candidate for the Legislature who declined



John R. Starr

my endorsement and called me a racist. Russell and I have cussed and discussed one another for years. He knows me a lot better than does Johnson, whom I met only once when we said hello at the neighborhood grocery.

Johnson called me after the election and proceeded, without apologizing for calling me a racist, to urge me to help do something about youth violence in the black community. I said the only reason I'd be reluctant to help was that if I did, somebody might call me a racist.

I left the conversation to take an urgent call. I called Johnson back within a minute, but he was no longer in his office at Central High. I left word, but he didn't call back.

Reversal of position

Whose ox has been gored? Bill Clinton, addressing the American condition in a recent interview, said: "The American people are entitled to know what's good in this country. The American people keep being told that things are bad and politicians are corrupt and the system's broken. It is not."

In this case, Clinton is practicing what he preaches. He is trying to tell us what is good in the country and hoping that folks believe him, even though things have not changed significantly since 1992 when it was candidate Bill Clinton who was telling Americans that things were bad and politicians were corrupt and the system was broken.

Thrown overboard

Commenting on the lateral White House transfer of Mack McLarty, my brother Joe, columnist for Cone Mountain Lenoche County newspapers, asked, "How many Arkies are going to have to be thrown overboard or put into life rafts before they realize which one is causing the problem?"

John R. Starr is the former managing editor of the Arkansas Democrat-Gazette. His columns appear every day.

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Justices Hear Arguments on Disparity in Cocaine Sentences

By LINDA GREENHOUSE

WASHINGTON, Feb. 26 — There was no dispute in the Supreme Court today that the Federal Government prosecutes many more blacks than whites for crimes involving crack cocaine, which carry stiff minimum sentences much higher than those for other forms of cocaine under Federal law or for state crimes involving crack.

The question for the Court is what to make of those statistics, and on that issue there was little agreement during a testy, hour-long argument that skirted the edges of a national debate over the racial implications of Federal drug policy.

The case brought before the Court concerned only one small slice of the debate, but the Justices appeared well aware of the larger context. The specific issue is whether the raw numbers alone — 88 percent of Federal crack defendants are black — raise a strong enough suspicion that the Government is selecting black defendants for prosecution. If so, the Justices must decide whether to require Federal prosecutors to open their books to the defense and explain themselves.

Federal public defenders in California have been making such requests for several years, encouraged by sympathetic Federal district judges who have dismissed some indictments of black defendants to punish the Government for its refusal to comply with orders to explain the statistics.

The case now before the Court is an appeal by the Clinton Administration of a ruling last year by the United States Court of Appeals for the Ninth Circuit, in San Francisco, which upheld the dismissal of the indictments of five black defendants in Los Angeles who had been charged with conspiring to distribute crack. The public defender's office had submitted a study showing that all 24 of the crack cases it brought to a conclusion in its Los Angeles office in 1991 had black defendants.

Solicitor General Drew S. Days 3d argued today that statistics of this sort were insufficient to raise an inference of selective prosecution in the absence of evidence that there were potential defendants of other races in similar circumstances whom prosecutors had chosen not to charge. There must be a "comparable pool," Mr. Days said, a "showing of some factual basis" for overcoming the presumption "that prosecutors act lawfully and that investigation by outsiders imposes substantial costs on the system."

Barbara E. O'Connor, a deputy Federal public defender from Los Angeles who argued on behalf of the five defendants, said that it was clear that selectivity had occurred but that in the face of the Government's resistance to sharing its data, defendants had been handicapped in making their case. "I believe there are many white crack cocaine users and dealers out there" who are not being prosecuted, she said.

The Justices appeared satisfied with neither argument. Mr. Days often seemed uncomfortable with his own position that the burden on defendants to establish a case of selective prosecution should be very high. "Selective prosecution claims are among the most difficult our courts have to face," he said.

Justice Antonin Scalia pushed him on several occasions to go further than Mr. Days was willing to go. When Justice Scalia asked why defendants should be permitted, even theoretically, to build their case around just one Federal prosecutor's office rather than on the basis of nationwide patterns, the Solicitor General replied, "The Government is certainly not saying that even one United States Attorney should engage in discriminatory prosecution."

Nonetheless, Ms. O'Connor, making her first Supreme Court argument, had by far the toughest battle, facing difficult questions from the Justices whose help she most needed to have a chance at prevailing.

When she said it was hard to meet the Government's proposed test because she could not easily obtain statistics about comparable white defendants who were prosecuted in state rather than in Federal court, Justice Stephen G. Breyer asked why she could not go to local bar associations, defense lawyers and others to "get a few examples." "Why is that a burden?" Justice Breyer asked.

Ms. O'Connor said it was "premature" for defendants to be required to show at this stage that there were similarly situated white defendants who had not been prosecuted.

Justice David H. Souter objected: "If you don't know that, you don't know the structure of your argument. How is there even a claim of selective prosecution? Selective prosecution implies selection, that members of a class are being treated differently."

In the majority opinion for the Ninth Circuit, Judge Stephen Reinhardt said, "We must start with the assumption that people of all races commit all types of crimes," a statement that proved an inviting target for the Justices.

Justice Ruth Bader Ginsburg noted that the United States Sentencing Commission last year had recommended removing the disparity in treatment for crimes involving crack and powdered cocaine because it was unfair to have harsher sentences for the type of cocaine most commonly used in the black commu-

nity. The recommendation, which the Clinton Administration opposed and which Congress rejected, seemed to support the notion that different groups were in fact committing different crimes, Justice Ginsburg said.

One issue in the debate is the disparity in Federal sentencing, under which a five-year minimum sentence, for example, applies to possessing either about a pound of powdered cocaine or only about two ounces of crack cocaine.

Another is the racial disparity in state and Federal prosecutions. A 20-month study in Los Angeles County, completed after the initial ruling in this case, showed that in 8,250 state prosecutions for crack, only about half the defendants were black, compared with nearly 90 percent in Federal court. Most of the other state defendants were Hispanic or Asian.

The greatest significance of the case argued today, *United States v. Armstrong*, No. 95-157, may lie not so

much in which side wins but in the rules the Court sets for selective prosecution claims in general.

There were also these developments at the Court today:

Cross Burning

Without comment, the Court turned down a constitutional challenge to a Florida law that makes it a crime to burn a cross on someone else's property without permission. The law, upheld by the Florida Su-

preme Court, was challenged on free speech grounds by a Jacksonville teenager who was charged with burning a cross on a neighbor's lawn.

In a 1992 case from St. Paul, the United States Supreme Court invalidated a cross-burning ordinance on the ground that the government could not single out certain types of hate speech for punishment. Taking account of that decision, the Florida Supreme Court said the focus of the Florida law was on preventing trespass and physical violence rather than expression. The case was *T.B.D. v. Florida*, No. 95-618.

Computer Copyright

Also without comment, the Court let stand a ruling by the Ninth Circuit that the servicing of a computer by a person not specifically licensed to use the operating software can amount to copyright infringement. Servicing a computer usually entails making a temporary electronic copy of the operating program in the computer's random access memory.

The case was a dispute between a California computer maker, the Triad Systems Corporation, and former employees who set up a rival organization to service Triad computers, which come with restrictive licenses for their proprietary software. The rivals argued that the ruling hindered competition. The case was *Southeastern Express v. Triad Systems*, No. 95-908.

THE NEW YORK TIMES

TUESDAY, FEBRUARY 27, 1996

White House Criticizes Plan For Welfare

Governors' Proposal Is Called Insufficient

By ROBERT PEAR

WASHINGTON, Feb. 26 — The Clinton Administration will soon raise major objections to changes in welfare and Medicaid that were recommended unanimously by the nation's governors, Administration officials said today.

When members of the National Governors' Association approved their plan on Feb. 6, some Administration officials and members of Congress said it offered a way to break the impasse over the budget. But after studying the proposals for three weeks, Administration officials said today that they had found many reasons for concern.

White House documents suggest that the Administration has decided to pursue a two-track strategy, making vague, favorable comments about the governors' intentions while objecting to many important details of the proposals.

The Administration is seeking changes in those proposals to guarantee benefits for the poor, increase legal protections for beneficiaries and limit states' freedom to curtail assistance. But some Administration officials said today that they knew Republicans in Congress were unlikely to accept all the changes demanded by the Administration.

In testimony prepared for a Senate hearing on Wednesday, Donna E. Shalala, the Secretary of Health and Human Services, says the governors' proposals are unacceptable because they could harm people who receive welfare, food stamps or Medicaid; children who have been abused or neglected; doctors; hospitals; and the Federal Government itself.

In a draft of her testimony, provided by Administration officials who share her view, Dr. Shalala says the Federal guarantee of Medicaid coverage under the governors' plan "does not appear to be real and enforceable for beneficiaries."

The governors said they would guarantee a comprehensive package of medical benefits for certain groups, including pregnant women and children under the age of 13 in low-income families.

But, Dr. Shalala says, "Some long-standing protections would be reduced or eliminated," and "Medicaid would be the sole Federal statute conferring benefits on individuals with no possibility of Federal enforcement by its intended beneficiaries." She said that because the governors would repeal the uniform Federal definition of disability and allow states to set their own eligibility standards, "Individuals with H.I.V., certain physical disabilities or mental illness could be precluded from receiving critically needed services under Medicaid."

The governors would keep Federal standards for nursing homes, but would let states decide how they should be enforced. Without Federal monitoring and enforcement, Dr. Shalala says, the standards "could be rendered meaningless."

Dr. Shalala says the governors' welfare proposal also "falls short in some important ways."

The governors said they were making a big improvement over the welfare bill passed by Congress and vetoed by President Clinton because they would add \$4 billion for child care, raising the total to \$21 billion over seven years. But after studying the proposal, the Administration has concluded that it would eliminate basic health and safety protections and allow states to offset the increase in Federal spending by cutting state spending on child care.

Dr. Shalala says the Administration strenuously objects to a part of the governors' plan that would allow some states to run their own food stamp programs, with a lump sum of Federal money and minimal Federal standards. Likewise, she objects to the idea of a block grant for child protection services, including foster care and adoption assistance. That proposal, she says, "could jeopardize the ultimate safety net for abused and neglected children."

Under current law, the Federal Government and the states share the cost of cash assistance for poor people. Dr. Shalala says the governors' proposal would severely weaken that Federal-state partnership, allowing states to cut their own welfare spending by 25 percent with no loss of Federal money.

Democrats in Congress and the Administration are of two minds. Some, like Representative Robert T. Matsui of California, contend that the governors' plan is beyond repair. Others, including some of the President's political advisers, say there is a fair probability that Congress will approve some welfare bill this year, so Democrats should try to improve the legislation.

ON THE AIR

Fox to Give Free TV Time To Candidates For President

By LAWRIE MIFFLIN

WASHINGTON, Feb. 28 — Declaring that the millions of dollars candidates must raise to buy televised political advertisements has become "a cancer in our political system," Rupert Murdoch, chairman of the News Corporation, announced that his Fox television network would give a series of free prime-time speaking opportunities to the leading Presidential candidates in the fall.

Mr. Murdoch, challenging the other three broadcast networks to join his plan, said Fox would offer two forms of free time. An hour of prime time will be made available to the candidates on the evening of Nov. 4, the day before Election Day, "to address the American people." In addition, the candidates will get 10 minutes each, in one-minute pre-taped segments, to address each of 10 "important issues as defined by the American people"; Fox would broadcast the segments at various points in its prime-time programs in the month leading up to the election.

Mr. Murdoch also challenged the other three networks to join Fox in devoting other half-hours or hours of prime time to "Presidential candidate statements," as distinct from interviews or debates, in simultaneous time periods, the way they do for the State of the Union Message.

He estimated an hour of prime time to be worth about \$1 million. Fox's prime-time programs reach an average of 7.7 million American households every day.

Making his proposal in a speech at the National Press Club, Mr. Murdoch, a naturalized American citizen, said he was motivated by concern that the time spent raising funds, as well as the money itself, "corrupts the political process in America from top to bottom."

Others suggested that Mr. Murdoch's proposals might be part of a larger effort to demonstrate to Congress how the broadcast networks fulfill the public-service obligations that by law come with their licenses, and thus should continue to receive those licenses free. Some members

of Congress, hungry to find ways to reduce the deficit, want television stations to purchase the new digital bandwidths soon to be available on the broadcast spectrum, which will enable them to expand their channel capacity as much as fivefold.

"Looking good is part of the goal, and this makes him look good," said Andrew Jay Schwartzman, executive director of the Media Access Project, a public-interest group. But he called the proposal "a good first step, and a lot more than any of the three traditional networks have agreed to do" in providing free time.

The other networks did not leap to take up Mr. Murdoch's challenge, noting that they already broadcast many more hours of political coverage than Fox does, and that they will also broadcast three 90-minute Presidential debates in the fall.

"Obviously, during any Presidential campaign, greater amounts of news programming 'are devoted to the candidates and their views,'" said a spokeswoman for Capital Cities/ABC, Julie Hoover, "and they have many opportunities on 'Nightline,' on 'David Brinkley,' on 'Good Morning America,' to thoughtfully discuss their views."

But Mr. Murdoch emphasized that his proposal would not involve interviewers or "pundits," and that Fox would not edit the candidates' presentations. He also said that if a third-party candidate emerged, he would consider including that person in his plan if sanctioned by the League of Women Voters, which oversees the Presidential debates, as a major candidate.

Mr. Murdoch said time for the 10 one-minute segments would be taken from programs, not from advertising; otherwise, it would constitute an illegal donation to the candidates.

He acknowledged that his company has profited from the millions spent on campaign advertising, but said, "I don't like it; I deplore it." And, he added, he dislikes being pressured for contributions by political action committees.

In the past six years, Mr. Murdoch and his wife, Anna, have given \$68,000 to candidates or political parties, Democratic and Republican, according to the Center for Responsive Politics, which tracks such contributions.

"Well-intended campaign finance and fairness laws simply haven't helped, and have probably hurt," Mr. Murdoch said in his speech. "We need a public and private sector study group to guide us toward a model that I believe should be more nearly like the British system — short campaigns, free television time and little money in the system."

In 1994, the cost of Federal, state and local advertising on television totaled \$355 million, according to the Television Bureau of Advertising. Last year President Clinton and Republican Presidential candidates spent a total of \$8.8 million on television ads, it said.

Bruce Reed
Our idea!
Shouldn't we get on it?
Blaine

Off the job, Moore with her children, Martha, 14, Constance, 12, and Robert and Robert, 7.

By JASON DEPARLE
Photograph by LYLE AMITON HARRIS

NEITHER?

BUT WHAT IF THERE'S



Meanwhile, says her old car will start at 5 A.M.

that grows steadily hotter, Mary Ann Moore, mother of the children, made the special trip to work.

WELFARE

THAN

WORK

BETTER

The Real World of Welfare

When Moore's mother had a heart attack in April, her brother

Mary Ann Moore surrenders her short night of sleep at 3:30 on a Thursday morning and lifts herself, already dressed, from the dining-room couch she uses as a bed. She rubs her face, groans and moves toward the bathroom, but lands on one of the three small children sharing a mattress at her feet. "Ooo-wee, sor-ree," she says, then creaks down a dark hallway.

For a moment, the night is still. The Chicago wind rattles the loose tenement windows, and a grumbling muffler echoes down an otherwise silent street. Then Moore slips a Kenny G disc into her oversized player, and a struggle ensues between his soothing sounds and her early-morning slurry. She flicks on the bare bulbs that glare from the ceiling and marches into the room of her 14-year-old son, Marchello. "Get your butt up," she says.

By 4, Moore has slopped a bowl of Fruity Pebbles before her 5-year-old son. Tunde, on a table he shares with scurrying roaches. By 4:15 she is pulling fresh outfits over the robbery limbs of her 2-year-old twins, who are still asleep. By 4:45 the phone has rung a second time: it is the twins' father, calling to say that he misses the girls. Moore dismisses him with a grunt; she is running late for work.

"Com'on, let's grab bags and go," she says to Marchello, a handsome, upbeat teenager who sometimes seems as much her partner as her son. Then just before 5 A.M., Mary Ann Moore, four children and a bag of Pampers file past six locks and down two flights onto the well-dark streets. By 5:30, her worn Plymouth has carried her 11 miles north, from her home on the far South Side of Chicago to her mother's apartment at Cabrini-Green, the midtown public housing project, where the children wait for the school day to dawn. By 6, Moore has traveled six more miles north, to her job as a cook at a Salvation Army homeless shelter, where she feeds 100 people a day.

Here is the life of a woman who has left welfare for work, a life at the center of a gathering political storm. Ever since Bill Clinton in his Presidential campaign furiously promised "to end welfare as we know it," politicians from both parties have been vowing to move millions of other indigent mothers into the labor force. With the Republican rise to power, there is even talk of building orphanages for the children of those who do not make it. Representative Newt Gingrich of Georgia, who will become the first Republican Speaker of the House in four decades, has said he will begin a radical overhaul of the welfare system within his first 100 days. His proposed legislation calls for whatever is "necessary to help, cajole, lure or force adults off welfare and into paid employment."

"It is a fine goal, but for two generations it has also been an elusive one. This is so for a variety of

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reasons (that are rarely explored in a two-dimensional public debate, where a handful of advocates defend welfare recipients as the blameless victims of poverty for whom no jobs exist, while the broader public denounces the high life of the dole).

Meanwhile, researchers now believe that poor women leave welfare for work much more often than was previously thought. In one widely cited study, LaDonna A. Pavetti of the Urban Institute found that 64 percent of the women who join the rolls leave within two years, most often because they find work. Yet three-quarters of the women return to welfare, and 45 percent return within a year. The reasons for leaving work range from the economic — like low wages or a lack of health insurance — to the personal — like fights with supervisors or drug abuse. The women themselves also cite a complication that has rarely surfaced in public debate: jealous interference, or even physical attack, from boyfriends threatened by the prospect of their financial independence. Such a tangle of impediments means that Congress faces a doubly difficult challenge in redesigning the system. The task is not just getting women into the work world, but helping them stay there.

At 33, Mary Ann Moore is a walking catalogue of the problems that can arise after a welfare recipient finds work. She has landed and lost at least 11 jobs in the past five years and gone through perhaps twice that many since receiving her first welfare check at 19. She has driven trucks and peddled nuts, fried eggs and bathed invalids. She has cruised the aisles of a mail-order warehouse on

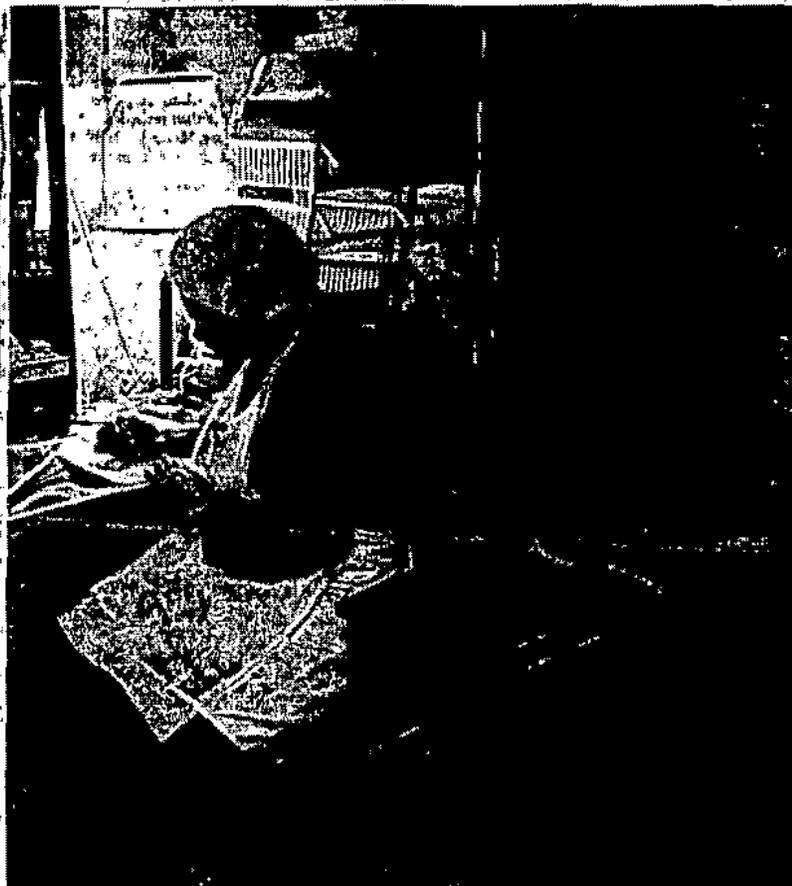
roller skates, pulling merchandise from shelves that stretched to the sky. She has strapped a revolver onto her 6-foot frame to guard the high-rises at Cabrini-Green, where she was raised.

Moore has maintained a breakneck schedule at the Salvation Army for the better part of a year, earning enough so that, in November, she no longer qualified for welfare or food stamps. Yet she remains only a sick child oriling car away from disaster. A spirited, self-mocking woman, she laughs at the length of her résumé. "I always get 'em," she says of her many jobs. "It's keeping 'em that's the thing."

"FEEL IT" MOORE DEMANDS, THROUSTING A room-temperature milk carton into a co-worker's hands. It is midmorning, and Moore is patrolling



was told 'kitchen can't get calls,' and no one took a message.



In the storage room at the Salvation Army, Moore plans the Thanksgiving meal. Her rapid advancement from food aide to head cook has earned her the lingering resentment of some longtime employees.

the antiquated shelter kitchen. Clearing the breakfast dishes from the dining room, Steve, a food aide, has entered the kitchen with a case of untouched cartons, intending to put them back in the refrigerator. Moore wants the case discarded; she fears the milk has spoiled. "Milk," she insists, "is one of those things you got to be real careful with."

Steve is having none of it. "I'm no follower — I don't follow nobody," he says, safeguarding his turf with the slam of the refrigerator door. Besides, the cartons have yet to reach their expiration dates. "You s'posed to check the date," he says. "That's the bottom line."

No less than corporate offices or the White House, mental work sites come with their own complex rivalries and power struggles, and the conflict between Moore and her co-workers is typical of welfare recipients, and a reason they so often quit or get fired. As a younger woman, Moore walked away from jobs when she found her supervisor disagreeable or her co-workers assaulting her dignity. Indeed, her continual success on this job rests in large part on her ability to handle the conflicts, which arise virtually without pause.

"O.K., answer this," Moore persists. "If you see a gallon of milk out for an hour, you gonna let your kids drink it?"

"I don't do it like that," Steve says.

"Case closed!" Moore answers.

But the milk remains on ice.

Conflicts aside, Moore has found what, for a woman leaving welfare, is an unusually well-paying job. At \$8 an hour, she is the highest-paid among the kitchen's eight workers; it's the highest wage of her life. Typically, welfare recipients start at \$5 or \$6 an hour and move up slowly, if at all. For five months beginning in June, Moore kept a five-day, 52-hour workweek, logging a 13-hour shift (6 A.M. to 7 P.M.) on Saturdays and Sundays until the shelter recruited an extra cook. "She's a self-starter," says the shelter's director, Tyrone Staggert, who ranks her in the top 5 of the 50 or so workers he has supervised.

Moore got her foot in the door when she landed a part-time job as a food aide in a Head Start program housed in the same building. She was earning \$5.15 an hour, and the tensions with other employees began at once. Head Start food aides are at the bottom of the building's pecking order, and other workers forbade her to use the break room. Moore has walked away from her stove to find tin can lids floating in her pot of green beans and her gasp hiding their time on an extinguished burner.

But she also attended a city college course, which earned her a food and sanitation license. She befriended the shelter's longtime cook, gaining stove-side lessons and a chance to fill in during open shifts. When the cook retired, Moore gained the job, along with the lingering resentment of more experienced employees. "They think I'm still the little Head Start food aide," Moore grumbles.

On this, the day of the milk war, she enters the walk-in refrigerator and begins piling a cart with the day's supplies: carrots and cabbages, bags of bread and hamburger buns. One of the bags has been invaded by roaches, and it reminds Moore of yet another intramural struggle.

"One time we had bugs in the oatmeal," she begins. A tone of incredulity overtakes her voice as she recalls a co-worker who insisted he knew how to "run 'em out." "I said, 'I'm not running no bugs outta oatmeal,'" she says, her voice now booming off the refrigerator wall. "How you know they all run out? We had cold cereal that day."

Moore spends the rest of her day heaving caissons, chopping cabbages and sharing ear stories. It soon becomes clear that even the most rudimentary job can require considerable social skills. That is increasingly the case, as the service economy brings more low-skilled workers out of the factory and in touch with the public as cashiers, waitresses or clerks.

This development has brought with it a culture clash, as documented by Lerner Berg, Lynn Olson and Aimee Conrad researchers with Project Match, an employment program near Cabini-Green. They interviewed 58 participants, mostly women, and found that 60 percent lost their first jobs within the first six months. But, they concluded, the "lessons frequently cited by policy makers" —

The Real World of Welfare

Moore has earned enough so that she no longer qualifies for

a lack of child care or technical skills, for instance — accounted for "only a small portion of early job loss." A host of other problems arose concerning what the researchers loosely called the "rules of the world of work." These included such things as the ability to get to work on time and get along with co-workers and bosses. Many of the workers took an overly narrow view of their duties, including a cashier who refused to stock shelves and called it "favoritism" when raises went to employees who did the extra work.

Among the work rules that Moore found most upsetting was the ban on incoming phone calls. "I got kids!" she says. "How you gonna tell me I can't get no calls? I can't work no place my kids can't call me."

The management at the shelter relented but the receptionist did not, claiming it as her own prerogative which calls to parch through. When Moore's mother had a heart attack in April, her brother was told "kitchen can't get calls" and no one took a message. Moore, who is still furious over the incident, bought herself a beeper. Then she banned the receptionist from the coffeepot. Now she gets her calls. "Now we have an understanding," she says.

But Moore goes on to complain that a supervisor gives the other cooks easy meals, like hot dogs, while dumping the hard ones on her. "He'll tell me to roast some roasts, make some meat loaf from scratch," she says. "Every time they need something done, they come to me." Parking her hands on her hips, Moore lifts her voice to a mocking squeal and imitates another cook refusing to clean counters. "I'm a do what I get paid for: cook — nothing more, nothing less," she says, vowing to seek a meeting that will reassign duties.

And the milk fight with Steve continues. "He won't be here when four children got sick," she grumbles, after Steve has closed the refrigerator door. "They don't get mad at him. They get mad at me." She sprinkles the morning with allusions to her cause. "We budget for two cases of milk," she reminds him. "When I set out some milk, I don't want to set out no bad milk."

Moore smiles as she gibes, calling Steve "my buddy," and he smiles back. But Moore smiles widest from the lounge, when, finally sitting at 12:30, she watches Steve hustling back with the hunch milk before it loses its cool. "Oh, you moving that milk now," she says.

IT IS MIDMORNING, SUNDAY, AND GOSPEL RADIO fills the kitchen where Moore is unbinding pork roasts, elbow deep in gravy and grease. Her legs are alive in electric pink sweats, but her eyes are puffy with fatigue. Slicing an onion, she reaches for the upper register of "Amazing Grace," and laughs as her voice collapses.

With nothing on her schedule that might be considered free time, Moore recounts her past for me during hurried moments like these. The telling is much like the story itself, jagged with interruptions, as she recalls the men, the moves and the many jobs that have left her endlessly starting over.

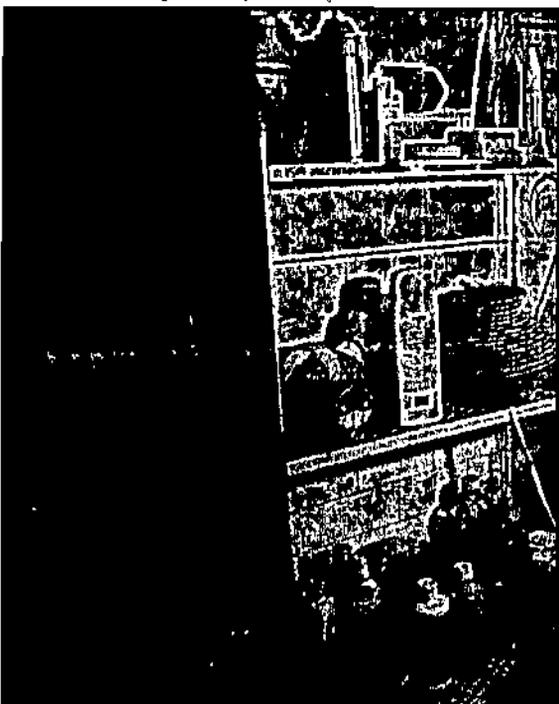
Though her father walked away from Moore and her five siblings when she was still in grade school, the family's subsequent stint on welfare was brief. Moore's mother, Cora, attended a city college and landed a job with the Chicago Housing Authority as an assistant building manager, a job that initially required her to live in Cabrini-Green. She later chose to remain there, as part of a personal crusade.

Indeed, if there was a government program that

entitled to food stamps or nothing. We was on a neckbone-and-bean diet." Her sense that the family was cheated may help explain the colliding impulses that have shaped Moore's adult life. She seems to have simultaneously absorbed her mother's capacity for grueling work and a corresponding suspicion that work will be punished rather than rewarded.

Eager to flee her mother's house, Moore left high school in the 11th grade, spent six months in the

| WELFARE | |
|---|-------|
| The Bottom Line | |
| MONTHLY INCOME | |
| A.F.D.C. payments: | \$485 |
| Food stamps: | \$400 |
| Odd jobs (baby-sitting, selling trinkets and perfume door to door): | \$200 |
| MONTHLY EXPENSES | |
| Rent (in public housing): | \$100 |
| NET: \$385 a month | |
| (All figures estimated for a mother of four) | |



damaged Mary Ann in her youth, it was not welfare but public housing. Moore was 8 the first time she saw a playmate killed by gunfire. (Her son Marchello was 7 when he punched an elevator button and watched the opening doors unveil a corpse.) And while Cora Moore was quick to exit the welfare rolls, the family remained surrounded by neighbors receiving monthly checks — a circumstance that seems to have deeply colored Mary Ann's opinions of public aid.

Though she sometimes voices pride in her mother's work ethic, she sounds more authentically moved when she complains about the Government's response, which was to withdraw benefits and raise the family's rent. "You see somebody on public aid, they be paying \$20 or \$30 — my mother never paid less than \$300," she says. "We weren't

Job Corps in Cleveland and returned, homesick, to Cabrini-Green. A year later, just after turning 19, she learned that she was pregnant. Though most of her friends already had children, she greeted the news with alarm. Her boyfriend was not working; she was earning close to the minimum wage, skating around the cavernous catalogue warehouse a few blocks from Cabrini-Green. Neither had health insurance. "We was kids — both of us living with our mothers," she says.

Moore gives conflicting responses when asked whether Cabrini girls get pregnant on purpose, in order to gain welfare. "Some of them do think like that," she says, though she argued that it is more common for the pregnancy to result from "an accident." But when I asked Moore if her own pregnancy was an accident, she recoiled from the

welfare or food stamps. Yet she remains only a sick child or an ailing car away from disaster.

phrase, saying Marchello was too precious to be accidental; call him "unplanned," she said. She also made clear that she ruled out abortion, an option that more privileged women frequently embrace when faced with unplanned pregnancies. Moore called abortion "killing people."

Though Coia advised her to stay on the job, Moore quit and sought welfare, a decision for which she gives differing explanations. Sometimes

phone. When her grandmother had a stroke in 1987, Mary Ann and Marchello came home. WITH THE PORK ROAST UNFETTERED, MOORE leans across her worktable and staves down at her breakfast, a stainless steel bowl of french fries, which she inhales. She frowns as she tries to reconstruct the résumé she compiled upon her return to Chicago. "Dag!" she exclaims, between

Moore also took up security, first at Cabrio and later at the hearing room where workers who are denied unemployment benefits voice their appeals. Moore found herself expressing more sympathy for the untily appellants than for the hearing officers she regarded as unfeeling. Years later, she still sounds bitter about the dispute between an agitated, jobless man and the officer who ordered him to sit down and then turned to Moore for help. "She wrote me up 'cause I didn't go," Sir, sir down!" Moore says. "I told her: 'They pay me five dollars an hour — they don't pay me to die.'" Moore was soon transferred — to guard a parking lot in the Chicago winter. "Whason! I got tired of security," she says. "I quit."

Moore faced no better after landing the 3-to-11 shift at a suburban Arby's. She would pick up Marchello after grade school, and have him with a friend who lived near the restaurant. Mother and son shared a "phobia" about the graveyard that bordered the highway, and Moore made a practice of speeding past it. A black woman in a rattletrap car racing through the suburbs at midnight did not amuse the local police, who one night detained her until her mother dispatched someone to pay the fine. Wide-eyed with fear, Marchello asked the officer: "You gonna put us in jail for trying to get past the graveyard?" The engine collapsed a few weeks later, and Moore simply left the old car alongside the highway, abandoning the job as well.

If work didn't prove to be the route off welfare, Moore did marriage. Several months pregnant, Moore married a Nigerian widower in 1989. Her second son, Onuonnde, was born in June, but by Christmas the couple had split up, and Moore went back to living with her mother. Both of the boys' fathers still appear on occasion. Marchello's father has been homeless and drug-addicted; Tunde's is still driving a cab, but Moore says neither is a source of support. "They want to see 'em, but not do nuthin' for 'em," she says.

By the summer of 1991, Moore was adept at eviscerating jobs, but increasingly unlikely to keep them, as a cocaine habit she had once considered under control no longer remained so. She had first smoked the drug in her mid-20's, at the invitation of California relatives. Now, as she neared her 30th birthday, Moore was not above reaching Marchello's Nigundo garage to support her habit, and he says his 10-year-old Cabrio friends would taunt him by yelling, "Your mamma do drugs!" Marchello decorated his room in anti-drug posters, and remained from his grandmother's church quoting the Bible to his mother. "It affected him so bad, he went and got saved so he could help me," she says.

On the night of her 30th birthday, Moore started smoking cocaine in a neighbor's apartment, and didn't come back until the next day. Marchello had skipped school to await her return; she walked past him silently and shut the door. Her boss, a warehouse manager, called to find out where she had been, but Moore shed the job without returning the call. "I was too ashamed," she says.

High again at a party a few months later, Moore



Moore's children must tattle for indoor pleasures, because their apartment, the only one Moore can afford, is in a gang-dominated area. Shortly after they moved in, Onuonnde, shown in tab, witnessed a drive-by shooting.

she describes (the move as a necessity ("I needed the medical card to take the baby to the doctor"), and sometimes as folly ("I just got tired — I was still young-minded"). She disputes the idea that welfare in any way caused her to get pregnant, but she confirms that benefit levels were on her mind two years later when, on her 21st birthday, she and Marchello boarded a bus to an aunt's house in California. There, she says, "they give you twice as much."

Moore stayed for five years, in and out of jobs and relationships, but mostly on welfare. Marchello's father came and went, leaving behind so many calls back to Chicago that Moore lost her

mouthfuls of fries. "I had a lot of jobs." "As Moore describes them, the jobs sound less like a way to support herself than the rules of a chaotic misadventure that fraternity boys swap after summer vacations. After caring for her ailing grandmother, Moore landed a job as a home health aide to a glamorous young woman "paralyzed by a stroke. Moore recalls her astonishment at discovering a closet full of lingerie, with a set of colored light bulbs to match. "She was fast!" Moore says. "She used to tell me, boy, about the sick stuff she used to do!" Shaken by the woman's fits of grief, Moore became "too emotional." One day, she says, "I just didn't go back."

WORK

The Bottom Line

MONTHLY INCOME

Wages (includes overtime) for two 13-hour shifts per week: \$1,645 after taxes

MONTHLY EXPENSES

Rent (income subject to 4% tax): \$300

Transportation to and from work (averaged cost to buy and repair two cars): \$300

Car insurance and gas: \$100

Child care: \$100

Student loan payment: \$61

Beeper: \$3

NET: \$775 a month

The Real World of Welfare

The men are not working, and they don't want the women fee-

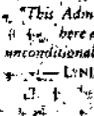
PRESIDENTS ON POVERTY

From charity to chill



"For years Washington has alternated between putting its head in the sand and saying there is no large number of destitute people in our midst who need food and clothing, and then saying the states should take care of them if there are.... The Federal Government has always had and still has a continuing responsibility for the broader public welfare. I pledge you, I pledge myself a New Deal."

— FRANKLIN D. ROOSEVELT, JULY 2, 1934



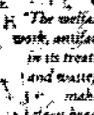
"This Administration today, here and now, declares unconditional war on poverty."

— LYNDON B. JOHNSON, JAN. 8, 1964



"I propose a new approach that will make it more attractive to go to work... and will establish a nationwide minimum payment to dependent families with children."

— RICHARD M. NIXON, AUG. 11, 1969



"The welfare system is anti-work, anti-family, inequitable in its treatment of the poor, and wasteful... We must make a complete and clean break with the past."

— JIMMY CARTER, AUG. 6, 1977



"There's a woman in Chicago. She has 80 names, 30 addresses, 11 Social Security cards and is collecting others' benefits on four nonexistent deceased husbands.... She's got Medicaid, is getting food stamps and welfare under each of her names. Her tax-free cash income alone is over \$110,000."

— RONALD REAGAN, FEB. 14, 1976



"We need to say, 'Get a job or get off the dole.'"

— GEORGE BUSH, JULY 31, 1992



"In a Clinton Administration, we're going to put an end to welfare as we know it."

— BILL CLINTON, OCT. 23, 1991

became pregnant, and she drifted through the first half of 1992 with a single prenatal visit. Entering the hospital in July for what she thought was a miscarriage, Moore gave birth to twin girls, Roshea and Roshaun. They were two months early and each weighed less than three pounds. Moore went straight from the hospital to a six-month rehabilitation program, where the twins joined her once they gained the strength.

ABOUT THE TIME THAT MARY ANN MOORE WAS succumbing to her cocaine habit in the fall of 1991, Bill Clinton was devising the six words of campaign rhetoric that would reshape, and ultimately help radicalize, the welfare debate — his famous pledge to "end welfare as we know it."

Clinton promised to expand training and day care for the five million households on Aid to Families With Dependent Children (AFDC), the main Federal welfare program; but those still unemployed after two years would have to join a work program. The promise quickly became part of the "new Democrat" image that Clinton rode into office. But ever since, it has been riding him.

It sounds so simple work. But as Clinton's aides devised a plan, the first question was, "Where would the jobs come from?" While Mary Ann Moore has proved proficient at landing jobs, other low-skill workers may have more difficulty, particularly if they live in depressed areas like the Arkansas Delta or Detroit. When planners at the Department of Health and Human Services completed their first estimate of the number of mothers who would pass the two-year deadline, they produced a startling figure: 2.3 million. A jobs program of that size would rival the Works Progress Administration, which employed 3.3 million people at the height of the Depression. While this is what it might take to really replace welfare with work, there is virtually no political support for so huge an enterprise.

A major reason is the cost. Putting recipients to work sounds like a money-savings measure — but it is far more expensive than mailing checks. The Government has to purchase work materials, hire supervisors and supply day care to families that lack it. While the average welfare grant for a mother with two children is \$4,440 a year, it would cost about \$11,440 to enroll her in a work program.

A program that employed 2.3 million people, even if it did nothing more than force them to work off their welfare grants, could easily cost an extra \$15 billion a year. Many conservatives would attack it as a boondoggle, make-work solution. And public-employee unions, an important Democratic constituency, would fight the competition: what they would pay janitors \$9 an hour to sweep the floors, if it could make a woman on welfare do the same for minimum wage?

When their estimate looked, the Federal planners quickly dismissed it, optimistically predicting that other policy changes (some of them doomed, like universal health insurance) would reduce the number of people who reached the two-year limit down to less than a million. But they also put off the day

of reckoning by deciding to phase in the work requirements over a period of more than a decade. Under the Clinton plan, only about 100,000 people, or about 7 percent of the welfare caseload, would be enrolled in work programs by the year 2000. The move cut billions of dollars from the cost of the plan — and brought the Republican charge that this was no work program at all.

The accusation is unfair. The surprising thing about the Clinton plan is not the isophores, as critics have charged, but rather the lack of them. And Clinton was personally immersed in many of the crucial decisions, including the plan to completely cut off the families of those who refuse to join the work program. In a confidential memorandum last March, Clinton's aides warned him of the potential consequences: "The danger that in rare circumstances, families will find themselves homeless or unable to care for their children."

The phase-in schedule of his bill aside, Clinton has taken a tougher stance on welfare than any other President — tougher than Nixon, who had pushed for a guaranteed annual income (an impossibly liberal idea in today's climate); tougher than Reagan, who had settled for a few state experiments, and tougher than Bush, who did nothing. After two years, recipients must join a "work program. Those who join the program would be no less poor than they had been on welfare — just busier. There lies Mary Ann Moore, who keep falling off the job, would have their grants eliminated. Period.

THE ORANGE DASHBOARD light moves Moore to prayer. "Engine check?" she says. "Please don't let there be nothing wrong with this car." She bought the '89 Plymouth with 100,000 miles from Tyrone Gloggers at the Salvation Army. She is sending the \$1,500 debt in \$200-a-month payments. It is her second car of the year, the first, a \$3,200 Floriac, also colapsed. "Dug," she swears, softly at first, then louder. "Dug! That's all I need as car problems."

Darkness falls, the car stalls and Moore stands



ing better," says a director of a Chicago work program. "They don't want to think they're not needed anymore."



beside a whizzing highway, feeding it a can of oil. It is Tuesday, the beginning of her weekend.

At 7 the next morning, Moore and her four children are parked in front of a repair shop recommended by her mother. When she phones in at 9, the estimate is \$190. Two hours later it has grown to \$440. When she returns at dusk to reclaim

Moore gets a day off after a week of 12- and 13-hour shifts. For all of her fatigue, she has seen little financial gain. "It's a big self-esteem thing for me to be working," she says. But, "the struggle is still the same."

the vehicle, she receives a bill for \$482.31, covering a tune-up, a radiator flush, a heating hose, fuel-injector service and new right and left struts, at \$99.95 each.

Moore has no idea what her new struts are supposed to do, only that she needs the car to get to work by 6 the following morning. "We ain't gonna be leaving it 2

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in the morning to take the bus," she says. She hands over \$250 in cash that she has borrowed from her mother, with a promise to pay the rest. But a week later, the light is glowing again. Moore spends another six hours at the repair shop, and leaves owing another \$150.

An unreliable car is only one of the problems that constantly threaten to come between Moore and her work. Unable to afford a market-rate apartment, she lives in a subsidized building on a gang-dominated block of the South Shore. Considering Marchello a prime target, she rarely lets him outside; he spends his weekends dribbling an imaginary basketball down the hallway and shooting fake jump shots at the ceiling. When Moore considered buying him a bicycle for his birthday, he warned her away. "He said don't even do it — they'll take it," she says.

But it was Tunde who first bore the brunt of the area's violence. A few weeks after moving in, the 5-year-old was looking out the window as a drive-by shooting left a bystander with a bullet in the head. "Tunde was really messed up," says Moore, who learned about the shooting at work, when Marchello beeped her to say "don't come home 'cause they shootin'." Moore found a United Way therapist to help with the subsequent nightmares and bed-wettings.

Beyond violence, there is also disease. In November, the twins passed on to Moore a flustering case of the stomach flu, causing her to miss seven days without pay. Even on good days, Moore arrives home to a phone that rings so often she bought a caller ID box to screen the calls, most of them from friends and family wanting money. When a troubled teen-age friend arrived at 12:30 A.M. during the week I visited, Moore crawled off the couch to drive her home. "She don't say she goin' to sleep," Mar-

chello explains of his mother. "She say she takin' a little nap."

For all her fatigue, Moore has seen little financial gain. Some of the most disheartening research on the economics of welfare and work comes from Kathryn Edin, a Rutgers sociologist, who wondered how recipients live on allotments of cash and food stamps that (for a family of three) average \$7,920 a year. She found that virtually none of them do. Edin studied 214 women in four cities but found only one who did not have additional income, either from an unreported job or the contributions of boyfriends and relatives. And that woman, Edin said, "was probably going to lose custody for neglecting her child," who repeatedly went hungry. "She's definitely the exception that proves the rule: you can't live off welfare benefits."

Even more striking, however, is that Edin found the same pattern among the mothers who went to work. Just as they could not live on welfare, they could not live on their wages either, especially after paying for child care, transportation, clothing and the like. Their earnings accounted for only 62 percent of what they actually spent, with the rest still coming from Government programs, boyfriends, relatives or even illegal activities, like selling drugs. Edin concluded that by going to work, most of the women had simply "substituted one untenable economic system for another." Scraping one of these systems — welfare — won't make the work world any more profitable. In fact, if it forces millions more workers into the job market, it could further depress wages.

"Yeah, I got this little chump change," Moore grumbled one afternoon as she left a bank with two weeks' pay stashed inside her bra. (Her credit history does not permit a checking account.) "I ain't doin' no better than if I was on A.F.D.C."

Indeed, a close look at her finances (box, pages 46 and 47) reveals that a life of hard

work leaves Moore with about \$225 less in spending money than if she stayed home and collected welfare. The tally includes about \$870 in work-related expenses and a \$61 monthly payment on a delinquent student loan, which she says the Government would otherwise collect from her tax refunds. And that's with the overtime. Without it, even if Moore worked year-round at \$8 an hour, never missing a day, she would earn \$16,640 a year. The Federal poverty line for a family her size is \$17,439. (At that level, Moore would also qualify for a \$1,521 refundable tax credit — news that took her by surprise.)

"It's a big self-esteem thing for me to be working," she says. But financially, "the struggle is still the same."

A STRICT AS CLINTON'S welfare proposal is, it has been his curious fate to have his opponents laugh it aside as a fraud, a broken campaign promise — the perpetuation of welfare as we know it. "Tinkering," said Gov. Tommy Thompson of Wisconsin when the bill was unveiled.

In part, this is predictable partisanship: Clinton was threatening to steal an issue that had traditionally won votes for Republicans, and they wanted to steal it back. But Clinton himself was also partly to blame, for he had raised high expectations with his insistently bold language. "You let loose a lot of forces when you say, 'End welfare as we know it,' which is why I never said any such thing," said Senator Daniel Patrick Moynihan last spring, as the proposals raced to the right. "We may look back and say, 'What in the name of God have we done?'"

Concentrating on his health care plan, Clinton took 17 months to draft a welfare bill, leaving allies and opponents alike to question his commitment. Others, meanwhile, moved to fill the void. In November 1993, Representative Rick Santorum, a Pennsylvania Republican, introduced a wel-

fare plan that on the surface seemed much like Clinton's: it offers recipients two years of training, and puts those unemployed in a work program. But underneath two major differences loom.

One involves financing. The Republican bill would spend \$20 billion over five years — twice as much as Clinton proposes — but it raises the money by denying Government benefits to virtually all legal immigrants, even though they pay taxes. That includes not just Aid for Families With Dependent Children but 60 other programs, including food stamps, school lunches, disability payments, subsidized housing and migrant health clinics. The extra money allows the Republicans to claim their program would put about a million recipients to work by the year 2000, more than twice as many as the Democrats.

The second difference, which is even more important, concerns the structure of the work program. The Santorum plan would let states drop families from the work rolls after three years, whether they had found private jobs or not. The issue, little understood by the public, cuts to the philosophical core of the welfare debate. While Clinton would punish families that do not comply with the work rules, the Republicans would eventually cut off families whether they comply or not. The move is designed to push people into private jobs, but it risks leaving hundreds of thousands of families with neither welfare nor work.

The President's aides had considered limiting the work program, too. The issue had proved so divisive that the President had been forced to resolve it himself, in a final Oval Office meeting. While Clinton sided with those who would let families stay in the program as long as they are willing to work, a confidential memorandum from his aides acknowledged the downside: to many people, "the rhetoric of ending welfare" requires some sort of ultimate end.

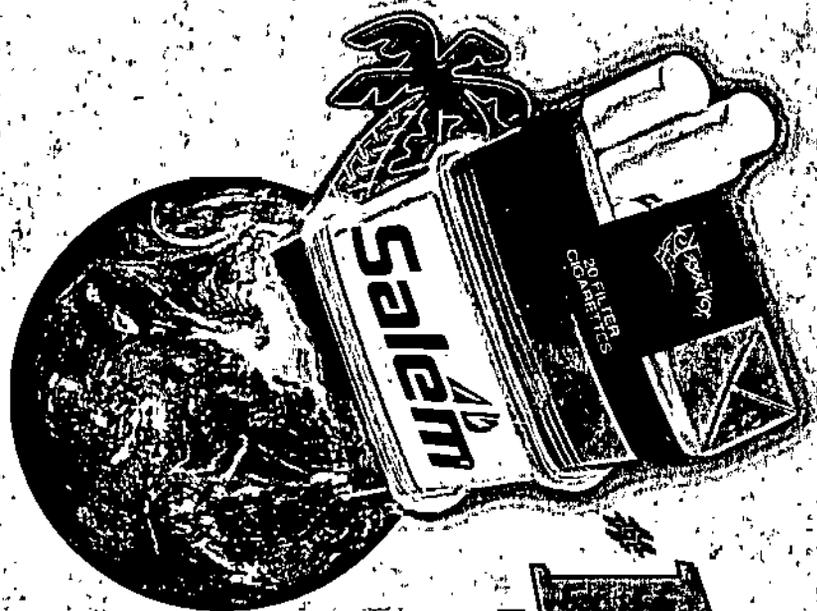
But to the surprise of San-

torum and his allies, their own proposal soon became an object of ridicule in one faction of the Republican Party. Led by Representative James Talent of Missouri, this faction argued that a \$20 billion work program was not the end of welfare but the extension of it; the real goal in their view was not to put single mothers to work, but to discourage them from becoming single mothers in the first place. They proposed to end welfare by simply ending welfare: abolishing benefits, and letting poor families then sink or swim. The children of those (like Mary Ann Moore) who sank could be housed in state-sponsored orphanages.

Not long ago, such talk of actually abolishing the system was too radical even for those who embraced the idea. When the social scientist Charles Murray first forwarded the idea in his 1984 book, "Losing Ground," he couched it as "a thought experiment," and no mainstream politician would touch it. But by last spring, Republicans as prominent as William Bennett, and Jack Kemp were urging colleagues to support the Talent bill, which would end benefits for any mother younger than 26. They wrote a public memorandum, urging the party to seize "an opportunity in the realm of politics."

The sudden popularity of the literal end of welfare took even a credentialed conservative like Santorum by surprise. "The risk is that you're going to have millions of women and children with absolutely no support out there," he said last spring. Moynihan tartly predicted "scenes of social trauma such as we haven't known since the cholera epidemics." It is certainly an alarming fact that 30 percent of all American children — and 70 percent of black children — are born to single mothers, and it is reasonable to assume that abolishing welfare would have some effect on that number. But how much, and at what cost? For her part, Moore scoffed when I asked if ending welfare would bring a significant reduction in the

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allowing her to give up despite her abundant reserves of toughness and talent. At the same time, it is difficult to see how simply abolishing the system would help. The men in Moore's life have received few Government checks, and they have wound up even poorer and more wretched than she is. And whatever else welfare has done, it has managed to keep Marchello and his siblings with a mother they clearly adore.

As the details of Mary Ann Moore's life accrue, welfare itself seems to shrink in importance, compared with the surrounding problems, like low wages, unaffordable rents, gangs, violence, rickety cars, drugs and irresponsible men. The unspoken assumption in Washington seems to be that welfare checks have wrought all these problems and more, down to and including incurable diseases. In his attacks on the welfare system, Gingrich frequently complains of "15-year-olds killing each other, and 17-year-olds dying of AIDS," as if each month's payment is a bullet or a virus.

Welfare is less a supervillain than a shady character on the corner who accomplishes neither great good nor great ill but invites suspicion by his very presence. Replacing welfare with work would bring more dignity to the poor. But as Moore understands, the trade-off is tougher than it sounds. It will not happen unless the Government helps to create and support jobs, and even that will not guarantee an end to neediness.

But there is at least one sense in which work really may work, and that is its impact on politics. The Mary Ann Moore who lifts herself off the couch at 3:30 every morning is an intensely more sympathetic character than the Mary Ann Moore who relied on public aid. Ending welfare as we know it, whatever that comes to mean, may be the necessary prerequisite to a more important task: ending poverty. ■

'I Tried to Do So Many Things'

Clinton: Looking back at a turbulent year

WHILE CONGRESS OUT OF SESSION AND the holiday season approaching, President Clinton met last week with NEWSWEEK's Eleanor Clift, Bob Cohn and Jonathan Alter to reflect on his first year in office. Excerpts:

NEWSWEEK: One of the things that is said about your presidency is that it's been a roller-coaster ride. Do you think that's a fair assessment?

PRESIDENT CLINTON: At one level, I do. Part of it is growing pains, learning pains, while we were trying to move very quickly to push the agenda of change. But I think there's also been a constancy to it. We've had this immensely successful year in the Congress. We have begun to change the country and change the way government works and to make it more responsive to the interests of ordinary Americans.

If you could change one perception about you, what would it be?

I think in the early going, at least, because I accepted some compromises along the way, people were saying, "Well, he's really not fighting for what he believes in." I think now that it's begun to change.

When you compromise or make mistakes, it's frequently cast as a character flaw. Why?

I tried to do so many things at once that I didn't take enough time to do one of the president's most important jobs, and that is to consistently explain to the American people what we were doing and why.

Do you think there was an expectations trap? If you had it to do again, would you have promised less in specific terms?

In terms of what I talked about in the campaign, it's really amazing how much we've reversed Reaganomics. We have opened the doors of college education to more people by lowering the cost of student loans and making them more available. We passed the National Service Program. I pledged to fight for NAFTA.

There's no way that you can't be affected by different political reality, changes in the budget numbers. Those things affected what I was able to do. I'll leave it to you to judge whether it was, on balance, an error.

The public has gotten a couple of glimpses of your temper, around here called "purple fits." Do you think that that interferes with people bringing you bad news?



Pushing an agenda: 'There's been a constancy to it'

No, because it's almost never about bad news. What upsets me is when I think we're not doing the best we can for the country.

When I lose my temper, it's mostly because I think we all have such an obligation to make every day count. It's not the big stuff, the big problems don't bother me. That's what I signed on for. And it's certainly not the bad news. What bothers me is when I think somehow the system is keeping us from doing what we need to do for the American people.

You've said that people ought to be required to work after two years on welfare. Are you prepared to cut off cash assistance after two years?

If there are jobs for people to do. That's a big if, though. We're probably going to have some sort of publicly funded jobs program.

Do you believe that it's immoral for people to have children out of wedlock?

If someone becomes pregnant and decides to have a baby rather than have an abortion, that may be a moral decision. So I wouldn't say that everybody who becomes pregnant out of wedlock who has a baby is immoral. But I believe that this country would be a lot better off if children were born to married couples. Remember the Dan Quayle speech? There were a lot of

very good things in that speech. The Murphy Brown thing was a mistake. It was too cute because this woman is not symbolic of the real problem in society. Would we be a better-off society if babies were born to married couples? You bet we would.

Should we reattach a stigma to those who are having children out of wedlock?

I think there's a stigma now—the problem is most of the people having children out of wedlock are people who are not part of the mainstream society. They don't feel any hope, any aspirations. The Children's Defense Fund released a report a couple of years ago chronicling young women who had one child out of wedlock and women who had a second one. The biggest difference was that the first group acquired a high level of confidence and education and learning skills and began to think about their future and therefore imposed different standards on themselves. So I think that as a society, we ought to say, "We'd like for our babies to be born into intact families."

As long as we make it clear that we are not advocating that

young people who become pregnant choose abortion over childbirth. But we're going to have to re-establish the conditions in which the family can flourish. And one of the reasons I'm for welfare reform is that I think that if we do it right, it'll be pro-family.

With the North Korean situation and a Rand report saying that there are tens of thousands of potential nuclear bombs because of plutonium proliferation, is it fair to say that we're closer to nuclear disaster today than during portions of the cold war?

I wouldn't say nuclear disaster, because during the cold war, had there been any exchange of nuclear weapons it would almost certainly have been a total exchange and therefore utterly cataclysmic. I think it is fair to say that there is somewhat more disarray in the system, by which not only nuclear but other weapons of mass destruction are capable of being produced and distributed, than there was then. In other words, the bipolar world had a little more discipline, certainly on the nuclear side.

North Korea is a special case and a deeply troubling one. They are so isolated that I'm afraid their view of reality is very different from our view of reality. I have tried to follow a policy of holding out the promise of dialogue, not only with us but with the South Koreans and still be firm about where we had to go. ■

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in America. Many are inner-city blacks. Clinton and his advisers are now engaged in an excruciating internal debate over just how to treat these long-term AFDC recipients. A 32-member task force is hammering out the options, and not always agreeing: the debate involves large questions of cost, feasibility and—crucially—just which families would lose their benefits and what would happen if they did. The Department of Health and Human Services has granted waivers to more than 15 states to allow them to tinker with AFDC. One closely watched experiment is in Wisconsin, where AFDC recipients in two counties with low unemployment will lose their benefits after two years on the dole. But "we're not about cutting people off and putting them in the streets," says David Ellwood, an assistant secretary at HHS.

According to aides, Clinton himself says Murray has the "right diagnosis" but the "wrong prescription"—which is a typically Clintonsque straddle on an issue that allows no real middle ground. In an interview with *Newsweek* last week, the president also said he was "prepared to support cutting off benefits if people are able to work without hurting their children, and if there's a job available." But, he added, "that's a Big If."

It is actually two Big Ifs, and the president's attempt to qualify his position probably reflects the administration's urge to enjoy the political benefits of appearing to be tough while avoiding the pitfalls of seeming to be mean. In fact, the welfare debate is full of traps. Here are the main ones:

Higher costs. Paradoxically, welfare reform won't save money. Administration officials, who are trying to scrounge the money from existing federal programs, estimate that it will cost \$12 billion to \$15 billion more over five years, and outside experts say reform may create a new class of entitlement programs.

Take day care, for example. You can't force welfare mothers to take full-time jobs if there is no one to care for their children. That means government will probably have to subsidize day-care services for low-income women. The potential "market" for this subsidy is very large: nationwide, there are 5.2 million preschool children below the poverty line. Multiply that by the average cost of day care (\$3,000 per child per year, conservatively) and you get \$15.6 billion a year in additional costs. True, no one believes that all 5.2 million kids will actually need day care. But some experts think that the administration is gross-



EDWARD PETERS—IMPACT VISUALS

Life on the dole: Two welfare clients in a Paterson, N.J., hotel

ly underestimating the potential demand.

Making work. Administration planners want to turn AFDC into transitional financial support for welfare mothers who will eventually get jobs in the private sector. That means setting up subsidized job-training programs to prepare unskilled women for the world of work. Fine, but job training costs money, and some experts, like Douglas Besharov of the American Enterprise Institute, think such programs may themselves become a form of welfare magnet.

The real question is, where are the jobs? Private-sector jobs for unskilled workers are hard to find in most big cities. Should government once again become the employer of last resort, as it did during the Depression? Community-service programs like CETA, the Carter-era jobs initiative, have a lousy reputation in Washington. Overhead is high, and those who actually get the jobs rarely move on to careers in the

private sector. Public-employee unions, tearing competition from lower-paid workers, bitterly oppose such programs. So does organized labor in general: in a tight economy, there is good reason to believe that subsidized employment for former welfare recipients will hurt the working poor. If the "real" jobs aren't there, reform could turn into a revolving door: two years of job training followed by two years of community-service work, then back on welfare to begin the cycle all over again.

The exemption game. Administration officials are still divided over just how many long-term AFDC recipients should be exempted from the two-years-and-out requirement. Women with infant children would probably be allowed to stay on welfare, and there is much debate over just how old the kids should be before the mother is required to sign up for job training or a job. It could be when the youngest child is 3 years old, or 6—a huge difference. And what about women with learning disabilities, emotional disorders or drug habits? These women, too, may be exempted—and when all the exemptions are added up, some experts think, the number of families that would actually lose benefits could be as low as 300,000.

So Clinton's version of welfare reform will probably be far less sweeping than the "end of welfare as we know it." But with competition from the GOP, which is pushing its own plan, Clinton and the Democrats will probably do something to restrict AFDC within the next year or two—possibly after Congress deals with health reform. The nation will rewrite its social policy to liberate at least some of the poor from the scourge of welfare dependency. And all the rest of us—the millions of middle-class Americans who rely on massive subsidies like the mortgage-interest deduction—can say we admire them for their pluck.

Tom MORGANERAT with Ben GIBBS and EDUCATOR GLENN in Washington

The States' Experiment

More than 15 states have already begun experiments in welfare reform. Some of the more innovative elements include:

New Jersey: Provides no extra aid for mothers who have children while on welfare, offering instead more generous benefits and job training for those who marry or go to work.

Ohio: Docks teenage mothers \$62 of their monthly welfare check if they don't attend school regularly, but pays them \$62 extra when they do. Several states have followed this example.

Wisconsin: Will impose, beginning in January, a more draconian version of the Clinton task-force proposal: a two-year limit on cash assistance to indigent families in two rural counties.

Wyoming: Forces unemployed noncustodial parents (usually fathers) of AFDC children to enter the state JOBS program and help out with child support.