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WELFARE REFORM: A STATE PERSPECTIVE

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Oscar Wilde, the poet, once wrote that “All bad poetry was sincere poetry.” Social policy in the United States, like bad poetry, is always sincere in its intentions, but it is not always good policy. To understand the predicating factors that led to welfare reform in the United States, and to understand where we’ve come from and where we are at today, requires that we look historically at the evolution of reform of the current Aid to Families With Dependent Children (AFDC) cash assistance program. Social policy “experts” and others who are concerned over the changes occurring in social welfare need to consider the demand for reform in the context of the evolution of social services from colonial days up through the passage of the Social Security Act of 1935, the explosion of means-tested programs in the thirty-year period that commenced in the late 1950s and, finally, the passage of the recent welfare reform legislation that we now refer to as TANF (Temporary Assistance to Needy Families).

An Historical Perspective

In the early history of this country, if we go back to the immigrants that came here, we were largely an agrarian people. Growing your own food and the personal responsibilities of citizenship in the colonies brought with it something that was different because we were no longer subjects or vassals of an hierarchical authority structure. Our forefathers were citizens, not subjects. Open land and a demand to be free from the class-ridden social institutions of government in Europe brought risk takers to the shores of the continent. Early foreign commentators who viewed the American scene saw a yeoman farmer with his small parcels of land fending for himself in a hostile new environment and creating personal opportunity. They were struck by this former peasant’s sense of equality and personal liberty. Alexis deToqueville, in his book of 1831, *Democracy in America*, noted this fiery quest for individual authority and self direction. DeToqueville was concerned that the emphasis on equality, both for Americans and Europeans, would eventually lead to a bureaucratic leveling and a loss of individual liberty. He feared that the weak would bring down the strong and that the search for equality would lead to a common baseness that might undermine intellectual leadership and principled government.

Frederick Jackson Turner, a turn-of-the-century historian, offered a thesis that stressed the idea of vast areas of open agricultural land which acted to define the American character. It was agricultural opportunity that brought an entrepreneurial kind of person to the country and, in due course, fabricated an individualistic American culture. This spirit of individual and familial responsibility

led to almost an absence of government social policy that could or would respond to problems of an unequal distribution of wealth and resources. People were expected to take care of themselves. There existed some early colonial assistance from local government and church groups with roots in the European experience that the early settlers brought with them. What social policy did exist had its origins in the English poor laws that dated from the 1630s with the laws' emphasis on the worthy and unworthy poor. Persons who were in need through no fault of their own—the aged, the disabled and orphans—were viewed as a community responsibility. But, persons who were poor from a deficit of morality or responsibility as viewed by the mores of the time were treated less kindly.

The social observer of 18th and 19th Century America did not find an organized set of social welfare institutions. You certainly did not find much federal legislation in the area of social service programs. There were small community responses because there was still a belief in community and family and church at the local level. If children were orphaned—if their parents died in an accident—the town council would negotiate a contract with a farmer and his wife to raise the youngsters and provide them with the tools for becoming a farmer or a farm wife. There were alms houses or poor houses but these were largely limited to the cities of the northeast. There was a differentiation, though, in the public mind between the worthy poor and the unworthy poor. This separation in value went back to England again, to the English poor laws. That is, if you were poor through no fault of your own, if it was something that happened to you, then the community should do something and respond to it. But, if you were a drunk or you brought your own misfortune upon yourself, there was less of a compassionate response by the local community. If you were destitute and walked into a small town in the United States during the 19th Century, the local sheriff would generally escort you to the edge of town and say, "So long, because we're not going to take care of you. You are not part of our local group."

The absence of federal social policy is interesting because when we think about the evolution of social policy, we realize that the world we are in now is of our recent making. During the 19th Century, there was very little federal social policy legislation. Madison's interpretation of the Tenth Amendment to the Constitution, as laid out in the 42nd chapter of the *Federalist Papers*, said that the power of the federal government was a limited one and that issues of social policy should be left to the states and the people. Early federal laws that affected the states or local communities were very limited. Certainly, the land grant colleges legislation in the mid-19th century and the Homestead Act of 1862 were significant pieces of social legislation. It was the first movement of the federal government to say that the national government should do something other than deal with international issues or interstate commerce. But even then, when the homestead legislation of 1862 was being debated, it was not perceived that they were doing something for people as much as they thought that it would stimulate the growth and fuel the entrepreneurial

and agrarian spirit that had been so important in defining the national character. Up until that time, the federal government had been selling the surplus land for amounts ranging between 12 ¢ cents and \$1.25 an acre, depending upon the quality of the land. Congress believed that the homestead legislation would strengthen the idea of participatory democracy because farming and land ownership was rooted in that Jeffersonian ideal of the small farmer and the self-reliance of the individual.

Federal legislation in the 19th Century dealing with local issues was very limited. There was some child welfare legislation about work hours, and there was legislation at the turn of the century related to the inspection of slaughter houses, but Washington—either from an executive or a congressional perspective—maintained a hands-off policy toward local and state responses to poverty.

The Social Security Act

Suddenly, in 1935, we had a dramatic shift in the non-interventionist traditions, and that occurred with the passage of the Social Security Act. The Social Security Act was directed at three groups of people. It was directed at the aged, the blind and the disabled. This focus insured that the philosophy of people being independent and taking care of themselves was still at play. However, there was a West Virginia Senator who recommended that we alter that legislation by adding to it one group not originally envisioned, and that was widows and orphans. The year 1935 was a time of economic depression and accidental death in the mines. Many men had been killed in the mines or had left home to find work and never returned. The widows and orphans addition was not perceived as being out of step with the traditions of self reliance.

In addition, this was a time of growing power among labor unions that was translated into legislation. The rhetoric of labor pitted government and business against the working poor and class distinctions was accentuated to further the argument that poverty was the fault of business and government. It is of interest in today's welfare reform climate to note that Franklin Roosevelt opposed the amendment that added women and orphans to the Social Security Act legislation because he believed it would lead to dependence and undermine the work ethic. The "widows and orphans" amendment became the Aid to Dependent Children (ADC) program (predecessor of the Aid to Families with Dependent Children (AFDC) program) that TANF changed and is now the subject of so much discussion and debate. The legislation was a federal effort to intervene at the state and local level to assist the children of women who had been harmed because their husbands were victims of mining accidents, or where husbands had left their families in the Depression to try and find work and had not returned. The congressional debate at that time saw the assistance as temporary, and expected most women would re-marry. Although we were going to have welfare, it was going to be temporary. Assistance wasn't going to be something that was going to be long lasting or a condition of life. When the

legislation became law, only 1/17th of one percent of the 1936 population became eligible for the new ADC program

The initial federal effort to alter what had been a local and state approach to social policy continued until 1950. Congress amended the Act in 1950 to include mothers because up until then, the widows and orphans provisions of the Social Security Act only provided assistance to children. With the end of the World War II, there was significant unemployment for women in the urban cities as “Rosie the Riveter” was displaced by returning veterans.

Suddenly, toward the end of the 1950s, there was a second dramatic shift in American social policy. Congress began to perceive of the poor differently. The distinction of the worthy and unworthy poor and the limitations surrounding assistance only to persons who could not take care of themselves vanished. Our leaders began to say that people were poor because of failures of government. People were poor because of unequal educational opportunity, racism, a non-equal distribution of wealth and resources, and poverty, therefore, was a sin of omission by local, state and federal authorities. That is, government had failed to do what it was supposed to do in creating the level playing field that had historically been inferred in the discussion of personal responsibility and self reliance.

Once we had accepted the proposition in our legislative and academic institutions, the nation was ready to make the transition to seeing poor people as victims. To believe poor people were victims of a failure of government was to suggest that they were entitled to compensation and that government should do something to bring relief. In the ensuing 30 years, the country saw an explosion of means-tested social services programs. We went from almost no means-tested programs prior to 1935 to over 300 different means-tested programs in 1995. Federal social policy moved from one that saw domestic issues involving issues of personal and family dysfunction as state and local issues to one that saw a need for federal intervention. The nation went from a perspective that believed individuals were responsible for themselves to a perception that the government was responsible for the individual.

Institutionalizing Poverty

Although our motives were altruistic, something happened that advocates for the poor had not intended. Something pernicious affected this altruistic endeavor. We created a welfare institution and we institutionalized poverty. We began a process that dispirited people. We created institutions that indirectly said to people, “You are a failure.” In welfare offices across the nation, you will see little plastic chairs in waiting rooms where people are told to sit for hours awaiting a terse discussion with their welfare worker. The chairs are usually red and white, or green and orange, or

some color, and there is a window with a slot in it with a bureaucrat behind it, and two doors on each side that say "Staff Only." If you go in and apply for assistance, there will be people that will say, "Mary, you just sit over there, and as soon as we can get to you, we will." The philosophy and values that developed over a period of time treated people as losers. It said, "Look, you are a loser. You cannot make it. You cannot compete in this society. You do not have the skills. You do not have the intelligence. But we, the state, are going to take care of you because we in government really care about you. We have altruistic motivations. We have got a little public housing over here and we are going to put a roof over your head. We have got the food stamp program and we are going to put food on your table. We have got an AFDC check for you. We have got a low income energy assistance program. We have got a school lunch program. We have all of these different programs. We are going to help you out because you are not capable of taking care of yourself. Most of these programs are in-kind which means that you do not get the money for your need. You receive a voucher that entitles someone who provides a service to you to get the money. If we gave you the money, you would spend it in an inappropriate manner because you are irresponsible."

When we have the "customer" on the ropes and sufficiently convinced that our largess is all that stands between them and death, we apply the finishing blow. The concealed rhetoric of misplaced comparison sounds like this: "By the way, to ensure that you are eligible for all this assistance, I have got some questions I need to ask you. I know your type and, if I am not very careful, you will cheat the taxpayers and get assistance to which you are not entitled. Not only are you a loser and irresponsible, but you may be dishonest. Now, let me see that rent receipt from last month and are you sure you have not told me about a cemetery plot that you own, or insurance policy that you could cash? Because not only are you a loser, not only are you a failure in life, but you are probably also a crook, and I need to ask you these questions to make sure you do not cheat us out of any money."

Now if we treat people that way, even though our motives originally may have been altruistic, we dispirit people. We sap the energy out of them, and we destroy the concept of participatory democracy. We do harm to that aspect of citizenship intended by our founding fathers and our victim no longer carries that pride of citizenship so admired by deTocqueville. That special aspect of equality where citizens believed they were equal to everyone else in society is lost. When government takes that away from its citizens, it breaks a spiritual bond more important than the value of the services it provides. By denying them hope of future success, we are failing those we seek to help. This is what welfare reform is attempting to reform. Can we restore hope and create visions of success for people? Is that possible? I do not know. I think we are trying and we understand the problem. The practical change of law is small but the philosophical change is tremendous in terms of the values of the institution of public welfare.

The “Mudsill Argument”

Lincoln signed the homestead legislation in 1862, and I think it is interesting to reflect upon that because it was 135 years ago that he also issued the Emancipation Proclamation that freed the slaves in this country. I think it is kind of interesting to be in South Carolina today and to recognize that we are just a day away from the 135th anniversary of that statement. When Lincoln did that, he did it with a perspective that what he was going to do, or Congress did in 1866 with the Southern Homestead Act, was give property to people and that when he gave property to people, that would infuse them with some kind of energy that would be reflective of the broader society. Freedmen and western settlers would be able to live the Jeffersonian ideal of self reliance. The former slaves, the “freedmen,” as they were referred to in 1866, could become full participants in the American dream.

When Lincoln was running for the presidency in 1859, he gave an address in Indiana to an agricultural group and he was asked about something that in those days was referred to as the “mudsill argument.” A debate was taking place between the abolitionist journals in New England and the pro-slavery journals in the South. In South Carolina, there was a journal called the *McLeod*. In that journal, they referred to something called the “mudsill argument.” The “mudsill argument” suggested that the slave holders, the apologists, were really engaged in a selfless socializing act and that slavery represented a beneficent act on the part of slave owners. Slave holders owned their “property” and, as such, were careful to protect and maintain it. The slave holders provided housing and took care of their property when the slaves were sick. Being a slave holder was really a wonderful, altruistic act because it took care of people. In the North, where you had the mills, according to the apologists for slavery, workers were treated terribly. If you got sick, they fired you. Children were forced to work under terrible conditions in the North. Business owners and merchants cared nothing about those in their employ. Slavery was a wonderful thing. Someone asked Lincoln, when he was giving this address in Indiana, how he viewed the mudsill argument. Lincoln thought for a moment and said, “Well, you know, if slavery was such a great thing, everybody would be running down South to become slaves, but they are not doing that.”

In his slow Kentucky drawl, he made a point that we are learning again today. He said there is something about individual liberty, about a person’s being able to strive to take care of themselves, to do things in their own interest, to have a possession that is more important than having a caring master. Lincoln knew that the founding fathers of our country and the philosophical building blocks that made us strong were at risk in a nation that was only half free. He understood, like John Locke, that for representative democracy to work, there must be a contract between the people and their government, and that the idea of a contract inferred a relationship rooted in holding land that one could farm, and being responsible for your country. He believed that it was the responsibility of the state to create opportunity and to

forge a level playing field. He understood that people were unequal in their different abilities, but it was a government task to allow every citizen to become all that they could be.

A Need to Change

Following the big change in 1935, intermittent smaller changes occurred in the years up to 1950 when the mothers of dependent children were added to the entitled family group. What was most pronounced in the changes was a paternalism and a *noblesse oblige* attitude that had values reminiscent of those associated with the “mudsill argument” of the 19th Century. The social programs created between 1935 and 1995 occurred during a time when almost all of the demographic measures that one would associate with good social policy were moving in a counter-indicative manner. Average Americans knew something was amiss. Somehow, all of the efforts that we had made to help people were not bringing about the changes that taxpayers and the middle class expected from government. Our divorce rate went from 1-in-6 in 1940 to 1-in-2 in 1990. The number of single parent households went from 6 percent of all families to 30 percent of all families, and among African-Americans, it now approaches 60 percent of families. Clearly, the social policies that were developed in this 50-year period were not working to stem the impact of an international economy, drugs, and a selfish individualism that brought a “me first” attitude to marital and social responsibilities. The advent of a paternalistic federal policy cannot in itself explain all of the demographic changes.

Clearly, there were other reasons dealing with a macro-economic discovery of the assembly line in foreign countries, changes in education and other things abroad, and the world economy. But just as clearly, our social policies had not addressed those world-altering changes. We had not made democracy stronger. We had weakened it. We had not made the world better for children. We had weakened it. We did not do the things that we intended to do. That brought us to the conclusion that, somehow, we needed to change the system in the same way that the first Republican president, Abraham Lincoln, did when he rejected a country that was only half free. I think that the Republican Congress of today said we needed to change things much as Lincoln’s Republican Congress passed the Homestead Acts and brought in the Sixteenth Amendment to the Constitution.

You are seeing it in South Carolina. You are seeing it across the country. Welfare rolls, since the passage of that Act, are down 24 percent from the levels they reached in 1993. South Carolina is one of the states that has had the greatest reduction. We are down, just in the last 2 ° years, by 44 percent. There are several states—Wisconsin, Tennessee, Wyoming and Oregon—who have experienced declines similar to that of South Carolina. There are a couple of states—California and Hawaii—where welfare rates have not fallen, or fallen only slightly, but the rest of the country has seen a diminished number of AFDC recipients. Our welfare expenditures in AFDC in the past two years in South Carolina have gone from approximately \$9

million dollars a month to \$5 million dollars a month and we are putting over 1,000 AFDC recipients a month to work.

There is a belief by critics of the reform movement that welfare reform will lead to devastation for poor mothers and their children. The list of “horribles” may not have happened yet, but surely as we reach the “truly disadvantaged,” the critics believe society will witness a social crime against humanity. Visions of crime in the street and women sleeping on open grates are common in the rhetoric. That has not happened. People have gone to work. We think that will continue. Government will need to be there and continue to play a role, but the real reform has to occur within ourselves. Real reform has to occur within the government/welfare institution. We need to change the welfare workers from those who treat people in a bureaucratic and demeaning way that crushes the spirit to workers that offer a vision and hope for people. We need to create an expectation of the future that says to the welfare recipient, “You can be successful.” As a society, we need to move away from the kind of society where people find value in themselves by their title and how much money they have, and begin to see people in a different way—reflecting upon the value of the individual. If we are a religious nation, we need to acknowledge that God exists in each individual and that each one of us needs to treat other people with dignity and respect. We need to look to our churches, to our communities and to ourselves to try and change welfare from what it was intended to do and what it became to what it should be—a stepping stone to participation and economic inclusion.

If we look at welfare rates across the country, we see that they are quite different, even though the welfare declines have been significant. Depending upon how you define welfare, we continue to see a problem. For example, in California, the percentage of people who receive AFDC is 7.5 percent. That is 7.5 percent of the entire population and quite different from the program that was 1/17 of one percent of the population when it was first created. That is three times the rate that it is in South Carolina. So, you have to look at the context of the rate of the incidence of welfare in each state before you can make a determination about what the declines mean.

A Look to the Future

What happens now? The nation will continue to see a movement of the dollars and programs from the federal government to the states. Devolution is real. There will be an increased emphasis on the Tenth Amendment and states will enjoy increased discretion in the area of social policy. As our nation strives for a balanced budget, states and local communities will be expected to shoulder more of the burden of the poor. Time limits for welfare recipients are already causing a change to occur in the attitudes and perspectives of welfare recipients.

Time limits are understood by those who were long-term recipients of welfare. We are going to see more movement from rural communities to urban areas where

there are more employment opportunities. The problems of rural transportation and of opportunities for employment in rural areas will be a continuing source of friction in welfare reform discussions. Those of us active in welfare reform will continue to see a growth in service sector employment and fewer jobs that will pay middle-class wages. I do not anticipate that employment programs that have their expectations in remedial education and training will meet the expectations of those who advocate for them. I know that there is a lot of rhetoric about that, but I think that if we are honest and we look out across the history of employment and training programs in the country, that training and education efforts—whether they be adult basic education or vocational education—have had limited success in working with welfare recipients.

To be sure, there are some welfare recipients who can and will benefit from education and training, but they will be a minority of those we serve. Most welfare recipients will benefit from work-related activities because even minimum wage jobs provide more income than AFDC. Those of us who have been doing this for years—in South Carolina and throughout the country—have found that what works best is *work*. The more one works, the more likely they are to work in the future. There are probably 20 percent of AFDC recipients who could benefit from improved education opportunities. But, for the vast majority of recipients, education and training that is not related to an ongoing occupation will have limited utility. Many welfare recipients will go to work at the minimum wage and will experience minimal increases in their wages. They will need to receive child support from the fathers and continued assistance from non-cash, in-kind programs. That is why child support enforcement initiatives that were incorporated in the welfare reform legislation need to be emphasized and efforts made to find employment for the men who help to bring children into the world.

I think that the previous speaker was partially correct in saying that we still do not know a lot and we need to research the TANF legislation. There has been a good deal of research in this area and we know many things that do not work. One of the things that works best in government is to stop doing what does not work. I think that is what we are about, in part, in welfare reform. There is an old Zen saying that “where there is great doubt, there will be great awakening; small doubt, small awakening; no doubt no awakening.” That is true of welfare reform.

I started with an Oscar Wilde quote and I will end with another quote by Oscar Wilde. It was said that on his deathbed, when he was down and out in Paris, he looked up and his last words were, “Either this wallpaper has to go, or I do.”