

CHAPTER 19

Social Welfare

REVIEWING THE CHAPTER

CHAPTER FOCUS

This chapter covers more than fifty years of the political history of efforts to establish, maintain, expand, or cut those major programs that give or claim to give government help to individuals in need. After reading and reviewing the material in this chapter, you should be able to do each of the following:

1. Describe the goals of the American social welfare system, and contrast its programs with those of the British in terms of centralization.
2. Describe the major elements of the American system, including Social Security, Medicare, and AFDC programs.
3. Explain why some welfare policies can be considered majoritarian politics and others client politics. Give examples and indicate the political consequences of each.
4. Discuss recommendations to deal with the rising costs of Social Security and Medicare as well as the Welfare Reform Act of 1996.

STUDY OUTLINE

- I. Introduction
 - A. Two basic types of welfare programs
 1. First type: benefit most or all people (Examples: Social Security, Medicare)
 2. Second type: help only a small number of them (Food stamps, Medicaid)
 - B. Some programs are means tested
 1. First type: are not
 2. Second type: are
 - C. Politics associated with each are different
 1. First type: majoritarian politics
 2. Second type: client politics
 - D. Problems associated with each are different
 1. First type: Who will pay? And how much?
 2. Second type: Who will benefit? What form will the benefit take?
- II. Social welfare in the United States
 - A. Who deserves to benefit?
 1. Insistence that it be only those who cannot help themselves
 2. Slow, steady change in deserving/undeserving line
 3. Alternative view: fair share of national income; government redistribute money
 4. Preference to give services, not money, to help deserving poor
 - B. Late arrival of welfare policy
 1. Behind twenty-two European nations
 2. Contrast with Great Britain in 1908

- C. Influence of federalism
 - 1. Federal involvement “illegal” until 1930s
 - 2. Experiments by state governments
 - a) Argued against federal involvement because state already providing welfare
 - b) Lobbied for federal involvement to help states
- D. Administration via grants and contracts to non-governmental institutions
 - 1. For-profit firms and non-profit organizations
 - 2. Religious non-profit organizations and small community-based groups
 - a) Charitable Choice enjoyed bipartisan support in 1996
 - b) Prohibited proselytizing, instruction or worship services
 - c) Bush’s call for expansion led to a political firestorm
 - d) Increases in awards, programs and public support
- E. Majoritarian welfare programs
 - 1. Social Security Act of 1935
 - a) Great Depression of 1929: local relief overwhelmed
 - b) Elections of 1932: Democrats and Franklin Roosevelt swept in
 - (1) Legal and political roadblocks; was direct welfare unconstitutional?
 - (2) Fear of more radical movements
 - (a) Long’s “Share Our Wealth”
 - (b) Sinclair’s “End Poverty in California”
 - (c) Townsend’s old-age program
 - c) Cabinet Committee’s two-part plan
 - (1) “Insurance” for unemployed and elderly
 - (2) “Assistance” for dependent children, blind, aged
 - (3) Federally funded, state-administered program under means test
 - 2. Medicare Act of 1965
 - a) Medical benefits omitted in 1935: controversial but done to ensure passage
 - b) Opponents
 - (1) AMA
 - (2) House Ways and Means Committee under Wilbur Mills
 - c) 1964 elections: Democrats’ big majority altered Ways and Means
 - d) Objections anticipated in plan
 - (1) Application only to aged, not everybody
 - (2) Only hospital, not doctors’, bills covered
 - e) Broadened by Ways and Means to include Medicaid for poor; pay doctors’ bills for elderly
- F. Reforming majoritarian welfare programs
 - 1. Social Security
 - a) Not enough people paying into Social Security
 - b) Proposals under consideration
 - (1) Raise retirement age
 - (2) Reduce benefits for high earners
 - (3) Raise payroll taxes
 - (4) Increase the wage cap
 - (5) Have government make investments
 - (6) Let individuals make investments
 - 2. Medicare
 - a) Problems: huge costs and inefficient
 - b) Possible solutions
 - (1) Get rid of Medicare and have doctors and hospitals work for government
 - (2) Elderly take Medicare money and buy health insurance

- c) Delaying the inevitable
 - (1) Clinton and surplus, new benefits
 - (2) Bush and attempts at new health care measures—Medicare Modernization Act of 2003
 - G. A client welfare policy: AFDC
 - 1. Scarcely noticed part of Social Security Act
 - 2. Federal government permitted state to
 - a) Define need
 - b) Set benefit levels
 - c) Administer program
 - 3. Federal government increased rules of operation
 - 4. New programs (e.g., Food Stamps, Earned Income Tax Credit, free school meals)
 - 5. Difficult to sustain political support
 - a) States complained about federal regulations
 - b) Public opinion turned against program
 - c) Composition of program participants changed
 - 6. Temporary Assistance to Needy Families (TANF)
- III. Majoritarian versus client politics
- A. Majoritarian politics: almost everybody pays and benefits, for example, the Social Security Act and the Medicare Act
 - B. Client politics: everybody pays, relatively few people benefit, for example, the AFDC program
 - C. Majoritarian politics
 - 1. Programs with widely distributed benefits and costs
 - a) Beneficiaries must believe they will come out ahead
 - b) Political elites must believe in legitimacy of program
 - 2. Social Security and Medicare looked like “free lunch”
 - 3. Debate over legitimacy: Social Security (1935)
 - a) Constitution did not authorize federal welfare (conservatives)
 - b) But benefits were not really a federal expenditure (liberals)
 - 4. Good politics unless cost to voters exceeds benefits
 - D. Client politics
 - 1. Programs pass if cost to public not perceived as great and client considered deserving
 - 2. Americans believe today that able-bodied people should work for welfare benefits
 - 3. Americans prefer service strategy to income strategy
 - a) Charles Murray: high welfare benefits made some young people go on welfare rather than seek jobs
 - b) No direct evidence supports Murray

KEY TERMS MATCH

Match the following terms and descriptions:

- | | |
|--|-----------------------|
| 1. First U.S. legislation, in 1935, providing for an income transfer program | a. AFDC |
| 2. Federally funded program that provides health care for the poor | b. almshouses |
| 3. A feature of Upton Sinclair’s gubernatorial platform | c. assistance program |
| | d. charitable choice |
| | e. client politics |

4. Legislation enacted in 1965 providing medical insurance for the elderly
 5. Financial assistance to the poor that replaced the AFDC program
 6. Pre-1935 state programs to aid widows with children
 7. Pre-1935 state-run or locally run homes for the poor
 8. Huey Long's proposal to redistribute income in the United States
 9. Refers to religious non-profit organizations that compete for government grants to administer federal welfare-to-work related policies
 10. Pre-Social Security proposal that was popular because it aimed to provide financial support to elderly people
 11. Benefits paid weekly to laid-off workers unable to find jobs
 12. Also known as Social Security
 13. Former federally funded program that made payments to poor families with children
 14. Cash payments to poor people who are aged, blind, or disabled
 15. Vouchers given to the poor to buy food at grocery stores
 16. The mechanism by which payments rise automatically when costs do
 17. Claimed high welfare benefits made it more attractive for some to go on welfare than to look for a job
 18. A proviso that only those below a specified poverty level qualify for a program
 19. Policy-making in which almost everybody benefits and almost everybody pays
 20. An approach to welfare that aims to give poor people job training or government jobs rather than money
 21. Legislation adopted in 1988 to protect the elderly against the costs of long-term medical care; later repealed
- f. earned income tax credit
 - g. End Poverty in California plan
 - h. food stamps
 - i. income strategy
 - j. indexing
 - k. insurance program
 - l. majoritarian politics
 - m. means test
 - n. Medicaid
 - o. Medicare
 - p. Medicare Catastrophic Coverage Act
 - q. mother's pension
 - r. Charles Murray
 - s. Old Age, Survivors, and Disability Insurance
 - t. service strategy
 - u. Share Our Wealth plan
 - v. Social Security Act
 - w. SSI
 - x. TANF
 - y. Townsend plan
 - z. UI

22. Policy-making in which relatively few people benefit but everybody pays
23. An approach to welfare in which poor people are given money
24. A program financed by income taxes that provides benefits to poor citizens without requiring contributions from them
25. A self-financing program based on contributions that provides benefits to unemployed or retired persons
26. A provision of the 1975 tax law that entitles working families with children to receive money if their incomes fall below a certain level

DATA CHECK

Table 19.2 (Page 516): Post–1970 Government Health Care Spending in Ten Countries

1. What country appears to spend the most on health care?
-

2. How does the United States compare to other nations?
-

PRACTICING FOR EXAMS

TRUE/FALSE QUESTIONS

Read each statement carefully. Mark true statements *T*. If any part of the statement is false, mark it *F*, and write in the space provided a concise explanation of why the statement is false.

1. T F Welfare programs that have no *means* test are available to everyone without regard to income.

2. T F Client-based welfare programs are *means* tested.

3. T F Client programs are in trouble whenever they lose legitimacy.

4. T F The standard measure for welfare payments has been that of a family's fair share of the national income.
-
5. T F American social welfare policies have generally favored giving people money as opposed to providing them with services.
-
6. T F Germany was the first nation to create a national social security program.
-
7. T F Progressives in the United States were less interested in welfare legislation in the early twentieth century than were Labourites in Great Britain.
-
8. T F The Constitution is silent on whether the Congress has the power to spend money on welfare.
-
9. T F Religious organizations which receive public funds to provide social services must remove religious art or iconography from buildings where such services are provided.
-
10. T F President Bush has called for further restrictions and limitations for so called Charitable Choice provisions.
-
11. T F The New Deal plan for Social Security was a radical departure in the context of the 1930s.
-
12. T F The Social Security Act passed swiftly and was virtually unchanged by Congress.
-
13. T F Medical care was left out of the Social Security Act for fear that the Act would not pass if that issue were addressed.
-
14. T F The most difficult hurdle for the Medicare Act of 1965 was the House Ways and Means Committee.
-
15. T F Key votes on the Social Security Act pitted a majority of Democrats against a majority of Republicans.
-
16. T F The key problem for Social Security is that there soon will not be enough people paying Social Security taxes to provide benefits for every retired person.
-

17. T F The only problem associated with Medicare is its huge costs.
-
18. T F Today, Medicare costs over \$300 billion a year.
-
19. T F President Clinton repudiated the findings of a bipartisan commission which was formed in 1997 to study the problem of Medicare.
-
20. T F Americans pay less for health care than do citizens in other western democracies where hospitals work for the government.
-
21. T F One part of the Social Security Act of 1935 created what came to be called Aid to Families with Dependent Children (AFDC).
-
22. T F AFDC began as a noncontroversial client program and was scarcely noticed at the time.
-
23. T F Public suspicions that AFDC recipients were working covertly on the side were unfounded.
-
24. T F As a result of losing political legitimacy the Aid to Families With Dependent Children (AFDC) was abolished.
-
25. T F Social Security is an example of majoritarian politics, while the old AFDC program was an example of client politics.
-
26. T F Today, most Americans believe that able-bodied people on welfare should be made to work for welfare benefits.
-
27. T F Welfare programs that emphasize job training are based on an income strategy.
-
28. T F In welfare policy, a service strategy is strongly preferred to an income strategy.
-
29. T F Charles Murray's position was that social welfare programs actually increased the number of people living in poverty.
-
30. T F Most Republican leaders have opposed plans to give parents school vouchers to pay for private or religious school tuitions.
-

31. T F Democrat Senator Ted Kennedy was a fierce opponent of the No Child Left Behind Act (2002)
-
32. T F The Supreme Court has declared school voucher plans unconstitutional.
-
33. T F Public opinion did not seem to support No Child Left Behind (2002)
-

MULTIPLE CHOICE QUESTIONS

Circle the letter of the response that best answers the question or completes the statement.

1. Welfare programs in which nearly everyone benefits and nearly everyone pays are characterized by
 - a. overlapping politics.
 - b. minoritarian politics.
 - c. club-based politics.
 - d. congruent politics.
 - e. majoritarian politics.
2. The biggest problem facing majoritarian welfare programs is
 - a. their cost.
 - b. their legitimacy.
 - c. their goals.
 - d. who will benefit.
 - e. how should clients be served.
3. The biggest problem facing client-oriented welfare programs is
 - a. their cost.
 - b. their legitimacy.
 - c. their goals.
 - d. who will pay.
 - e. how will costs be determined.
4. A welfare program such as the old Aid to Families with Dependent Children (AFDC) is a good example of
 - a. client politics.
 - b. club-based politics.
 - c. majoritarian politics.
 - d. interest-group politics.
 - e. entrepreneurial politics.
5. Most of the welfare policies in the United States have attempted to
 - a. redistribute income.
 - b. change the existing tax structure.
 - c. help people with disabilities.
 - d. provide everyone with a guaranteed income.
 - e. balance the haves and the have-nots.

6. Which of the following beliefs is *not* held by the American people?
 - a. Income redistribution is a good thing.
 - b. Helping the needy is a good thing.
 - c. Assisting those who cannot help themselves is a good thing.
 - d. Giving people money will produce a class of welfare chiselers.
 - e. Giving people services rather than money is a good thing.
7. In distinct contrast to many other European nations, America's national welfare system
 - a. has emphasized the provision of money more than services.
 - b. has been a top priority of lawmakers since the 1880s.
 - c. is more oriented toward the basic notion of each person's "fair share."
 - d. is far less adversarial.
 - e. arrived quite late in our history.
8. The experience of England with welfare politics offers a particularly clear contrast in large part because
 - a. there was no significant labor party there.
 - b. the notion of an activist government was less acceptable there.
 - c. authority was centralized there and programs could be administered nationally.
 - d. partisanship played no role in the development of policy in England.
 - e. Parliament was in constant conflict with the prime minister over policy.
9. By 1935, most states had adopted a _____ program.
 - a. mother's pension
 - b. food stamp
 - c. unemployment insurance
 - d. work training
 - e. medicaid
10. The provision which allows religious nonprofit organizations to compete for government funds in order to administer federal welfare-to-work and related policies is known as
 - a. welfare plus
 - b. the social service rider
 - c. charitable choice
 - d. Youth Build
 - e. TANF
11. George W. Bush has called for an expansion in the role of _____ in administering federal social programs.
 - a. colleges and universities
 - b. big business
 - c. state government
 - d. federal bureaucrats
 - e. religious organizations
12. Polling data suggest Americans _____ the administration of social services by faith-based organizations.
 - a. know little or nothing about
 - b. have no distinct opinions regarding
 - c. are somewhat opposed to
 - d. are slightly in favor of
 - e. are strongly supportive of

13. When Roosevelt created the Committee on Economic Security, there was widespread belief that any direct federal welfare program
 - a. could not fund itself.
 - b. might be unconstitutional.
 - c. had to be supplemented with state taxes.
 - d. was consistent with existing programs in the states.
 - e. would be rejected by every member of his own party in Congress.
14. Dr. Francis E. Townsend's organization led a nationwide movement that demanded
 - a. food stamps for all persons over the age of seventy-five.
 - b. government pensions of \$200 a month.
 - c. health benefits for persons who were both elderly and disabled.
 - d. free health insurance for all persons over the age of seventy-five.
 - e. government-run hospitals in each state.
15. Which presidents initially supported the idea of having the government pay the medical and hospital bills of the elderly and the poor?
 - a. Democrats
 - b. Republicans
 - c. Both Democrats and Republicans
 - d. Those who were chosen in close elections
 - e. Those who were former governors
16. The American Medical Association considered the idea of medical support for the elderly and poor to be
 - a. "absolutely necessary."
 - b. "consistent with the principles of our government."
 - c. "a sure way to bankrupt the government."
 - d. "incompatible with the rights of patients."
 - e. "socialized medicine."
17. By the 1960s, a majority of the House favored a health care plan, but did not expect such legislation to ever reach the floor because
 - a. presidents had so roundly condemned the idea.
 - b. the Social Security system was unpopular.
 - c. it was expected that the Supreme Court would probably rule such a plan unconstitutional.
 - d. the Ways and Means Committee adamantly opposed the idea.
 - e. all of the above.
18. The text suggests the powerful House Ways and Means Committee chairman Wilbur Mills of Arkansas changed his position with regard to the creation of a health care program because
 - a. he realized the bill would pass and he wanted to help shape its form.
 - b. the Republicans had gained seats in the House in the recent election.
 - c. Republicans outnumbered Democrats on the Ways and Means Committee.
 - d. he had a strong sense that he would not be re-elected if he remained in opposition to the program.
 - e. Lyndon Johnson promised him a position in the cabinet.
19. The _____ government program provides medical assistance for poor people.
 - a. Medicare
 - b. Poverty Fund
 - c. Medifund
 - d. Medicaid
 - e. Temporary Assistance to Needy Families (TANF)

20. Under existing law, persons born after 1959 can receive full or partial Social Security benefits when they turn
 - a. 60
 - b. 65
 - c. 67
 - d. 70
 - e. 75
21. Currently workers pay about ____ percent of their wages to Social Security payroll taxes.
 - a. 3.5
 - b. 4.7
 - c. 5.8
 - d. 6.2
 - e. 6.7
22. A national advisory commission examined the Social Security crisis and proposed to President Clinton that
 - a. the retirement age be raised to eighty-five.
 - b. retirement benefits be increased.
 - c. Social Security taxes be lowered.
 - d. the program be privatized.
 - e. citizens be allowed to invest some portion of Social Security taxes in mutual funds.
23. Which of the following options for rescuing Social Security is especially popular with younger voters?
 - a. the retirement age be raised to eighty-five.
 - b. retirement benefits be increased.
 - c. Social Security taxes be lowered.
 - d. the program be privatized.
 - e. citizens be allowed to invest some portion of Social Security taxes in mutual funds.
24. Which of the following is *not* a problem under Medicare?
 - a. Some doctors charge the government for their services.
 - b. A lot of people use medical services when they really do not need them.
 - c. There is fraud and abuse.
 - d. Old people are not generally considered to be “deserving” recipients.
 - e. Doctors and hospitals are paid on the basis of a government-approved payment plan.
25. Although AFDC involved giving federal aid to existing state programs, Washington insisted that states
 - a. use a federal calculation for applicants’ incomes.
 - b. establish mandatory job-training programs for many recipients.
 - c. provide child-care programs for working AFDC parents.
 - d. identify the fathers of the children of recipients.
 - e. all of the above.
26. Over the years, AFDC recipients were eligible for what new program?
 - a. Medicare
 - b. Earned Income Tax Credit
 - c. Unemployment compensation
 - d. Private School Voucher Program
 - e. Workman’s compensation

27. By 1994, about _____ of AFDC mothers had been on it for eight years or longer.
 - a. one-eighth
 - b. one-fourth
 - c. one-third
 - d. one-half
 - e. two-thirds
28. Which statement accurately describes the ultimate fate of AFDC?
 - a. It was reformed in 1996 but is scheduled to expire in 2008.
 - b. It was abolished in 1996 and replaced by a block grant program, TANF.
 - c. It was restructured in a manner that eliminated fraud and increased federal control.
 - d. It was supported by so many special interests there was no hope of significant change.
 - e. Congress incorporated the program under three categorical grants.
29. Under TANF, welfare caseloads nationally have
 - a. decreased significantly.
 - b. decreased slightly.
 - c. remained about the same as they were under AFDC.
 - d. increased slightly from the days of AFDC.
 - e. increased significantly from the days of AFDC.
30. Programs such as Social Security and Medicare are the product of
 - a. client politics.
 - b. association politics.
 - c. majoritarian politics.
 - d. interest-group politics.
 - e. entrepreneurial politics.
31. The big debate in 1935 and 1965 over Social Security and Medicare was over
 - a. whether the public wanted them.
 - b. whether they were too costly.
 - c. whether they constituted unnecessary duplication.
 - d. whether they were needed.
 - e. whether it was legitimate for government to provide them.
32. Charles Murray argued that social welfare programs
 - a. were unconstitutional.
 - b. made going on welfare more attractive than to look for a job.
 - c. were generally successful in lifting people out of poverty.
 - d. discouraged women from having children without being married.
 - e. were economically sound but a low priority.
33. In *Zelman v. Simmons-Harris* (2002), the Supreme Court ruled school voucher programs are constitutional so long as
 - a. there is true private choice.
 - b. school officials are supportive of applicants.
 - c. students are not segregated on the basis of gender.
 - d. teachers are educated in secular colleges and universities.
 - e. textbooks are purchased by private/ individual funds.

ESSAY QUESTIONS

Practice writing extended answers to the following questions. These test your ability to integrate and express the ideas that you have been studying in this chapter.

1. What are the two general types of social welfare programs in the United States and the biggest problems associated with them?
2. Identify and explain the four factors which have shaped social welfare policy in the United States.
3. Americans tend to think in terms of offering social welfare benefits to those who “deserve” them. Explain the major alternative to this approach that is dominant in other countries.
4. Explain why social welfare policies were much easier to adopt in Great Britain and why such policies appeared there much earlier in history than they did in the United States.
5. Note four examples of social welfare programs which are assistance or “noncontributory” programs and explain what specific assistance they provide.
6. Discuss 4–5 proposals that have been suggested for reforming social security and note which proposals seem to have more public support than others.
7. What are three problems that are created by the Medicare program?
8. Explain two possible solutions to the Medicare program that are presented in the text.
9. How did federal action regarding AFDC created friction between states and the federal government?
10. Explain how the composition of persons accepting AFDC and dependency on the program changed over the years.
11. Discuss the politics of school vouchers. How have the major parties aligned themselves on this issue. How was the issue affected by No Child Left Behind and how has the Supreme Court ruled on the topic?
12. Summarize the controversial position of Charles Murray’s *Losing Ground*.

ANSWERS TO KEY TERMS MATCH QUESTIONS

1. v
2. n
3. g
4. o
5. x
6. q
7. b
8. u
9. d
10. y
11. z
12. s
13. a
14. w
15. h
16. j
17. r
18. m
19. l
20. t
21. p
22. e
23. i
24. c
25. k
26. f

ANSWERS TO DATA CHECK QUESTIONS

1. Norway.
2. The United States appears to compare well, topping almost all of the other nations in the Table.

ANSWERS TO TRUE/FALSE QUESTIONS

1. T
2. T

3. T
4. F Americans tend to reject the fair share logic and tend to think in terms of who is deserving of assistance.
5. F Our policies have tended to favor the provision of services and training, as opposed to providing cash.
6. T
7. T
8. T
9. F The government does not require this.
10. F Bush has been a major supporter of Charitable Choice and would like to see the program expanded.
11. F Several alternative—and more radical—plans were being touted by the likes of Huey Long and Upton Sinclair.
12. T
13. T
14. T
15. T
16. T
17. F Its costs are huge and it is an inefficient program as well.
18. T
19. T
20. T
21. T
22. T
23. F At least half of them in several large cities were.
24. T
25. T
26. T
27. F Those programs would represent a service strategy.
28. T
29. T
30. F Republicans, including President Bush, have been the strongest supporters of the program.
31. F Kennedy was one of the Act's major co-sponsors.
32. F The Court has ruled such plans are constitutional so long as there is a "real choice" among private schools.
33. F The public seemed to support the Act, giving President Bush high marks for its passage.

ANSWERS TO MULTIPLE CHOICE QUESTIONS

1. e
2. a
3. b
4. a
5. c
6. a
7. e
8. c
9. a
10. c
11. e
12. e
13. e
14. b
15. b
16. e
17. d
18. a
19. d
20. c
21. d
22. e
23. e
24. d
25. e
26. b
27. e
28. b
29. a
30. c
31. e
32. b
33. a