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Work and Welfare, 1935-Present
Seminar Paper 4

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In 1996 Congress and the President of the United States repealed the nation's entitlement to welfare for single mothers and their children. In 1950 the federal government stipulated that "all individuals wishing to make application for Aid to Dependent Children shall have the opportunity to do so, and that aid to dependent children shall be furnished with reasonable promptness to all eligible individuals."¹ The legislation replacing Aid to Families with Dependent Children (AFDC) and establishing its replacement, Temporary Aid to Needy Families (TANF) is very clear on the subject of entitlement: that the part of the legislation pertaining to TANF "shall not be interpreted to entitle any individual or family to assistance...."² Lifetime limits on receipt of benefits and strict work requirements, even for the mothers of young children, are the hallmarks of Washington's new poor law.

AFDC is a lost entitlement for a very vulnerable group, single mother families.³ Lurking in the background of AFDC throughout its troubled history—or perhaps in the foreground--was a missing entitlement. The equivalent of an entitlement in the employment sphere is a job for all who seek to be employed. This is the missing entitlement in a society that reveres the work ethic but deprives millions of people the opportunity to practice it. The missing entitlement critically influenced the course of ADC/AFDC. In what follows I discuss the relationship between ADC/AFDC and the labor market, including the ways in which the existence of chronic, widespread unemployment and underemployment and its official denial or downplay contributed to the vulnerability and unpopularity of the program. Further, I examine lost opportunities for reform, give reasons why the entitlement to work was repeatedly rejected, and finally take a look at the labor-market context of the nation's new welfare law that has the words "Work Opportunity" in its title--the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

AFDC and the Labor Market

AFDC was highly dependent on labor market conditions for both women and men. This was the case even though single mothers were excused from the labor market for the first 30 years and thereafter required to work or register for education and training only after their children reached various ages—six, three and in its last years, as little as one at states' options. The advocates of what was first called Aid to Dependent Children⁴ held the maternalist view that public assistance should free single mothers from the breadwinning role in order that they could perform the nurturing role. To the planners and advocates of ADC mothers were nurturers and fathers were breadwinners, a family policy that fit well with efforts to reduce the size of the labor market during an era of massive unemployment. In fact single mothers of dependent children were, like the elderly, defined as “unemployables.”⁵ The model for ADC, the pre-Depression Mothers' Aid programs available in most states, had the stated goal of enabling mothers to be nurturers but was so meager in benefits and limited in coverage that very few poor mothers had, in fact, been freed from the breadwinning role. The planners and advocates of ADC, women reformers in the U. S. Children's Bureau, a division of the Department of Labor, held that federal funds would correct this shortcoming of state Mothers' Aid programs.

Children in two-parent families with able-bodied fathers or potential breadwinners were excluded from ADC. The Social Security Act of 1935 defined a “dependent child” as one who is “deprived of parental support by death, continued absence from the home or physical or mental incapacity.”⁶ The advocates of ADC assumed that the large-scale public employment programs that were initiated months before the passage of the Social Security Act would meet the employment and income needs of two-parent families with able-bodied fathers who were excluded from ADC. These two major assumptions of the ADC planners proved wrong. Many of

these fathers would not be able to support their families, and many single mothers would not be freed from the breadwinning role.

The New Deal work programs, ambitious as they were, served a minority of the unemployed, even at their peak, and were, in any case, terminated in 1942, not to be seen again for more than 30 years. After the brief spell of full employment during World War II, full employment, though seriously contemplated by Congress, was also among the missing. The “welfare fathers” were often unemployed or underemployed, and they were without federal aid altogether until 1962. After that, they and their families could get AFDC only if they met the strictest definitions of unemployment. Many of these men recognized that their families would be better off economically without them, either actually or only officially, for as single-mother families their wives and children would be eligible for ADC/AFDC. In its rationale for repeal and replacement of AFDC Congress, which regarded single motherhood as part of a “crisis” in the nation, deplored the fact that “Eighty-nine percent of children receiving AFDC benefits now live in homes in which no father is present.”⁷ But Congress had made the rules that excluded nearly all fathers. If the welfare mothers were stigmatized and under-budgeted, the “welfare fathers” and their families had recourse only to even more meager state general assistance programs that were sometimes available only on an emergency basis. The women were “regulated” by the welfare system, but the men were often subject to the criminal justice system.⁸

Many mothers whose children were eligible for aid were, in fact, obliged to work. Low benefits, limited coverage and state work requirements—often invoked at cotton-picking time--forced some poor women to support themselves independently and others to supplement their meager grants with wages.⁹ Although the Social Security Act did not exclude children on the basis of their parents' marital status or their race, states found ways to limit aid to black children

born to unmarried women on the basis of their not providing “suitable” homes.¹⁰ Adults in the families so excluded also became dependent on the labor market and other non-governmental sources of income.

The present or past labor-market position of "welfare fathers"--not married to their children's mothers, divorced, separated or deserting and paying insufficient or no child support--is pertinent to any discussion of AFDC. Additionally, the former labor-market status of deceased parents determines whether and how well their dependents are covered by social insurance or whether they are consigned to the more demeaning and stingier public assistance programs. Finally, employment and earnings of both parents in a married-couple household are particularly critical, given the lack (until the recent growth of the Earned Income Tax Credit) of federal government support for poor families with two, able-bodied parents in the home.

The Missing Entitlement and Welfare Repeal

The labor market in which AFDC operated throughout nearly all of its history and the pervasive denial of the conditions that consistently afflicted millions of workers contributed mightily to its vulnerability. This was the case when mothers were considered nurturers and categorized as unemployable, and it became even more so when, with so many mothers in the workforce their role expectations changed. Evidence of changing expectations came as early as 1962 when John Kennedy recommended an increase in subsidized childcare asserting that "Many women now on assistance rolls could obtain jobs and become self-supporting if local day-care programs for their young children were available...."¹¹ JFK had reinforced this expectation by recommending grants to the states to aid in establishing local programs for day care of the children of working mothers. In five years, attempts to impose work requirements would begin.

Relief rolls expand in response to a number of factors, but chronic problems of unemployment, involuntary part-time employment, and low wages have to be counted among the factors that swelled AFDC caseloads. It is true that the great rise in the rolls in the 1960s was not a response to increased unemployment but to a combination of much greater numbers of eligible families claiming their “welfare rights” and liberalized eligibility determination. It was not a matter of increased need but of more of that need being met. Nonetheless, underemployment was widespread and documented in the nation’s ghettos during the sixties, low rates of official unemployment notwithstanding (see p. 12 and note 38). Growth in a program that does not directly benefit those who pay for it tends to cause resentment among taxpayers and to increase its political liability. High rates of unemployment among African Americans and Latinos made their families disproportionately dependent on AFDC and burdened the program with another source of unpopularity--racial and ethnic prejudice.

Unpopularity and resentment of welfare are aggravated if the structural roots of economic dependency are denied or downplayed and the individual factors magnified. Official unemployment rates that conceal all but the iceberg tip of actual joblessness shape public perception of a capacious labor market that can absorb all who merely make themselves available for work. Uncounted are those who are forced to work part-time, who become too discouraged to continue to look for a job, who are in prison, often for reasons related to unemployment, and who earn so little that their families are hungry without income supplements. Nor does the public recognize that increases in unemployment are often deliberate government policies undertaken to prevent inflation and that those who become unemployed and underemployed as a result of these policies are, in effect, sacrificed on the altar of price stability. With the problem all but denied, minimized, undercounted or misdiagnosed, those who suffer are

seen as perpetrators—malingering rather than unfortunate. And public policy that forces them to work by restricting and ultimately denying them relief carries the name of reform rather than repression. The official denial of chronic underemployment and unemployment in the U. S. labor market carried heavy political consequences for its victims and their families.

Anyone who knows even a little about social movements will recognize that widespread denial of a problem deters efforts to remedy it. And public awareness—of the magnitude, severity, duration, and consequences of a problem—is a necessary step in building a movement to conquer it. That is one reason why continually deconstructing official unemployment rates to show how few of the unemployed and underemployed they count is an important movement-building technique.¹²

Except for wartime, the American labor market has been characterized by chronic unemployment and underemployment. Large-scale work programs were established to employ the jobless during the Great Depression but discontinued when World War II required a different kind of government employment. Washington created a smaller-scale but significant work program 30 years later but again abandoned it, this time when unemployment was increasing, not disappearing. And twice--in the forties and the seventies--full employment bills that started out with an entitlement to work were enacted only when such a guarantee was eliminated.

Unemployment has been relatively low in the late 1990s. Yet, in 1999, when the official unemployment rate averaged 4.2 percent, there were, in addition to the 5.9 million persons counted as unemployed, 3.4 million involuntary part-time workers, 4.2 million non-job seekers who wanted a job, and approximately 16.7 million full-time, year-round workers earning less the poverty level of a family of four—a total of 30.2 million unemployed or underemployed.¹³ In 1998, when the national unemployment rate was 4.5 percent, 74 cities and 300 counties had rates

of 9 percent or higher.¹⁴ And according to the U. S. Department of Housing and Urban Development, one in six U. S. cities has chronically high unemployment rates despite the general decline in unemployment.¹⁵ People of color have suffered disproportionately from labor market disadvantages, but it is important to recognize that the great majority of the unemployed always were—and still are—white. Let us review the lost opportunities to sustain job creation and to enact a genuine entitlement to work.

Why Were New Deal Work Programs Limited and Temporary?

Federal relief administrator Harry Hopkins wanted a permanent work program because he believed that for years to come “there will remain ... as the responsibility of government, a standing army of able-bodied workers who have no jobs.”¹⁶ Hopkins expected WPA to be a permanent agency.¹⁷ The architects of the Social Security Act, who were members of the Administration’s Committee on Economic Security and among Franklin Roosevelt’s closest advisors, recommended that public employment projects “be recognized as a permanent policy of the government and not merely as an emergency measure.”¹⁸ Their doubts were justified but their recommendations were unheeded. According to Secretary of Labor Frances Perkins, who headed the Committee on Economic Security, both Roosevelt and Hopkins “had the idea of a permanent work relief program, perhaps instead of Unemployment Insurance.” But it had not been written into the law, and, commenting in the mid-forties, Perkins pointed out that “unemployment insurance stands alone as the protection for people out of work.”¹⁹

Like Perkins, Arthur J. Altmeyer, chairman of the technical board of the Committee on Economic Security recalled that FDR wanted a worker who exhausted unemployment benefits and was still unemployed to be entitled automatically to a work relief job.²⁰ Yet, in alluding to a 1937 Senate Special Committee to Investigate Unemployment and Relief, Altmeyer wrote that

“it was recognized that the emergency work relief program known as the Works Progress Administration was not a permanent solution of the unemployment problem, and it was hoped that, with the continuing recovery from the Great Depression permanent solutions could be found.” However, with unemployment again rising in 1937, “the committee decided the time had not yet arrived when it would be feasible to replace existing emergency programs with permanent ones.”²¹

New Deal historian Irving Bernstein holds that “Throughout its history, both the President and the Congress considered WPA a ‘temporary’ if not ‘emergency’ agency, slated for oblivion as soon as severe unemployment disappeared.” This assessment, Bernstein points out, was reflected in one-year appropriations that made long-term planning by WPA impossible. However, since unemployment did not disappear and even grew worse during the recession of 1937-38, WPA survived until World War II, when joblessness did disappear for a time.²²

Tracing the emergence of the idea of the right to work in the United States, Peter Bachrach held that Roosevelt “was never willing to ask for more than temporary appropriations designed to employ only a minority of those who were unemployed.”²³ The New Deal historian, William Leuchtenburg writes that “by any standard, [WPA] ...was an impressive achievement,” [but] it never came close to meeting Roosevelt’s goal of giving jobs to all who could work.”²⁴ Referring to all the work programs of the federal government, a monograph prepared by the Division of Research for the WPA said as much:

Since 1935 the total number given employment on various public work programs has ranged from a low of 2.3 million to a high of 4.6 million. Large as these figures are, at the peak they represented less than half of the number estimated as unemployed. Indeed, throughout this period these programs have averaged only

between one-quarter and one-third of the estimated unemployed....²⁵

In December 1940, for example, there were two million persons employed on WPA projects and three times that many-- six million unemployed men and women--searching for work.²⁶

Roosevelt's reluctance to employ more of the jobless, despite his stated preferences for work programs over relief, is believed to have stemmed from the costliness of work relief, his desire to balance the budget and opposition from business and conservative politicians who considered it competitive with private industry and drove up wage rates by paying relief workers too much.²⁷ There was also opposition in farm areas, particularly in the South, where planters complained that work relief made it impossible to get cheap farm labor.²⁸

Conservative fears were first voiced against the truly innovative Civil Works Administration (CWA) which began late in 1933, employed four million people by January 1934 and was disbanded later that year.²⁹ Conservatives in the Administration and Congress persuaded Roosevelt that it was too costly and that it "was highly suggestive of the right to work."³⁰ By this, they meant it might lead to pressure for a permanent and expanded work program--not only from the four million CWA workers, but also from millions of unemployed workers without government-created jobs. Roosevelt also felt CWA could create a permanent dependent class and that its continuance might imply that the country would be in a permanent depression.³¹ Even though unemployment was 25 percent and CWA employed only about one-third of the jobless at wages well below the national average, business interests, particularly in the South and in construction, the type of work done by most CWA workers, accused CWA of providing too much job security, too high wages, and too lax a work environment.³²

There is disagreement over why the longer-lasting WPA was terminated in 1943. While Edwin Armenta holds that Roosevelt ended WPA in order to appease conservatives who had made big gains in the 1942 congressional elections, Edward Berkowitz and Kim McQuaid write that “Programs such as WPA ... made little sense in an economy engaged in the mammoth public works project called World War II.”³³ Similarly, Nancy Rose holds that “a shortage of labor for the time being ended the need for government programs in which people were put to work.”³⁴

Temporary Full Employment

Perhaps convinced by wartime fiscal policies that full employment could be achieved and seeing the promise of jobs for all after the war as a vote getter, F.D.R called for an Economic Bill of Rights in his presidential campaign that began with the “right to a useful and remunerative job in the industries or shops or farms or mines in the nation.”³⁵ But despite the demonstrated benefits of wartime unemployment in the one to two percent range—less than half the rates that are presently considered low-- a determined opposition of agrarian and business interests defeated full employment in the post-war years. Among the many benefits of virtual full employment in the war years was a drop in ADC caseloads-- despite factors that would otherwise have caused the rolls to expand (more states signed on, benefits levels rose, etc.). Instead of adopting a policy of jobs for all, Congress passed an employment bill with no such guarantees.

Despite favorable public opinion, there was no mass movement for full employment strong enough to counter a determined minority that was able to exercise veto power in our divided national government. The memory of mass employment during the preceding decade could have contributed to political mobilization in favor of the full-employment bill, but a

number of conditions and public policies reduced the size of the labor market and kept up consumption, thereby preventing the sudden swell of unemployment that would have triggered those memories and political action. Unemployment, though it increased, was held down by these conditions and public policies: accumulated savings from wartime prosperity, pent up demand from depression deprivation and wartime shortages, expulsion of women from the labor market, and control of the effects of demobilization through the G. I. Bill of Rights.

The following statement which appeared in a special edition of the *New Republic* makes it clear why economic elites opposed full employment and have continued to do so:

Our experience with periods of labor shortage indicates that its first effect is greatly to increase the bargaining power of labor, both individually and collectively. This results in steady improvement of wages and working conditions, up to the limit set by productive capacity. It means that employers must seek to make employment attractive, since the workers are no longer motivated by the fear of losing their jobs. A shift of workers from the less pleasant and remunerative occupations occurs, so that standards are raised at the lower levels....

The status of labor will improve, since employers can no longer rely upon the discipline of discharge to enforce authority. The tendency will be for labor to have more participation in industrial and economic policy.³⁶

After the Korean War, unemployment rose and became increasingly serious for young workers and for black men and women whom discrimination shut out of the growth industry--

white collar work. The consequences of federal failure to provide work for the unemployed on a permanent basis, which had been masked during the two wars, became apparent to some economists and some members of the legislative and executive branches of government in the late fifties. Measures to aid the unemployed in “depressed areas” were advocated by liberal Democrats but vetoed by then President Dwight Eisenhower even though public opinion was in favor of the measures. The problem was neglected by both economic and social policies in the fifties.³⁷

“Economic Opportunity” in the 1960s

Job strategy rejected. “Economic opportunity,” the watchword of the anti-poverty program, was not defined as employment opportunity. The chronic unemployment and underemployment of the urban ghettos—30 percent even when overall unemployment rates were dipping to 3.5 percent—were, in time, documented by Congress and the Department of Labor³⁸. Despite the advocacy for job creation at the Cabinet level, notably labor secretary Willard Wirtz, LBJ, who had been the Texas administrator of the National Youth Administration, a New Deal employment program for young people, resisted job creation because it was more costly and also because such a program might have lost the business support he sought for his anti-poverty program.

Political scientist Judith Russell, who studied archival materials extensively, considers this the decisive reason for the failure of the War on Poverty to pursue a jobs strategy: “the lack of a clear consensus among experts, early on, about the nature of unemployment and how it related to economic performance and the relationship of these two factors to poverty.”³⁹

Russell’s account certainly shows disagreement between labor secretary Wirtz and Chairman of

the Council of Economic Advisors Walter Heller, the latter favoring a tax cut to stimulate the economy rather than targeted job creation measures and the former believing that a macroeconomic stimulus was essential but that it would not solve the “hard core” unemployment central to poverty and characteristic of the ghetto.⁴⁰ Adam Yarmolinsky’s view, cited above, suggests that anti-poverty planners may have shared Heller’s faith in a tax cut and that they considered job creation important but too costly.⁴¹ Russell also suggests two other reasons why policymakers eschewed substantial job creation: belief that the Labor Department was incapable of administering such a program effectively, and the government’s “halting and partial” commitment to the black struggle for full economic rights.⁴²

Ironically, the anti-poverty program, which was supposed to provide a “hand-up” instead of a “handout,” stimulated a welfare explosion. Fearful of civil disorder, local agencies yielded to pressure from welfare recipients and their advocates, adding to the rolls eligible families who would have been denied assistance in earlier decades. The War on Poverty, through its Community Action Program, came to focus on welfare rights, and advocacy for the poor was largely for income support instead of work. Indeed, welfare advocates were to continue this one-sided approach to economic justice until welfare repeal forced them to give more consideration to job creation.

Jobs for all was a stated goal of civil rights leaders. Indeed the slogan of the great civil rights march on Washington in August 1963 was “Jobs and Freedom.” Yet, full employment was not the issue over which the historic battles of the movement were fought. Freedom or civil rights came first. In this decade of great social movements there was no mass mobilization for full employment. Perhaps Martin Luther King was moving in that direction; he had begun to emphasize economic—as well as—civil rights. Very late in his life he wrote: “In our society it is

murder psychologically to deprive a man [sic] of a job or an income.”⁴³ But the assassin’s bullet which hit him as he was about to stand in solidarity with striking garbage men left that prospect in the realm of speculation. King’s untimely assassination stilled an important voice for jobs, just as Roosevelt’s death two decades earlier had robbed full employment of potentially its most effective advocate.

Welfare “reform.” Although federal funds helped fuel the welfare explosion, Congress tried to stem the expansion to which the War on Poverty had contributed. With the 1967 amendments to the Social Security Act, a new, more illiberal Congress took aim at escalating relief rolls and illegitimacy rates through an attempted “freeze” on increased state AFDC costs attributable to desertion or illegitimacy, and it also began the thirty-year effort that culminated in stiff work requirements. Chairman of the House Ways and Means Committee, Wilbur Mills, a conservative Southern Democrat, decried the failure of states to develop programs to stem the rising rolls and illegitimacy. “If there are any jobs available for them [recipients], we want them to have them.”⁴⁴

The new policy, which initiated the Work Incentive Program (WIN), disqualified adults and out-of-school children from AFDC if they refused to accept employment or to participate in training programs without good cause. Indicative of the extent to which these policies were unnecessarily punitive is the fact that “voluntary requests for training under the Work Incentives [WIN] program exceeded the available supply, and compulsion became unnecessary.”⁴⁵

Added to the work requirements were some work incentives. The 1967 amendments contained a work incentive that exceeded a 1962 rule that for the first time had allowed deductions for employment expenses: the first \$30 of earnings, plus one-third of the remainder were to be discounted. The new Work Incentive (WIN) program would also fund some day care

as well as placement, training and job creation.

WIN was not a successful program, either in its initial, rather mild phase (WIN I), or in later stages (WIN II and III), when it placed less emphasis on training or job preparation and more on job placement. In fact, WIN was a loser. As interpreted by officials of the Department of Health, Education and Welfare, fathers in the AFDC program for unemployed parents, dropouts over sixteen, and a few mothers of school-age children who had access to free day care ever had to register for work under WIN I.⁴⁶ The results of the first years of WIN were meager, indeed. Early in 1970, after about 19 months of implementation, WIN data took the shape of a funnel, narrowing with each step of the process from the number screened for possible referral to those who were actually employed after participating in WIN. At the wide end were 1.5 million screened and at the narrow, 22,000 employed, or less than 1.5 percent.⁴⁷ Considering that one-sixth of welfare recipients found employment without WIN, these results were not promising.⁴⁸ Welfare expert Gilbert Steiner points the finger at the limited number of child-care slots in determining major responsibility for these results, whereas manpower specialists Sar Levitan and Robert Taggart put the blame on the critical shortage of jobs for welfare mothers.⁴⁹ The findings of a study of WIN during 1973-1975 underscore the importance of job creation. Subsidized public employment was a particularly effective tool for increasing the employment and earnings of welfare recipients. But WIN had only modest success in increasing employment and earnings in the private sector.⁵⁰

Disappointed with the initial results of WIN, Congress passed the "Talmadge" amendments in 1971, requiring all recipients of working age, except women caring for children under age six, to register for WIN. Further, states that did not place 15 percent of those registered in jobs were to lose federal funds. In practice, this was more a threat than an enforceable

requirement. "The principal reason," according to an Urban Institute study, "is that there were always more AFDC recipients who wanted to avail themselves of the services offered by the work-registration program than there were funds available to finance these services."⁵¹ Calling attention to the "severe job shortage" and other factors that rendered most welfare mothers either unable to find work or unsuitable for it, social-welfare historian, William Trattner, writes, "Rather than pass legislation designed to deal with the causes of the problem or meet the needs of the poor, Congress strengthened the more coercive features of the Work Incentive Program...."⁵²

According to the 1974 *Manpower Report of the President*, welfare recipients were usually offered unskilled labor or low-level clerical jobs, typically characterized by high turnover and low wages.⁵³ Unfortunately the conclusions of the *Report* were ignored by subsequent welfare "reformers": "...research findings point to a paucity of jobs available to welfare recipients at a sufficiently high wage level to result in the removal of most family heads from the rolls."⁵⁴

Denial of labor market realities for relief recipients is an old story that continued during the WIN program. Thus, nearly all employers in a survey of rural communities held that jobs were available for welfare recipients—despite the fact that only 2 percent of these employers actually had job openings for WIN participants.⁵⁵ Having reviewed the early history of WIN, Brookings Institution analyst Gilbert Steiner predicted that work training and day care would do little to reduce welfare recipients or relief costs. It would be more realistic, Steiner concluded, "to accept the need for more welfare and to reject continued fantasizing about day care and 'workfare' as miracle cures."⁵⁶ Without serious efforts to create decent jobs for welfare mothers and fathers, Steiner's recommendation was both sensible and humane.

Realism about the labor market. At the end of the 1960s, two high-level commissions, both appointed by President Lyndon Johnson, acknowledged the paucity and inadequacy of jobs for less-educated and skilled Americans, particularly for African Americans. One of these recommended job creation; the other being charged with the problem of income maintenance rejected work requirements on the basis of an insufficient number of jobs. Such realism about the labor market went unheeded.

Appointed in July 1967 the National Advisory Commission on Civil Disorders, the euphemism for the severe riots that had broken out in one city after another, the National Advisory Commission on Civil Disorders, was charged by LBJ to "find the truth and express it in your report." Known as the Kerner Commission, after its Chairman, Otto Kerner, a Democrat and Governor of Illinois,⁵⁷ the Commission's "Recommendations for National Action" began with employment: "Unemployment and underemployment are among the most persistent and serious grievances of our disadvantaged minorities. The pervasive effect of these conditions on the racial ghetto is inextricably linked to the problem of civil disorder."⁵⁸ In the "riot cities" the Commission found that "Negroes were three times as likely as whites to hold unskilled jobs, which are often part time or seasonal, and 'dead end'--a fact that's as significant for Negroes as unemployment."⁵⁹ Consequently, the Commission recommended: continued emphasis on national economic growth and job creation "so that there will be jobs available for those who are newly trained, without displacing those already employed"; consolidation of existing education, training, job development and recruiting programs to avoid duplication; and creation of two million jobs (one million in the public sector and one million in the private sector) in three years.⁶⁰

This was just one of the recommendations of these commissions that was ignored. Unemployment rates which were 3.8 and 3.6 percent for all civilian workers in 1967 and 1968 when the Commission was studying the problem and making its recommendations, fell to 3.5 the following year but averaged 5.5 percent in the first three years of the seventies. For blacks, the rates averaged 6.8 percent in the last three years of the sixties and 9.2 percent in the first three of the next decade, and they climbed higher as the seventies progressed.⁶¹

Chaired by Ben W. Heineman, top executive of the Chicago and Northwestern Railroads, the Commission on Income Maintenance was appointed by President Johnson in January 1968 and directed to "examine any and every plan, however unconventional"⁶² The Heineman Commission delivered its report, *Poverty amid Plenty*, in November 1969 and recommended: "*the creation of a universal income supplement program financed and administered by the federal government, making cash payments to all members of the population with income needs*"(their italics).⁶³ This was really a version of the guaranteed income or negative income tax approaches that were devised during the sixties and seventies.

Unlike subsequent welfare "reformers" the Commissioners considered work requirements coercive. "Since we do not have employment for all those who want to work, employment tests lose much of their meaning in the aggregate."⁶⁴ The Commission was convinced that "the poor are not unlike the nonpoor. Most of the poor want to work."⁶⁵ A systematic study of how poor people, especially black recipients of public welfare, feel about work was conducted at about that time and corroborated the Heineman Commission's views. This research for the Brookings Institution by Leonard Goodwin concluded that there are "no differences between poor and nonpoor when it comes to life goals and wanting to work."⁶⁶ Goodwin, however, found that failure in the workplace crushed the hopes of the poor. Thus, women terminated from the WIN

program without jobs became more accepting of being on welfare and less inclined to try again.⁶⁷ The Commission, which, like the Kerner Commission, did its work at a time of very low, official unemployment, directly challenged the assumption that "everyone who is employable could work at adequate wages," pointing out that one-third of all persons in poor families in 1966 lived in families headed by full-time, employed male workers.⁶⁸ The Commission's proposed guarantee, then, would cover the poorly paid as well as those without income. Thoroughly opposite to stated public policy which was to prevent economic dependence, "the Commission ... concluded that there must be a larger role for cash grants in fighting poverty than we have acknowledged in the past."⁶⁹

Reforming Work and Welfare in the Seventies

Welfare reform, job creation and full employment were all on the national agenda in the 1970s, when the average unemployment rate (6.2 percent) was the highest since the Great Depression. Yet, after a decade of debate and some legislative enactment, the legacy was rejected welfare reform⁷⁰, a national job creation program that again turned out to be temporary as well as too little, and a full employment law that was powerless to prevent the rise of unemployment from 6.1 percent in 1978 when the legislation was passed to the post-Depression high of 9.7 percent, four years later. An interim goal of four percent unemployment within four years was established by the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978; instead the rate was over twice that amount (9.7 percent) in 1983. The only lasting reform in the 1970s is a subsidy for low-wage work that is designated a tax credit but is really a form of public assistance. The difference is that it doesn't aid the jobless.

Welfare reform and work requirements. Presidents Richard Nixon and Jimmy Carter both proposed welfare "reforms" resembling the negative income tax or guaranteed income plans that

were afloat at the time but differing from them in some important respects. Both the Nixon and Carter plans would have provided a basic federal income. In contrast to the various schemes for guaranteeing incomes, Nixon's Family Assistance Plan (FAP) would have been confined to families with children, and it had work "requirements." Carter's Program for Better Jobs and Income (PBJI) included the whole population but had work expectations and different benefits depending on whether a member of the family was employed or not. Both guarantees were below the official poverty standard but considerably higher than allowances in low-benefit states.

Nixon distinguished his plan from a guaranteed income by insisting that it was "primarily ... an income supplement to reinforce work efforts and family stability of those who can work but are not able to provide adequately for their families."⁷¹ This was in contrast to the proposal of the Heineman Commission, which considered it unfair to require work when jobs were not available. Yet, some experts have pointed out that FAP would have amounted to an income guarantee, for only one member of a family would lose benefits for refusal to comply with its work requirements.⁷² It is significant that Moynihan who was a principal domestic advisor to Nixon at the time used the words, "guaranteed income," in the title to his book on the FAP. The Administration's stated intention was to increase the self-sufficiency of employable recipients by providing more training opportunities and child-care services, but both were very inadequate in relation to the number of eligible mothers and children.⁷³ Observing that under FAP training would be geared to males, Jill Quadagno infers that the intent was for "federal policy ... [to] reinstate black men as household heads by reducing the labor-force participation of black women."⁷⁴ However, FAP's adoption of work requirements for mothers, except those with children under six years of age, seems to be a move in the opposite direction.

Johnnie Tillmon, a leader of the National Welfare Rights Organization (NWRO), pointed out that FAP would deny poor mothers the choice of staying home with their school-age children or going to work. Rather, they would be required to register for work, regardless of the availability of adequate child care and without designated labor standards for wages and working conditions.⁷⁵ NWRO also objected to very low benefits that would not aid its constituents, most of whom were from the higher-benefit Northern states.

Citing the conclusions of “many researchers and activists,” historian Linda Gordon holds that “many, perhaps most, ‘welfare mothers’ would like employment outside their homes.”⁷⁶ Yet, the goals to which the welfare rights movement dedicated its resources, did not reflect this preference. Indeed, Dona Hamilton and Charles Hamilton emphasize that NWRO’s position during the FAP debate was weakened by its failure to emphasize the critical issue of jobs: “A demand for jobs would have dispelled many of the myths and assumptions about welfare dependency ...[and] would have exposed the hypocrisy involved in developing a mandated work policy for welfare recipients when it was clear that jobs were not available for all of them.”⁷⁷ What Hamilton and Hamilton say about NWRO could be applied as well to most welfare advocates at least since the 1960s-- until, handed a *fait accompli* with TANF, they have begun, post PRWORA, to concern themselves with job creation.

Opposition to FAP came from many quarters, including many liberals who supported the NWRO in its campaign to “ZAP FAP” and Conservatives who opposed adding millions to the welfare rolls.⁷⁸ But powerful Southern legislators and ultimately lack of support from the President himself were the real spoilers. While it has been argued that low benefits were partly a function of southern states' limited fiscal capacities or low per capita incomes,⁷⁹ Southerners were no more friendly to higher benefits when Washington offered to pay the bill. It was the

preservation of a low-wage labor force that mattered more. "There's not going to be anybody left to roll those wheelbarrows and press those shirts" complained Georgia Congressman Phil Landrum.⁸⁰ Governor Lester G. Maddox put it this way: "You're not going to be able to find anyone willing to work as maids or janitors or housekeepers if this bill goes through...."⁸¹ "Many white Southerners," write Burke and Burke, "feared that FAP's guaranteed income would shrink the supply of cheap labor, bankrupt marginal industry, boost the cost of locally-produced goods and services, increase taxes, and put more blacks into public office."⁸² Senate Finance Committee Chairman Russell Long-- of "black-brood-mares-of-AFDC" infamy-- was particularly concerned that the guarantee would pay people not to work, leaving them time to produce illegitimate children.⁸³

Civil right groups consistently pointed out that FAP work requirements were unnecessary because welfare recipients wanted to work.⁸⁴ The final version of the FAP, HR 1, proposed a minimum wage for recipients that was considerably less than the statutory minimum and that would have been "tantamount to a differential wage for a large portion of the African-American population."⁸⁵

According to some observers, Nixon himself lost interest and certainly did not exert strong efforts to influence Senators.⁸⁶ Nixon's Chief of Staff, H. R. Haldeman attributes a more Machiavellian motive to the president in the first round of the FAP debate. According to Haldeman's diary entry for July 13, 1970, Nixon "wants to be sure it's killed by Democrats and that we make big play for it, but don't let it pass, can't afford it."⁸⁷

Introduced by Jimmy Carter nearly five years after the defeat of Nixon's welfare "reform," the Program for Better Jobs and Income (PBJI) was distinctive in two important respects: it combined income support and job creation in one program and recognized that it is

unfair to expect people to work if there are insufficient jobs or workplace supports, especially child care. While PBJI combined aid for the employed and non-employed poor in a single program, it divided them into two groups, those expected to work and those not expected to work, with different treatment and income guarantees. Those expected to work would receive wage supplements, including an increase in the recently-enacted Earned Income Tax Credit (see below, pp.), federal help in finding employment, or one of 1.4 million special public service jobs offered through the CETA program (see below, pp.) and paying the higher of the federal or state minimum wage. In families with at least one child, these jobs were reserved for the "principal" earner, that is, the person with the highest earnings or the one who worked the most hours during the six months prior to application for job-search assistance.⁸⁸ However, analysis of the bill led to the conclusion that the number of new job slots created by PBJI were insufficient to accommodate both the unemployed and welfare recipients expected to work.⁸⁹

Those "not expected to work" included the aged, disabled, blind, and single parents whose youngest child was under seven years. The adult in a single-parent family whose youngest child was seven to 14 years old was expected to work part-time. Thus, there was a limit to support for full-time nurturing. By combining SSI, AFDC, state-local general assistance, and food stamps in one cash program with a single eligibility standard, PBJI would streamline the income-support system. PBJI offered higher income guarantees to single mothers not expected to work than to families in which the adult was expected to work, but lower incentives to work, for if single mothers with young children worked, their incomes would be subjected to higher cumulative, marginal tax rates than families with a member expected to work.⁹⁰ After an unsuccessful, eight-week search for a private or public job, persons expected to work would be eligible for the higher guarantee.

Carter's proposals ran into the same kind of opposition that had defeated the similar Family Assistance Plan in 1972. PBJI, too, would increase costs, expand the rolls, and raise questions of work incentive.⁹¹ Perhaps the cost is one reason for Carter's failure to support the plan vigorously, for he had been adamant about wanting a zero-cost reform.⁹² Like FAP, PBJI ran up against the "veto coalition"--the South, business, and the Republican Party.⁹³ Of these, however, only the Southern legislators had been monolithic in their opposition to FAP

PBJI was regarded as patriarchal by some critics because, as NOW asserted, "the designation of 'principal wage earner' inevitably results in exclusion of the woman from priority consideration for job training and placement."⁹⁴ Arguing that work requirements were unnecessary because people would work if decent jobs were available, NOW called for full employment or a job guarantee but also held that "true welfare reform must include minimum federal benefit levels that respect the value of work done in the home by providing assistance at an adequate level."⁹⁵ In this statement NOW supported employment for women and compensation for reproductive work, a policy that would permit mothers choice between the two types of work. While not consistent with women's equality, Carter's plan, in contrast to FAP, the several WINs and welfare "reform" in the 1990s, would not have forced mothers to work if there were insufficient jobs, training opportunities and adequate child care.

Although there was less interest in PBJI than in FAP, HEW Secretary Joseph Califano maintains that its prospects for enactment were promising until the passage, in June 1978, of California's Proposition 13 to slash state property taxes.⁹⁶ As a result, Congressional leaders withdrew the legislation in order to avoid a humiliating defeat for the Administration.

Wage subsidies. A form of welfare reform was enacted in the 1970s, and it was championed by one of the fiercest foes of federalizing public assistance. Called an Earned Income Tax Credit, it

is really financed and budgeted like a conventional income support program instead of like a tax expenditure.⁹⁷

The working poor were among the main casualties of the defeat of FAP. Conservative Senator Russell Long, perhaps the most formidable Congressional obstacle to the FAP, maintained that he wanted to keep people from being taxed onto the welfare rolls.⁹⁸ Long's objection to a larger benefit for non-workers because it would make them unwilling to take menial jobs at low pay did not apply to supplementation of earned income. It would encourage just the opposite. With the EITC Senator Long and his fellow Southerners did not need to worry about whether maids would iron shirts and "boys" push wheelbarrows. Providing a work bonus was Long's aim. And it was the public, rather than the low-wage employers, who would foot the bill. EITC was supposed to increase the work incentive by "making work pay" or "to enlarge the supply of labor by increasing the relative attractiveness of work (versus welfare)."⁹⁹ The EITC may help to preserve some low-pay jobs. However, with the EITC public money is used to subsidize sweatshop and other marginal labor whereas job creation can pay for socially-desirable work—child care, elder care, home health care, etc.

The share of full-time, year-round workers who earned less than poverty-level wages (equivalent to less than \$12, 195 per year in 1990) jumped 50 percent between 1974 and 1990.¹⁰⁰ The EITC cushioned the impact of this decline for many workers and their families and by intent also eased the burden of social security and Medicare payroll taxes.¹⁰¹

The EITC began modestly in 1975 with a maximum credit of \$400 for families with annual adjusted gross incomes (AGI) up to \$4,000. It became permanent in 1978, was indexed in 1986 during the Reagan era, substantially increased in 1989 under Bush and, in 1993, under Clinton. By 1999, the EITC provided a maximum credit of \$3,816 for families with two or more

children and benefited families with AGI up to \$30, 580. Adjusted for inflation, the bonus is somewhat more than three times its 1975 value. By providing a substantially higher benefit for two or more children than for one, the 1989 legislation addressed family size, albeit to a limited extent. Six states had enacted earned income tax credits by 1992.¹⁰² By 1998, nine states had enacted earned income tax credits that provide their residents with money in addition to the federal EITC.¹⁰³ For example, New York, which adopted a state EITC in 1994, adds 20 percent (\$763) to the federal EITC, making a maximum, federal-state benefit of \$4579 in 1999 for a family with two dependent children.¹⁰⁴

The EITC, though means tested, escapes the meanness and the stigma usually associated with public assistance. Instead of applying to a public assistance agency or department, applicants claim credits from the Internal Revenue Service, an agency that interacts with the public generally, not only with the poor. Thus, the EITC has the appearance of universalism, despite its selectivity. This is one of the reasons why the proportion of eligible persons who actually claimed their benefits early in the 1990s was between 81 percent and 86 percent, compared to 62-72 percent for AFDC, and 54-66 percent for food stamps.¹⁰⁵ Yet, the EITC is no substitute for public assistance since persons who have no earnings are ineligible and those with very low incomes also get very low benefits.

The availability of the EITC may reduce incentives to raise the wages of low-paid workers, thereby contributing downward pressure on the entire wage structure. However, since nearly all claimants get their benefits in a lump sum,¹⁰⁶ they may remain aware of their paltry wages and of the need for a raise. There is little research to date on how recipients perceive and use the EITC, but one study based on a small sample of women in the welfare-to-work transition found that most of them could not make an explicit link between the EITC and work

incentives.¹⁰⁷ Nonetheless, some recent academic research credits the EITC with the dramatic rise in labor force participation of single women with children since the mid-1980s.¹⁰⁸

If the EITC does take pressure off the minimum wage, some analysts find this a desirable feature. They point to the possible job-destroying effects of increases in the minimum wage. These, however, have been seriously challenged by recent research.¹⁰⁹ It is also claimed that minimum-wage rises are not well-targeted to the poor, again a debatable point.¹¹⁰ The EITC also has targeting limitations in that two-thirds of its benefits go to the nonpoor. While the very poor should remain a priority of public policy, it is important to keep in mind that the poverty standard itself underestimates poverty and that aiding individuals and families with incomes above the poverty line is an anti-poverty measure in all but the limited, official definition of the term.

The minimum wage was already declining in value when the EITC was enacted and sunk much lower during the years since then. Persons who worked, full time, year-round for the minimum wage earned 120 percent of the three-person poverty level in 1968; just over 100 percent in 1975; 70 percent in 1989, when the value of the minimum wage was the lowest since 1950; and 82 percent in 1998.¹¹¹ Interestingly, in 1998, the minimum wage, *plus* the EITC benefit for two children, was 111 percent of the three-person poverty standard, compared to these figures for the minimum wage alone: 120 percent in 1968 and 102 percent in 1975.¹¹² Rather than bettering the condition of low-income workers, the EITC has served to offset the decline in the minimum wage. Moreover, for families with a minimum-wage worker and more than two children or four or more persons in the family, the EITC does not even provide an escape from poverty—even as measured by a standard that has not been revised in over 30 years and that was paltry to begin with.

The EITC lifts millions of families out of poverty, indeed more than any other anti-poverty program. In 1996, 4.6 million people in low-income working families who would have been poor without the EITC were raised out of poverty.¹¹³ Yet, poverty rates for families with children were 16.5 percent in 1996, when the 1993 increase in benefits was fully phased in, compared to 13.3 percent in 1975 when the EITC was enacted.¹¹⁴

Although one is loathe to gainsay a policy that puts more money in the hands of the needy, it seems more desirable for workers to earn an adequate wage than to depend on a government transfer. When they do so, their total earned income is counted toward social security and unemployment insurance benefits whereas the part that consists of the EITC does not. Instead of employers paying the full price of the wage bill, the EITC has passed part of the cost onto taxpayers and government at a time when there is reluctance to spend on other programs, notably cash assistance for families with no earnings or housing subsidies for the poor. Not surprisingly “leading business groups” called upon New York Governor George Pataki to expand the state’s income tax credit. “Businesses,” observed the *New York Times* reporter, “likes the credit because it effectively raises the incomes of lower paid workers without any cost to their employers, easing the pressure to raise wages.”¹¹⁵

Public service employment. It took a recession and the return of high rates of unemployment for Washington to become directly involved in job-creation once again. Increased in response to a subsequent, deeper recession, job-creation programs were eventually targeted to the hard-core unemployed and the disadvantaged instead of to the victims of countercyclical unemployment. But once again, government job creation was short-lived. This time it was fear of inflation rather than a substantial reduction of unemployment that accounted for the decline and repeal of employment programs. Indeed, unemployment was rising when job creation was cut back.

Public service employment, the major, job-creation measure of the 1970s, had small antecedents in the 1960s. Urban areas lacked the fiscal capacity to meet increasing demands for public service.¹¹⁶ One approach to the shortage of jobs and public services was public service employment. Anti-poverty programs had begun to employ neighborhood workers in order to make services more responsive to the needs of low-income communities and clients.¹¹⁷ Impressed with these services and concerned about job shortages for disadvantaged groups, Frank Riessman and Arthur Pearl recognized that the two needs—for public services and jobs—could be combined to create “new careers for the poor.”¹¹⁸ Initially, Congress responded to this combination of unmet community and worker needs through modest additions to the Economic Opportunity Act, including a New Careers programs that trained some of the urban poor for existing public-service jobs. As noted, the Kerner Commission, which investigated the urban riots of the 1960s, called for the creation of one million jobs in the public sector as a solution to the endemic poverty of the urban ghettos.¹¹⁹ Proponents of job-creation programs used the Kerner Commission recommendation to gain support for their programs.¹²⁰

The Nixon administration was willing to deal with underemployment through income support but was quite opposed to government job creation until recession and politics forced its hand. Although Nixon vetoed a 1970 bill that included authorization of a small public-service-employment component, he signed the Emergency Employment Act (EEA) a year later, when recession, partly brought on by the Administration’s conservative economic policies, drove unemployment up to 5.9 percent and cost Republicans losses in the 1970 elections.¹²¹ Serving only 3 percent of the unemployed (150,000 jobs)—far fewer than the number who lost their jobs due to Nixon Administration policies—the EEA was nonetheless important because it was the

first general, public-employment program since the Depression and the first antirecessionary jobs program to emphasize public-service employment rather than public works.¹²²

Although Nixon stopped supporting public employment after his reelection, he did, under the pressure of Watergate and in return for consolidation and decentralization of existing manpower and training programs, agree to a small jobs component in the Comprehensive Employment and Training Act (CETA) of 1973.¹²³ The severe recession of the middle 1970s, “provided liberals...with the leverage they needed over a conservative Republican president [Gerald Ford] to accept a measure he would otherwise have blocked.”¹²⁴

CETA grew considerably under the Carter administration. Faced with the new stagflation, Carter’s economic advisers considered it more efficient to deal with unemployment through targeted job creation than macroeconomic stimuli that could heat up the economy and exacerbate inflation.¹²⁵ Under Carter CETA reached its zenith of 742,000 public service slots, up from 310,000 under Ford. Still, this represented only about 12 percent of the more than six million unemployed persons in 1978—a much smaller proportion of the unemployed than WPA served. In the first Carter fiscal year, the CETA budget increased by 70 percent, and the Public Service Employment (PSE) proportion of CETA funds grew to 60 percent, compared to 37 percent in 1975.¹²⁶ Nonetheless, CETA served a small proportion of the unemployed in a time of growing, mass unemployment. Indeed, with one hand the government gave a little through CETA job creation and with the other, it took more away through its restrictive fiscal and monetary policies.

In response to some real or alleged problems Congress made changes that crippled CETA. In its early phases there was a tendency toward “creaming” or giving jobs to the most employable applicants and toward substituting CETA workers for regular government

employees, thus providing fiscal relief to localities. The amount of substitution is itself debatable because in an atmosphere of severe recession and state initiatives to limit taxes, CETA probably preserved services that would have been cut rather than substituted for them.¹²⁷ In late 1978, Congress addressed these problems by restricting eligibility in PSE to the hard-core jobless, keeping wages very low, limiting employment to the least skilled, and requiring prime sponsors (usually local governments) to spend more money on training. These changes were the political kiss of death for CETA. First, a program for the poor tends to be as unpopular and politically powerless as its clientele. Second, CETA's strongest lobby, local governments, got less fiscal relief and consequently provided less political support.¹²⁸ Local government officials, who had been major supporters of CETA, were also less than enthusiastic about changes that centralized the program and limited their autonomy, such as strict monitoring by the federal authorities to reduce mismanagement and fraud.¹²⁹ Exaggerated, mismanagement and fraud, according to one expert, represented at most one percent of CETA jobs.¹³⁰

The enthusiasm for jobs programs was short-lived. In addition to the consequences of serving a constituency with less political voice in its later years, CETA suffered from a very bad press that distorted its accomplishments. Like WPA, which was also a favorite whipping boy, CETA was responsible for many useful services.¹³¹ Reviewing CETA reauthorization hearings in 1978, Bullock reveals that hostile critics did not want to hear evidence contradicting their prejudices. Despite reams of studies and other evidence, one of the main influences on Congress was a negative *Readers' Digest* article on a boondoggle.¹³² Finally, as unemployment rates dropped from 8.5 percent in 1975 to 6.1 percent in 1978 and 5.8 percent in 1979, public concern shifted to rising inflation.

Willing for a few years to create jobs as a countercyclical measure during a period of high unemployment and eventually to target them to the hard-core unemployed, political leaders became less supportive of employment and training programs toward the end of the Carter administration.¹³³ Certainly, they had not accepted the reality of chronic unemployment and underemployment or the responsibility for permanent expansion of jobs. Indeed, a leader with deep ideological resistance to government job creation—like Ronald Reagan terminated CETA when unemployment rates were climbing to their highest since the Depression and with virtually no public protest.

Toying with full employment. Higher unemployment served as an impetus, not only to employment and training programs, but to already-pending, full-employment proposals, including permanent government responsibility to create jobs for all those who want to work and are not absorbed by the private sector. Representative Augustus Hawkins, an influential member of the Black Congressional Caucus from the Watts district of Los Angeles and Chair of the House Education and Labor Committee's Subcommittee on Equal Opportunities, was the guiding spirit behind the 1970s' effort to guarantee jobs for all. Hawkins' one-minute address to the House of Representatives, a week after he and Congressman Henry Reuss (D-WI) introduced the Equal Opportunity and Full Employment Bill, conveys his human-rights conception of full employment:

Assuring full employment is the single most important step in the national interest at this time.... an authentic full employment policy rejects the narrow, statistical idea of full employment measured in terms of some tolerable level of unemployment—the percentage game—and adopts the more human and socially-

meaningful concept of personal rights to an opportunity for useful employment at fair rates of compensation.¹³⁴

The economy was not in recession when Hawkins and Reuss designed and introduced their full-employment bill. As a representative of a black, ghetto district, Hawkins well knew that employment problems are endemic in neighborhoods like Watts, in good times and bad. At the same time, Hawkins saw his bill as more than a benefit to Watts. Full employment was to be the key to reducing many social problems—poverty, inequality, discrimination, crime, welfare—and to improving the living standards of Americans.”¹³⁵ Soon thereafter, Hubert Humphrey introduced an identical bill in the Senate. In 1975, Humphrey co-sponsored a bill with Jacob Javits (R-NY) that called for a an Economic Planning Board in the Office of the President that would develop a balanced economic growth plan based on comprehensive data pertaining to the economy and that would suggest policies for reaching the plan.¹³⁶ With unemployment soaring to the highest post-war level and the Hawkins’ bill attracting more support, Humphrey and Hawkins introduced a bill early in 1975 that combined the goal of full employment with a national economic planning mechanism.

The early Humphrey-Hawkins bills had two outstanding features, both of which were conspicuously missing from the final version enacted in 1978. The original legislation called for a right to a job that would be enforceable in court and required the federal government to create reservoirs of jobs sufficient to employ all those who could not find work in the private sector. Most jobs were to be created by an expansionary economic policy, but the shortfall would be made up through federally-financed employment designed by local planning councils.¹³⁷ The enforceable right to a job and the reservoirs of jobs for the unemployed were the two provisions of the bill that made the job guarantee real. The former was sacrificed very soon in the legislative process to win the support of AFL-CIO President George Meany, for one.¹³⁸ Labor evidently feared this would create a flood of job seekers. In an inflationary time, the expansionary fiscal

policies drew fire and were gradually weakened.¹³⁹ Since the Act, in its final version, required congressional authorization for job creation, there was virtually no change from the existing situation.

Hawkins had not wanted to play the “percentage game” or to define full employment in terms of an acceptable unemployment rate. Initially, full employment meant a job for everyone willing and able to work, including those not in the labor force; full implementation was to take five years.¹⁴⁰ As unemployment rose, the employment goals shrunk. In later versions of the bill, interim unemployment targets were set: three percent in eighteen months, later in four years, and finally adult employment to three percent and overall unemployment to four percent within five years.¹⁴¹ Since neither these targets nor the promise of a job for all was any longer enforceable, the change, when it occurred, was largely nominal. As inflation loomed increasingly larger as a public issue, and despite attempts to beat it back by the bill’s proponents, the Senate added a specific inflation-reduction goal, although the bill specifically stated that policies and programs for reducing inflation should be designed so as not to impede achievement the reduction of unemployment.¹⁴²

The Full Employment and Balanced Growth Act of 1978 set forth specific goals for unemployment and inflation reduction, but these were not mandatory and were sacrificed to anti-inflation goals and reductions in social spending in both the Carter and Reagan Administrations. Soon after the passage of Humphrey-Hawkins, the White House announced cuts of 100,000 in CETA PSE slots that were, in turn, denounced by Congressman Hawkins as a violation of the Act’s interim target of four percent unemployment.¹⁴³

The political battle over Humphrey-Hawkins in the seventies, Philip Harvey observes, was “in all essential respects a reprise of its predecessor,” the Murray-Wagner Full Employment

Bill.¹⁴⁴ Yet, as Helen Ginsburg points out, big business and the Republicans had killed genuine full employment in the forties, but in the seventies, “the conservatives didn’t have to do much to win their points.”¹⁴⁵ Not that business organizations failed to denounce Humphrey-Hawkins. The Chamber of Commerce, National Association of Manufacturers, and the Business Roundtable testified against it in the 1976 hearings.¹⁴⁶ However, “liberal” economist Charles Schultze of the Brookings Institution, Carter’s Chairman of the Council of Economic Advisors, led the charge against Humphrey-Hawkins, arguing that the control of inflation took precedence over job creation and that both specific targets for unemployment and creation of public service jobs threatened price stability and should be removed from the bill.¹⁴⁷ Early in 1977, Helen Ginsburg wrote that Schultze’s Senate testimony, reprinted as an op-ed essay in *The Washington Post*, “is widely credited with having killed H. R. 50’s [Humphrey-Hawkins’] chances in the last Congress.”¹⁴⁸

Schultze appears to have taken the position that his view was scientific and rational whereas the advocacy of full employment, job creation and more expansive fiscal policies was political and constituency-based, that is, a response to the pressure of organized labor and the civil rights community. Mainstream economics was, indeed, moving away from both planning and expansive fiscal policies. Within the Administration, Labor Secretary Ray Marshall, also an economist, took a position different from the emerging consensus in the profession. Marshall argued that public funding of jobs was less costly and less inflationary than subsidizing unemployment through insurance or welfare.¹⁴⁹ It is Margaret Weir’s view, however, that the bill gave only cursory attention to how full employment could be achieved without aggravating inflation.¹⁵⁰ The taint of inflation was certainly a political liability. Freshmen Democratic

Congresspersons, fearing retaliation for support of an inflationary measure, persuaded the House leadership not to hold the vote on Humphrey-Hawkins before the 1976 election.

In the democratic primaries, Carter and segregationist Governor George Wallace of Arkansas were the only candidates who did not support Humphrey Hawkins. Full employment was scarcely talked about during the presidential campaign although Carter endorsed a version of Humphrey-Hawkins a month before the election.¹⁵¹ In return for the support of the frontrunner, the bill was rewritten with greater emphasis on inflation control, more reliance on private employment than on public-service jobs, and the proviso that public-sector jobs would be low-pay in order to hold down inflation and discourage migration from the private to the public sector.¹⁵²

An impressive number of organizations supported Humphrey-Hawkins. Chaired by Coretta Scott King and Murray Finley, head of the Amalgamated Clothing and Textile Workers, the National Committee for Full Employment was founded in June 1974, and brought together labor, religious, civil rights, black, ethnic, women's, senior citizens and other groups with a stake in full employment.¹⁵³ Despite the range of this support, full employment came to be seen as a black issue, promoted primarily by the Congressional Black Caucus,¹⁵⁴ and that, too, was a political liability, particularly in a time of white backlash. Yet, "the strength of the movement for full employment was never equal to the task that had to be done...."¹⁵⁵ Indeed it could hardly be called a movement. Had public support been widespread and organized, it would have been more difficult for power brokers like Meany, Carter and even some liberal Democrats to render the bill virtually unenforceable in return for their support.

From Welfare “Reform” to Welfare Repeal

In contrast to his two predecessors whose proposed reforms would have expanded coverage, Ronald Reagan was clearly anti-welfare. As for the workfare-fair-work continuum, there was little doubt which end of it was Reagan territory. The minimum wage was allowed to drop to its nadir, unemployment rose to its post-war high, wages were shrinking, and the labor movement was under attack. Undeterred by the paucity of jobs, especially at decent pay, itself a result of federal monetary policies, Reagan succeeded in his first term in reducing aid to the poor through the use of block grants that disguised deep budget cuts and administrative changes that reduced eligibility. Begun in 1980 under Carter, the virtual dismantling of the Extended Benefits (EB) program of Unemployment Insurance was completed under the Reagan regime in 1981 with the result that coverage of the unemployed fell from three-fourths and two-thirds of the jobless in the mid-seventies recessions to less than half (45 percent) in the severe-recession years of 1982 and 1983 and to one-third in subsequent high-unemployment years in the eighties.¹⁵⁶

Reagan’s aim was to implement a welfare plan, similar to one he had initiated as governor of California, which would require all recipients to work in exchange for their benefits, notwithstanding the fact that the California program had been a failure.¹⁵⁷ But legislators, uncertain about both the feasibility and effectiveness of universal workfare, simply made it an option in the 1981 Omnibus Budget Reconciliation Act. Workfare, many realized, would require more expenditures on education and training, job counseling, health and day care as well as efforts to make jobs available and attractive. Yet they were caught in a budget squeeze with a large federal deficit and an administration ideologically committed to reducing government.¹⁵⁸ Thus, states were allowed to experiment with workfare but in a context in which reduced funding had the effect of limiting funds available for employment preparation activities.¹⁵⁹ This

pattern of increased emphasis on work, state innovation under federal waivers of welfare regulations and strict cost containment set the pattern for the rest of the decade and beyond. By 1987, as many as 40 states were exercising their option to operate welfare-to-work programs. Reminiscent of nineteenth century poor law "reform," the issue around which welfare debates now often revolved was not necessarily how to end poverty, but how to end "welfare dependency" or to reduce the roll, even if it made people poorer.

With the opening of his second term in 1985, Reagan announced his intention to "reform welfare." In response, a number of liberal and conservative public policy groups launched studies of ways to reform the system. The following year, the National Governor's Association voted to make welfare reform its top priority. The effort was spearheaded by Democratic governor Bill Clinton of Arkansas and Republican Michael Castle of Delaware--both from low benefit states. (The maximum benefit for a three-person family in Arkansas in 1985 was only 50 percent of the national average--\$239 a month in 1996 dollars, or \$2,868 a year--a little over \$18 per person per week to purchase housing, transportation, clothing, perhaps food and other necessities, not to mention a birthday present for the children.)¹⁶⁰

The Family Support Act of 1988. With Democrats now a majority in both houses, it was unlikely Congress would pass the more punitive workfare measures favored by many conservatives. Thus, after intense congressional debate, a compromise, the Family Support Act of 1988, PL 100-485, was worked out. Engineered primarily by New York Senator, Daniel Patrick Moynihan, the Family Support Act simultaneously expanded federal mandates requiring states to move their welfare caseloads into work-related programs and increased state discretion in designing those programs.¹⁶¹ The centerpiece was the Job Opportunities and Basic Skills Training Program (dubbed the JOBS program), requiring states to provide assessment, training,

education, work experience or job search assistance for welfare recipients. To those charged with administering the program, the Family Support Act represented a dramatic shift in welfare policy from income support to a program focused on moving welfare clients toward self-sufficiency.

Unlike the old law, which often made working more expensive than staying on welfare, the Family Support Act sought to make “work pay.” It required states to provide child care and Medicaid for up to one year for families leaving the rolls for work and raised certain earning disregards. It mandated educational activities as appropriate, including high school or GED programs and remedial and ESL education to achieve a basic literacy level. While requiring poor family heads to engage in work or work-related activity under threat of sanction, it exempted mothers with children under the age of three or, if state child care was not guaranteed, under the age of six,¹⁶² from the work participation requirements and it did not penalize the entire family if the eligible parent defaulted on his/her responsibilities.¹⁶³ This was in contrast to the stricter requirements of the PRWORA that would replace it (see Chapter 6). Democrats had gone along with these new work requirements which, it should be noted, did not create new jobs, in exchange for Republican concessions on federal funding for job training, placement activities and transitional child care and health coverage. However, JOBS did not mean job creation or more jobs.

Actually, the Family Support Act did not even deliver the benefits and services that facilitate employment. Reagan's debt burden guaranteed that the amount of federal funds necessary for states to move their welfare clients into education, training or work-experience programs would not be adequate. Then governors Bill Clinton and Michael Castle admitted as much when they wrote that "states must rethink approaches to services to get the most from

limited resources. . . . In essence, states must continue to do more with less, taking risks and experimenting with new ways of doing business."¹⁶⁴

Even as lawmakers were pushing the welfare-to-work proposals, there were several assessments of such programs that showed modest, if any, benefits. For example, a rigorously controlled study of five small welfare-to-work experiments in different states by the Manpower Demonstration Research Program showed that in four of the states where the demand for labor was relatively high, these programs increased women's employment between 3 and 9 percent but did not increase the employment of men. Women who participated in the programs increased their total earnings by an average of 19.5 percent, but men actually lost income. Tempering even these modest findings, however, was the fact that in the fifth state (West Virginia) with one of the highest unemployment rates in the country, there were no increases in regular, unsubsidized employment among the participants and no gains in earnings.¹⁶⁵

Analyses of two other experiments both hailed by the media as success stories, the GAIN program in Riverside, California, and the Massachusetts Employment and Training Choices Program (ET) revealed more positive, yet still modest, outcomes. In California, after three years, participants in GAIN had increased "graduation" from welfare to work by 5 percentage points, while in Massachusetts, 50 percent of the AFDC caseload got jobs, but most jobs still left the participants in poverty.¹⁶⁶ A later, but broader study of these early experiments by the Manpower Demonstration Research Project found little evidence that they led to consistent employment, higher earnings for welfare recipients, reductions in welfare caseloads or reductions in welfare benefits paid by states.¹⁶⁷ A report by the General Accounting Office pointed out that JOBS programs were unlikely to end the need for welfare due to factors outside

the control of JOBS programs, such as service and funding shortages and poor economic conditions.¹⁶⁸

One of those outside conditions--recession--hit in October 1990, just as the Family Support Act was about to be implemented. Official unemployment rates in the early 1990s rose as high as 7.7 percent (mid-1992), while underemployment (the officially unemployed plus involuntary part-time workers and discouraged workers who had dropped out of the labor market) was about twice as high.¹⁶⁹

The onset of recession brought rising welfare rolls and reduced state budgets, pushing states to reduce programs that assisted low-income households. States were required to match federal funds for the JOBS program but were late in implementing this requirement. As a result, the great majority of states failed to draw down their full federal allocations, even as late as 1994, thus limiting participation in the JOBS program.¹⁷⁰

Recessions notoriously undermine the best of intentions when it comes to the poor. With one of the more laudable programs in the nation, even Massachusetts was forced to cut back. By 1995, Massachusetts had become one of the "leading states in tough welfare reform."¹⁷¹ Moreover, the recession of the 1990s differed from other post-war recessions in that even when output began to rise, employment growth continued to lag, giving rise to the phrase, "jobless recovery."¹⁷² The result was that only a very small fraction of the welfare caseload was able to graduate into real jobs.¹⁷³

Committed to lowering taxes in a time of soaring crime rates and other problems related to a weak economy, Governors needed something to make themselves look good.¹⁷⁴ Welfare had always been a convenient whipping boy. Capitalizing on the public stigma of welfare recipients as "immoral" and "irresponsible," one that had been fed by the conservative pundits of the

previous decade, they requested waivers from federal regulators to develop programs that turned out to be much more punitive than the Family Support Act.

States requesting waivers used both carrots and sticks to change the behavior of welfare recipients. Moving away from an earlier focus on education and training--partly because research findings had raised questions about the effectiveness of adult basic education as a means of increasing employment among welfare recipients--many began to emphasize rapid job placement. It is always possible to make work more attractive or to increase work incentives by raising wages, but in a restricted funding climate, states wanting to move clients rapidly into jobs were more likely to reduce the benefit package so as to make work—any work--more attractive. While several states sought to loosen federal restrictions, which had made it difficult to move welfare recipients into the labor force (such as limits on earnings disregards, assets, child care assistance and medical aid) over half imposed stricter penalties for failure to comply with program rules, stricter time limits and work requirements and penalties for additional childbearing. On the surface, such punitive measures might seem to be necessary to bring discipline and order to the allegedly “lazy” and “undisciplined” lives of welfare recipients, but they denied the realities of the unreliable, low-wage labor market with which most welfare mothers had to contend. For example, thousands of families in Michigan, whose Republican governor, John Engler, had bragged about his state's ability to reduce the welfare rolls, were working their way off welfare, but at wages that still left them 20 percent below the poverty line for a family of four.¹⁷⁵

Welfare Repeal

The drive to restrict welfare and to impose workfare and stricter work requirements that culminated in the repeal of AFDC took place during 16 years when the unemployment rate

averaged almost 7 percent (6.94). Framers of the new poor law had the temerity to use the words “Work Opportunity” when it did nothing at all to provide more jobs, much less ones that pay livable wages.

Official unemployment rates during the first three years of the Personal Responsibility and Work Opportunity Reconciliation Act were the lowest in 30 years. State follow-up studies, though spotty, found that between 61 and 87 percent of welfare leavers who have been tracked found jobs in 1998 and between 50 and 70 percent in 1999.¹⁷⁶ Yet, many of the jobs were part-time and temporary, and few workers had jobs paying weekly wages equal to the three-person poverty line.¹⁷⁷ Between 1997 and 1998, the proportion of former welfare recipients with weekly wages below three-quarters of the poverty line surged upward from 6 to 14.5 percent.¹⁷⁸ The percentage who left the rolls for work in 1999 was only 5-10 percent higher than the proportion of recipients who left for jobs under the old AFDC program when general unemployment was higher than it is today.¹⁷⁹ And even if substantial numbers of former recipients get jobs, that doesn't mean they keep them. One study found that only 61 percent of persons who left AFDC/TANF rolls in 1996 and 1997 were employed at the time they were surveyed.¹⁸⁰

If jobs pay very low wages, like many that former recipients take, then these jobs must be counted, not as employment but as underemployment. And an economy with many such jobs is not a full employment economy, no matter how low the official unemployment rates are. Cambridge University economist John Eatwell goes a step further, designating such jobs as “disguised unemployment.” By this he means the absorption of workers in low-productivity, low-pay jobs by force because there is a lack of effective demand for their services in the advanced or higher productivity sector and 1. benefits for the unemployed are low or of short duration or 2. low productivity employment is subsidized or protected.¹⁸¹ The U. S. has both

inadequate, temporary benefits or none at all for the unemployed, and we protect jobs in the low productivity sector with the EITC subsidy. The latter is the carrot of welfare “reform”; the repeal of AFDC, its replacement with PRWORA and the near gutting of the Extended Benefit program in Unemployment Insurance are the sticks. Indeed, with the sticks in place one wonders whether the carrots may, in time, be withdrawn.

Not surprisingly, the first years of welfare “reform” have been concomitant with disturbing rises in several poverty and inequality indices, despite a dip in the overall poverty rate (which itself did not go below the 1989 level until 1998 and then only slightly).¹⁸² The continued use of an absolute poverty standard that has not been updated for over 30 years naturally underestimates economic deprivation just as the standard for measuring unemployment underestimates true joblessness. If the U. S. were to use the relative standard that is conventionally used in Europe and in cross-national studies (one-half the median adjusted disposable personal income for individuals), the proportion of persons in poverty would be more than one-third higher—19.1 percent rather than 14.1 percent in 1992.¹⁸³ Poor families are poorer than before welfare repeal.¹⁸⁴ Fifty-five percent of single-mother families with children under six years of age lived in poverty in 1998, with even higher rates for minority children¹⁸⁵; the average income of the poorest fifth of families registered no increase at all between 1993 and 1998 while incomes of the highest fifth rose substantially between 1989 and 1998, the average income of the poorest fifth registered no increase at all¹⁸⁶; and Second Harvest, the nation’s largest distributor of donated food to emergency food providers, projects a shortfall from 1997 to 2002 (due to cuts in the food stamp program growing needs) of 24.5 billion tons of food or the equivalent of three meals a day for 3.24 million low-income people for an entire year.¹⁸⁷

The Task for a Full Employment Movement

If joblessness, poor pay, and underemployment or “disguised unemployment” are common in a time of economic boom, what can be expected if official unemployment rises? And it always has. Even with wages hardly edging up, the bogey of inflation persists, and the hands of the monetarists who are in charge at the Federal Reserve are ever on the trigger that will shoot down the expansion. There is no commitment on the part of political and business elites to keep unemployment rates low or to drive them down still further. Without an entitlement to welfare and a persisting unwillingness to provide jobs for all at livable wages, we can perhaps expect less dependency but in all likelihood more poverty.

What are the implications for a movement for full employment? The estimated number of underemployed workers-- involuntary part-timers and full-time, year-round workers earning less than the poverty level for a family of four—was 20.1 million in 1999. Compare this with the total number of jobless people, 10.1 million, that is 5.9 million officially unemployed workers, plus 4.2 million non-job seekers who wanted a job. What you see is that underemployment or disguised unemployment is about twice the size of unemployment. If the past is any indication, less good times would mean that the number officially unemployed would rise, and so would involuntary part-time workers and non-job seekers who want a job. However, the number of full-time, year-round workers earning less than the poverty level might drop, suggesting that during these years of lower, official unemployment some workers who were formerly in the three categories of full- or part-time joblessness have become year-round, full-time workers earning less than the poverty level.¹⁸⁸

A full employment movement must attack both unemployment and undisguised unemployment through a number of strategies. First, unemployment and involuntary part-time

employment must be brought down still further through expanding effective demand or, preferably, largely through the less inflationary and more targeted strategy of public job creation. One approach to the problem of underemployment is to subsidize it, as we are doing, through the EITC. That is better than benefit reduction and withdrawal alone unless one takes the dangerous and dubious position that the deprived will revolt and that the response will be concession rather than repression. However, I have cited a number of reasons why it is preferable to use that public money to subsidize jobs. (Of course, it would take more money because low-wage employers are currently paying part of the bill, but Philip Harvey has shown how we can afford to create full employment through a large, publicly-funded jobs program.¹⁸⁹)

A second and preferable strategy is to reduce underemployment, that is, to improve conditions in the low-productivity sector through joining ranks with living wage campaigns and advocates of a higher minimum wage--\$7.50 or the 1968 equivalent for starts. We are at least 20 percent richer in terms of GDP per capita now than in 1968 when the minimum wage for a full-time, year-round worker earned 120 percent of the three-person poverty level. I think we can afford to do better, to pay for an anti-poverty wage. The present minimum wage is around 80 percent of the three-person poverty level. The minimum wage is up from the depths to which it sunk in the eighties, and its increase, though far short of a comeback, perhaps accounts for the fact that the lowest-wage female workers have shown the largest income gains between 1989 and the first half of 1999.¹⁹⁰

Another strategy for combating underemployment is to build closer ties to a labor movement that is organizing low-wage workers—as we in the National Jobs for All Coalition have begun to do.¹⁹¹ We can support campaigns like the unionization of 74,000 health-care workers in Los Angeles county--the largest organizing victory since the United Auto Workers'

win at General Motors in 1937. This will not only raise the salaries of the largely minority women who provide home health care but enhance services through reducing their 40 percent annual turnover rate and, because the agreement calls for training of the workers, improve their caring skills.

No job is inherently a “bad” job unless it is dangerous, and there, too, hazards to health and safety can be reduced by public policy. Has anyone depended on a home health aide—as the close friends of the Coordinator of the National Jobs for All Coalition did when she was alone at home and dying? (Together, they chipped in to pay her what she was really worth compared to the going rate.) Is home health care or child care a “bad” job or a poorly-paid vital service? What made work in the steel industry a bad job in 1912 and a better one in mid-century? Not increased productivity but institutional factors like unionization.

The results of David Howell’s research on the collapse of wages in the low-skill sector of the economy imply that our strategy should be to improve low-wage jobs, not only to expand the high-wage sector. The problem, Howell found, is not a skill-mismatch or a demand for higher-skill workers. Between 1979 and 1989 the low-wage share of employment increased sharply, and the supply of college-educated workers outstripped the creation of jobs requiring a college education. On the other hand, the job expansion between 1992 and 1999 created 11.3 million jobs for people with some college, compared to only 500,000 for those with a high school diploma or less.¹⁹² However, the Department of Labor projects that in the next ten years low-skill jobs will continue to increase, even though occupations requiring at least an associate’s degree are likely to grow faster. In fact, eighteen of the 30 occupations with the largest job growth between 1996 and 2006 are cashiers, salespersons, retail workers, truck drivers, home health aides and others that require, not a Ph.D. or even an A.A. but short-term, on-the-job training.¹⁹³

An alternative explanation for the collapse in wages for the low-skilled and one compatible with the fact that low-wage workers have upgraded their skills without commensurate increases in wages and working conditions includes “the new confrontational approach adopted by many employers in the 1980s” and the weakening of institutional supports for workers.¹⁹⁴ Among the latter are application and administration of labor laws in a manner unfavorable to labor and refusal to raise the minimum wage. Our immediate task, then, is to make sure that all jobs in the economy pay livable wages or are converted into “good jobs.”

The entitlement to welfare is the final link in this chain of strategies for full employment. Is it desirable to have a workhouse state, to be obsessed with getting every last poor mother of very young children into the workforce, even if she is providing vital service in the home into the workforce? Must we perpetuate the sexist notion that such care is only *worth* something if it is done by strangers? Must we continue to offer new parents—mothers and fathers—the choice between taking care of their offspring or feeding and housing their families? Or can we give them this opportunity, if they chose it, through *compensated* parental leave? Sometimes, it should be noted, new parents avoid hunger by taking care of other people’s children instead of their own. Which is work? Further, is it likely that a single wage will support a family without some form of guaranteed child support—either provided by the noncustodial parent or assured by the state? All of these measures—essentially assuring that everyone who provides vital service in the home or whose income does not add up to a minimum, adequate standard—are part of a full employment strategy. Why? Because these forms of public income support are not only humane and the very least a rich society ought to assure. In addition, such benefits substitute for the present, repressive policy of: forcing men, and especially women, into “bad”

jobs and making it harder to convert jobs that are often vital but poorly paid into “good” or better jobs. Full employment requires an entitlement to both work and welfare.

¹ U. S. Congress, Public Law 74-271, August 4, 1935, as amended, Title IV, sec. 40. Hereafter Social Security Act.

² U. S. Congress, Public Law 104-193, Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Sec.401 (b).

³ In all of the wealthy capitalist countries, no less than 30 percent—and as many as three-fourths—of the families supported by a one parent are poor in the absence of income transfers. See, e.g., Jonathan Bradshaw and Jun-Rong Chen, *Poverty in the UK: A Comparison with Nineteen Other Countries*, Working Paper No. 147 (Syracuse, NY: Maxwell School of Citizenship and Public Affairs, Syracuse University, 1996); and Gertrude Schaffner Goldberg and Elean Kre men, eds., *The Feminization of Poverty: Only in America?* (New York: Praeger, 1990).

⁴ Between 1935 and 1950, only the children but not their parents or caregivers were eligible for federal aid.

⁵ According to Edwin Witte, Executive Director of the Committee on Economic Security, “Unemployment compensation, work programs—nothing of that kind—will help these families. They are families without a breadwinner in them, except for the mother, who is needed to care for the children.”⁵

⁶ Social Security Act, Title IV, Sec. 406a.

⁷ PRWORA, Sec. 101.

⁸ For treatment of women by the welfare system, see Mimi Abramovitz, *Regulating the Lives of Women* (Boston: South End Press, 1988); and Dorothy G. Miller, *Women and Social Welfare: A Feminist Analysis* (New York: Praeger, 1990).

⁹ On work state work requirements, see Winifred Bell, *Aid to Dependent Children* (New York: Columbia University Press, 1965), 46, 107; Phyllis Osborn, “Aid to Dependent Children—Realities and Possibilities,” *Social Service Review* 28 (June 1954): 165; and Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare*, updated ed. (New York: Vintage Books, 1993), 124-125, 141, 143. For research that found widespread work on the part of welfare mothers, whether reported to welfare departments or not, see Kathryn Edin and Laura Lein, *Making Ends Meet: How Welfare Mothers Survive Welfare and Low-Wage Work* (New York: Russell Sage Foundation, 1997).

¹⁰ For an exhaustive treatment of this issue, see Bell, *ibid.*

¹¹ “Text of President’s Message to Congress Seeking Reforms in Welfare,” *The New York Times*, 2 February 1962, 10.

¹² See, e.g., Helen Lachs Ginsburg and Bill Ayres, “Employment Statistics: Let’s Tell the Whole Story,” *Uncommon Sense* #4 (New York: National Jobs for All Coalition, January 2000).

¹³ *Ibid.* Ginsburg and Ayres estimate that if inmates were counted as unemployed, the official jobless rate would rise by over one percentage point. For statistics on the size of the prison and jail population, see Darrell K. Gilliard, U. S. Department of Justice, “Prison and Jail Inmates at Midyear 1998,” *Bureau of Justice Statistics Bulletin*, NCJ 173414, March 1999.

¹⁴ Compiled by Jim Werner from data of the U. S Bureau of Labor Statistics, Local Area Unemployment Statistics Program. New York: National Jobs for All Coalition, undated.

¹⁵ U. S. Department of Housing and Urban Development, *Now Is the Time: Places Left Behind in the New Economy*

(Washington, DC: Author, 1999).

¹⁶ Harry L. Hopkins, *Spending to Save: The Complete Story of Relief* (New York: W. W. Norton, 1936), 182.

¹⁷ George McJimsey, *Harry Hopkins: Ally of the Poor and Defender of Democracy* (Cambridge, MA: Harvard University Press, 1987), 114. Another Hopkins biographer writes, "And it was clear to everyone both PWA and WPA would be around for a good time to come." Henry H. Adams, *Harry Hopkins: A Biography* (New York: G. P. Putnam & Sons, 1977), 88.

¹⁸ Committee on Economic Security, *The Report of the Committee on Economic Security of 1935, 50th Anniversary Edition* (Washington, DC: National Conference on Social Welfare, 1985), 8-9.

¹⁹ Frances Perkins, *The Roosevelt I Knew* (New York: Viking, 1946), 188-89.

²⁰ Arthur J. Altmeyer, *The Formative Years of Social Security* (Madison, WI: University of Wisconsin Press, 1966), 12-13.

²¹ *Ibid.*, 93.

²² Irving Bernstein, *A Caring Society: The New Deal, the Worker, and the Great Depression* (Boston: Houghton Mifflin Company 1985), 149. Bernstein holds that a permanent public works-public employment policy would have meant long-term budgeting and consequently a favorable impact on the economy and larger projects, but this was politically dangerous because it would have admitted that the New Deal had failed to revive the private economy. The Republicans would certainly have used this admission against the Roosevelt administration in the 1936 presidential election (p. 77).

²³ Peter Bachrach, "The Right to Work: Emergence of the Idea in the United States," *Social Service Review* 26 (June 1952): 154.

²⁴ William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal, 1932-1940* (New York: Harper, 1963), 130.

²⁵ Arthur E. Burns and Edward A. Williams, *Federal Work, Security and Relief Programs*, Research Monograph XXIV, Federal Works Agency and Work Projects Administration (Washington, DC: United States Government Printing Office, 1941), 74. After 1935, the federal work programs were, in addition to the WPA, the Civilian Conservation Corps (CCC) which employed young men and veterans on conservation projects, the National Youth Administration (NYA) for in-school and out of school young persons aged 18 through 24, the Farm Security Administration (FSA) which made loans to low-income farm families, and the Public Works Administration (PWA) for the dual purpose of providing employment and State and local public construction.

²⁶ *Ibid.*, 126.

²⁷ Nancy E. Rose, *Put to Work: Relief Programs in the Great Depression* (New York: Monthly Review Press, 1994), 76-77. See a Bernstein, *op. cit.*, 74 (see note 23). In 1937, Roosevelt's fear of inflation led him to cut back the WPA drastically, thus contributing a severe recession within the Depression. See Leuchtenburg, *op. cit.*, 244-250 (see note 25).

²⁸ For example, Governor Eugene Talmadge of Georgia sent a letter to President Roosevelt from a farmer who wrote, "I wouldn't let nobody's mule from sunrise to sunset for 50 cents per day when I could get \$1.30 for pretending to work on a DITCH." See Arthur Schlesinger, Jr., *The Coming of the New Deal* (Boston: Houghton Mifflin Company, 1958), 274.

²⁹ Philip Harvey points out that the CWA was the most ambitious of the New Deal public employment programs, employing the largest workforce, paying the highest wages and the only one not to require a means test to establish eligibility. See his *Securing the Right to Employment: Social Welfare Policy and the Unemployed in the United States* (Princeton, NJ: Princeton University Press, 1989), 99.

³⁰ Peter Bachrach, "The Right to Work: Emergence of the Idea in the United States," *Social Service Review* 26 (June 1952): 154. Conservative congressmen expressed fear that if CWA were to continue, the four million persons employed by CWA would demand that government jobs be made permanent, and the rest of the unemployed would pressure the government for an expansion of the program. Bachrach (p. 154) cites Robert Sherwood (*Roosevelt and Hopkins* [New York: Harper & Brothers, 1948], 56) who states that Roosevelt found this argument persuasive.

Leuchtenburg (op. cit., 122 [see note 25]) reports that FDR was alarmed at how much CWA was costing.

³¹ "Proceedings of the National Emergency Council, December 19, 1933 – April 18, 1936," microfilm, Franklin Delano Roosevelt Library, Hyde Park, NY, session of January 23, 1934, cited by Leuchtenburg, op. cit., 122 (see note 25).

³² For a discussion of opposition to the CWA, see Harvey, op. cit., 99-106 (see note 30). Harvey cites inter alia., Bonnie Fox Schw *The Civil Works Administration, 1933-1934* (Princeton, NJ: Princeton University Press, 1984).

³³ Edwin Armenta, *Bold Relief: Institutional Politics and the Origins of Modern American Social Policy* (Princeton, NJ: Princeton University Press, 1998), 199; Edward Berkowitz and Kim McQuaid, *Creating the Welfare State: The Political Economy of Twentieth Century Reform* (New York: Praeger, 1980), 121.

³⁴ Nancy Rose, *Put to Work* op. cit., 114 (see note 28) .

³⁵ Franklin Delano Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt, 1944-45* Volume, Samuel I. Rosenman, ed. (New York: Harper & Brothers Publishers, 1950), 40-42.

³⁶ Heinz Eulau, Mordecai Ezekiel, Alvin H. Hansen, James Loeb, Jr., and George Soule, "The Road to Freedom: Full Employment," *New Republic* 24(September 1945), SpecialEdition, Part Two, 395).

³⁷ For a discussion of "the depressed areas deadlock," see James L. Sundquist, *Politics and Policy: The Eisenhower, Kennedy, and Johnson Years* Washington, DC: The Brookings Institution, 1968), 60-73.

³⁸ Helen Ginsburg, *Unemployment, Subemployment, and Public Policy* (New York: Center for Studies in Income Maintenance Policy, New York University School of Social Work, 1975), 94. Ginsburg's discussion draws on the following sources: William Spring, "Underemployment: The Measure We Refuse to Take," *New Generation* 53 (Winter 1971): 1- 25 (publication of the National Committee for the Employment of Youth, New York City) for background of the development of the original subemployment index inspired by Labor Secretary Willard Wirtz; U.S. Department of Labor, *A Sharper Look at Unemployment in U.S. Cities and Slums* (Washington, DC: U.S. Government Printing Office, 1967) for details of the 1966 survey; and U.S. Senate, Committee on Labor and Public Welfare, Subcommittee on Employment, Manpower and Poverty, *Comprehensive Manpower Reform, Hearings*, Pt. 5, 92nd Congress, 2nd Session (Washington, DC: U.S. Government Printing Office, 1972), 2276, 2280, for discussion of a similar survey conducted as part of the 1970 Census. For the latter, see also William Spring, Bennett Harrison, and Thomas Vietorisz, "Crisis of the Underemployed: In Much of the Inner City 60% Don't Earn Enough for a Decent Standard of Living," *New York Times Magazine*, 5 November 1972, 44, 46ff.

The Department of Labor included the following categories in its subemployment index: officially unemployed workers; involuntary part-time workers; the estimated number of discouraged adult male workers, i.e., who want a job but have stopped looking for one; an estimate of the number of males not counted by the Census, assuming half the missing males to be subemployed; and full-time workers with annual incomes under the government's poverty threshold.

³⁹ Judith Russell, "The Making of American Antipoverty Policy: The Other War on Poverty (Ph.D. diss., Columbia University, 1992), 22. The phrase, "early on," is important; several years later, anti-poverty director Sargaent Shriver and Robert Kennedy recognized the significance of unemployment.

⁴⁰ *Ibid.*, 67-68, 102.

⁴¹ "Poverty and Urban Policy: Conference Transcript of 1973 Group Discussion of the Kennedy Administration Urban Poverty Programs and Policies," Boston, MA, John F. Kennedy Library, 286-88.

⁴² Russell, op. cit., 22-23 (see note 39).

⁴³ Martin Luther King, Jr., *The Trumpet of Conscience* (New York: Harper & Row, Publishers, Inc., 1967), 55.

⁴⁴ *Congressional Record*, Vol. 113, Pt. 17, 90 Cong. 1 sess. (1967), p. 23053, cited by Gilbert Y. Steiner, *The State of Welfare* (Washington, DC: The Brookings Institution, 1971), 46.

⁴⁵ Theodore R. Marmor and Martin Rein, "Reforming 'the Welfare Mess': The Fate of the Family Assistance Plan, 1969-72," in Allan P. Sindler, ed., *Policy and Politics in America: Six Case Studies* (Boston: Little, Brown and Company, 1973), 11.

⁴⁶ James G. Patterson, *America's Struggle against Poverty, 1900-1980* (Boston: Harvard University Press, 1981), 175.

⁴⁷ Gilbert Y. Steiner, *The State of Welfare* (Washington, DC: The Brookings Institution, 1971), 73. Levitan and Taggart give similar results: One in ten recipients enrolled, of whom less than a fifth completed a course of training. One of seven participants ended up being placed in jobs where they stayed for 90 days or more. See Sar A. Levitan and Robert Taggart, *The Promise of Greatness: Social Programs of the Last Decade and Their Major Achievements* (Cambridge, MA: Harvard University Press, 1976), 54.

⁴⁸ Levitan and Taggart, *ibid.*, 54.

⁴⁹ Steiner, *op. cit.* 65-74 (see note 47); Levitan and Taggart, *ibid.*, 54-55.

⁵⁰ Bradley R. Schiller, "Lessons from Win: A Manpower Evaluation," *Journal of Human Resources* 13 (Fall 1978): 515-516.

⁵¹ Irwin Garfinkel and Sara S. McLanahan, *Single Mothers and Their Children: A New American Dilemma* (Washington, DC: The Urban Institute Press, 1986), 116.

⁵² Walter Trattner, *From Poor Law to the Welfare State: A History of Social Welfare in America*, 5th ed. (New York: Free Press, 1994), 313. Unemployment had risen to nearly 6 percent in 1971.

⁵³ U.S. Department of Labor, *Manpower Report of the President, 1974* (Washington, DC: U.S. Government Printing Office, 1974), 140.

⁵⁴ *Ibid.* The *Report* cites a study by Sar A. Levitan, Martin Rein, and David Marwick, *Work and Welfare Go Together* (Baltimore: The Johns Hopkins University Press, 1972, Policy Studies in Employment and Welfare, No. 13).

⁵⁵ William F. Henry and Guy H. Miles, *Developing a Model WIN Project for Rural Areas* (Minneapolis: North Star Research and Development Institute, January 1972), cited in U.S. Department of Labor, *Manpower Report of the President, 1974* (Washington, DC: U.S. Government Printing Office, 1974), 40.

⁵⁶ Steiner, *op. cit.*, 74 (see note 47).

⁵⁷ *Report of the National Advisory Commission on Civil Disorders* (Washington, DC: Author, March 1, 1968), v. (Hereafter Kerner Commission.)

⁵⁸ *Ibid.*, 231.

⁵⁹ *Ibid.*, 232.

⁶⁰ *Ibid.*, 233-236.

⁶¹ *Economic Report of the President* (Washington, DC: U. S. Government Printing Office, 1998), table B-43, 331.

⁶² Daniel P. Moynihan, *The Politics of a Guaranteed Income* (New York: Random House, 1973), 360. Moynihan quotes the statement by LBJ when he signed the legislation establishing the Commission.

⁶³ President's Commission on Income Maintenance Programs, *Poverty amid Plenty: The American Paradox* (Washington, DC: U.S. Government Printing Office, 1969), 7. {Hereafter Heineman Commission.}

⁶⁴ *Ibid.*, 59.

⁶⁵ *Ibid.*, 59-60.

⁶⁶ Leonard Goodwin, *Do the Poor Want to Work? A Social-Psychological Study of Work Orientations* (Washington, DC: The Brookings Institution, 1972), 112.

⁶⁷ *Ibid.*, 113.

⁶⁸ Kerner Commission, *op. cit.*, 4 (see note 57).

⁶⁹ *Ibid.*, 7.

⁷⁰ This was the case for the able-bodied and their children. Supplemental Security Income (SSI), enacted in 1972 and federalizing and establishing a national minimum for benefits for the elderly and disabled, was a significant reform.

⁷¹ Secretary of Health, Education, and Welfare Robert Finch, quoted in Moynihan, *op. cit.*, (see note 62). Nixon's Chief of Staff, H. R. Haldeman, described it as: "... a work-for-welfare program. It expanded federal aid to the working poor, as well as the unemployed poor, but everyone who accepted aid also had to accept work or job training. In his diary entry for July 14, 1969, Haldeman wrote that it would be expensive to begin with, but gradually the incentive to get better jobs would take people off the welfare rolls. Or so we hoped." H. R. Haldeman, *The Haldeman Diaries: Inside the Nixon White House* (New York: G. P. Putnam's Sons, 1994), 71.

⁷² See, e.g., Theodore R. Marmor and Martin Rein, "Reforming 'the Welfare Mess': The Fate of the Family Assistance Plan, 1969-72," in Allan P. Sindler, ed., *Policy and Politics in America: Six Case Studies* (Boston: Little, Brown and Company, 1973), 16.

⁷³ Marmor and Rein (*ibid.*) estimated that training funds would only accommodate 150,00 recipients out of 1.1 million required to register for work and provide child care to only 450,000 children.

⁷⁴ *Ibid.*, 124. Quadagno (*The Color of Welfare: How Racism Undermined the War on Poverty* [New York: Oxford University Press, 1994], 124-25) points out that the Kerner Commission had reached a similar conclusion, and she also shows (p. 126) that training under FAP would be geared to males.

⁷⁵ Johnnie Tillmon, "Welfare Is a Women's Issue," in Francine Klageburn, ed., *The First Ms. Reader* (New York: Warner Books, 1973), 57, 114, cited by West, *op. cit.*, 312-313 (see note 90). Tillmon was correct about the elderly: SSI guaranteed them a cash grant of \$140 a month, compared to \$42 for a parent under FAP. For SSI benefits in 1974, see Levitan and Taggart, *op. cit.*, 46 (see note 47). Regarding work standards, Piven and Cloward point out that the bill provided that recipients could be compelled to work at jobs significantly below the minimum wage. Frances Fox Piven and Richard A. Cloward, *Poor People's Movements: Why They Succeed, How They Fail* (New York: Pantheon Books, 1977), 340.

⁷⁶ Linda Gordon, "What Does Welfare Regulate?" *Social Research* 55 (Winter 1988): 625.

⁷⁷ Dona Cooper Hamilton and Charles V. Hamilton, *The Dual Agenda: The African-American Struggle for Civil and Economic Equality* (New York: Columbia University Press, 1997), 191.

⁷⁸ The antipathy to expanding the rolls was shared by Long. For positions of Long, see Vincent J. Burke and Vee Burke, *Nixon's Good Deed: Welfare Reform* (New York: Columbia University Press, 1974), 177-178; and Moynihan, *op. cit.*, 458-59, 523 (see note 61). Long said FAP was an "expansion of welfare to make 15 million

people eligible... in addition to the 10 million now on the rolls" (Moynihan, 458). For Burns' positions, see Moynihan, 181-182; Burke and Burke, 67.

⁷⁹ James T. Patterson, op. cit., 163-64 (see note 46).

⁸⁰ Burke and Burke, op. cit., 147 (see note 78); Moynihan, op. cit., 378 (see note 61).

⁸¹ Moynihan, *ibid.*, 378.

⁸² Burke and Burke (op. cit., 147 [see note 78]) attribute the remark to Representative Phil M. Landrum, Georgia Democrat.

⁸³ Moynihan (op. cit., 336 [see note 61]) writes that "the term 'Black Brood Mares, Inc.,' was coined and ascribed to Russell B. Long, Democrat of Louisiana, Majority Whip and chairman of the Senate Finance Committee."

⁸⁴ *Ibid.*, 191.

⁸⁵ *Ibid.*, 192. Similarly, a group characterized by Richard Nathan ("Family Assistance Plan: Workfare/Welfare," *New Republic* 24 [9 February 1973], 68) as "theorists of income maintenance on the liberal side" were concerned that forcing black women to work in menial jobs, as housemaids for suburban whites, field hands, and charwomen without opportunity for advancement "could produce a dangerous form of welfare servitude based on race."

⁸⁶ "Nixon himself quickly tired of the struggle and refused to exert the pressure that might have secured passage of a modified bill..." (Patterson, op. cit., 194-195 [see note 46]); see also Trattner, op. cit., 308 (see note 52). Piven and Cloward (op. cit., 341 [see note 9]) assert that the opposition could have been overcome had Nixon persevered, but he did not.

⁸⁷ Haldeman, op. cit., 181 (see note 71). Two years later, when a new version of the plan was again being considered by the Senate Finance Committee, Nixon, rather than agree to a compromise with liberal forces led by Senator Ribicoff that would have raised the guarantee a few hundred dollars and softened the work provisions, decided to go into the 1972 election with an issue to exploit rather than an enacted measure that could be open to criticism. See Burke and Burke, op. cit., 184-185 [see note 78]). Labor Secretary James D. Hodgson and HEW Secretary Elliot Richardson are said to have pleaded with Nixon to deal with Ribicoff. Nineteen Republicans led by Senator Charles Percy also told him FAP would fail unless he compromised with Ribicoff and urged him to do so.

⁸⁸ U.S. Congress, Congressional Budget Office, *The Administration's Welfare Reform Proposal: An Analysis of the Program for Better Jobs and Income* (Washington, DC: U.S. Government Printing Office, 1978), 16-17.

⁸⁹ Elizabeth Wickenden, "The Carter Welfare Reform Proposal—A Critical Analysis," *Washington Social Legislation Bulletin* (Child Welfare League of America) 25(September 26, 1977). The proposal called for 1.4 million subsidized jobs, but these would replace 725,000 existing public service jobs under the Comprehensive Employment and Training Act, bringing the net job creation down to less than half the 1.4 million.

⁹⁰ Congressional Budget Office, op. cit., 31 (see note 88).

⁹¹ The Congressional Budget Office estimated that PBJI would add 3.5 million families to the welfare rolls (*ibid.*, 71), would increase federal costs by \$17.4 million and reduce state and local expenditures by \$3.4 million. Cumulative marginal tax rates would be high, for example between 66 and 72 percent, for a single parent not expected to work and 54 percent at about \$6,000 earnings for a family of four with a member expected to work (p. 31).

⁹² Joseph Califano, *Governing America: An Insider's Perspective from the White House and the Cabinet* (New York: Simon and Schuster, 1981), 322, 334-36, 344, 348.

⁹³ The phrase, "veto coalition," is used by Paul Pierson, "The Creeping Nationalization of Income Transfers in the

United States, 1935-94,” in Stephen Leibfried and Paul Pierson, eds., *European social Policy: Between Integration and Fragmentation* (Washington, DC: Brookings Institution, 1995), 314-318.

⁹⁴ Toni Carabillo, "Promises, Promises': A NOW Observer Assesses the Carter Presidency," *Do It NOW* 10 (September/October 1977): 13, cited in Guida West, *The National Welfare Rights Organization: The Social Protest of Poor Women* (New York: Praeger, 1981), 327.

⁹⁵ National Organization for Women, Inc., Testimony on Welfare Reform Submitted to the Subcommittee on Public Assistance of the Senate Finance Committee, Washington, DC, May 12, 1978, 3-4 (Hereafter NOW.)

⁹⁶ Califano, *op. cit.*, 362 (see note 92).

⁹⁷ According to the Congressional Budget Office, over 80 percent of the \$22 billion projected EITC expenditures for the EITC in 1999 are direct outlays that exceed beneficiaries' tax liabilities. These show up in the Federal budget just as any other just as any other direct expenditure, while the remaining \$3.4 billion of EITC expenditures are tax refunds or tax expenditures that only show up as reduced tax revenues. One clue that the benefit is largely a form of public assistance is the fact that it is sometimes called the Earned Income Credit instead of the Earned Income Tax Credit. U. S. Congress, Congressional Budget Office, *Reducing the Deficit: Spending and Revenue Options* (Washington, DC: Author, March 1994), table 7, 200. The British social-welfare theorist, Richard Titmuss described what the U.S. government calls "tax expenditures" as "fiscal welfare," and he used the term "iceberg phenomenon of social welfare" to suggest that these benefits are hidden from the budget process. "The Role of Redistribution in Social Policy," in Richard M. Titmuss, ed., *Commitment to Welfare* (New York: Pantheon Books, 1986).

⁹⁸ For discussion of Long's views and his leadership role in the enactment of the EITC, see Dennis L. Ventry, Jr., *The Collision of Tax and Welfare Politics: The Political History of the EITC*, University of California, Santa Barbara and Tax Analysts, VA, undated, unpublished paper, 10-12. Policymakers wanted to ease the burden of Social Security payroll taxes that fell regressively on lower-wage workers.

⁹⁹ Isaac Shapiro and Robert Greenstein, *Making Work Pay: The Unfinished Agenda* (Washington, DC: Center on Budget and Policy Priorities, 1993), 14-32; and Bradley R. Schiller, *The Economics of Poverty and Discrimination* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1989), 105.

¹⁰⁰ U.S. Bureau of the Census, *Workers with Low Earnings: 1964 to 1990*, Current Population Reports, Series P-60, No. 178, (Washington, DC: U.S. Government Printing Office, 1992), 2. Low annual earnings is defined as less than the poverty level for a four-person family.

¹⁰¹ John Karl Scholz, "Tax Policy and the Working Poor: The Earned Income Tax Credit," *Focus* 15(Fall-Winter 1993-1994): 2; Sar A. Levitan, *Programs in Aid of the Poor*, 5th ed. (Baltimore: The Johns Hopkins University Press, 1985), 51.

¹⁰² Russell Sykes, Memorandum to Partners in the EITC Coalition, Albany, NY, State Communities Aid Association, June 8, 1994.

¹⁰³ Richard Perez-Peña, "Tax Credit Rise Urged for Poor in New York," *New York Times*, 2 March 1998, B4.

¹⁰⁴ State Communities Aid Association, *A Helping Hand for Working families: Tax Credits and Programs that Support Your Work* (Albany, NY:Author, 2000).

¹⁰⁵ Rebecca M. Blank and Patricia Ruggles, "When Do Women Use AFDC and Food Stamps: The Dynamics of Eligibility versus Participation," photocopy, Washington, DC: Urban Institute, 1993, cited in Scholz, *op. cit.*, 4 (see note 150).

¹⁰⁶ Shapiro and Greenstein, *op. cit.*, 26-29 (see note 99).

¹⁰⁷ Lynn M. Olson with Audrey Davis, *The Earned Income Tax Credit: Views from the Street Level*, Evanston, IL,

¹⁰⁸ See, e.g., Bruce D. Meyer and Dan T. Rosenbaum, "Welfare, the Earned Income Tax Credit, and the Labor Supply of Single Mothers," Evanston, IL, Northwestern University, 1998, manuscript.; and Liebman, op. cit. (see note 150).

¹⁰⁹ For review of this evidence, see Robert Cherry, "Let's Have an Adequate Minimum Wage," *Uncommon Sense* 10 (New York, National Jobs for All Coalition, 1996). The estimates of job loss by opponents of minimum-wage hikes have been politically effective but greatly over-estimated, and some recent evidence suggests there may not be any loss at all. For a study that showed no effect on Texas fast-food restaurants after the minimum wage was increased to \$4.25, see Lawrence Katz and Allan Krueger, "The Effects of the Minimum Wage on the Fast Food Industry," *Industrial and Labor Relations Review* 46 (October 1992): 6-21. Cherry also points out that with a higher minimum wage, some job loss does not harm workers, for they have to work fewer weeks to obtain the same yearly income, and if those who lose jobs find employment within 11 weeks, the minimum wage rise increases their annual incomes.

¹¹⁰ For a recent work that opposes minimum wage increases on this and other grounds, see Daniel Shaviro, "The Minimum Wage, the Earned Income Tax Credit, and Optimal Subsidy Policy," *University of Chicago Law Review* 64 (Spring 1997): 405-482. Cherry, *ibid.*, points out that minimum wage proponents consider Department-of-Labor studies that find that small proportions of minimum-wage hikes that go to poor households are underestimates, for they include only workers paid at an hourly rate. He cites Burkhauser and Glen who found that if all workers whose pay was below the minimum are included, including those not currently covered by the law, an estimated 33 percent of the minimum-wage increase would have gone to the working poor or about twice the estimate of the Labor Department, with an additional 16 percent to the near-poor. See Richard V. Burkhauser and Andrew J. Glenn, *Public Policies for the Working Poor: The Earned Income Tax Credit versus Minimum Wage Legislation*, unpublished paper, 1993. Available from Employment Policy Institute, Washington, DC.

¹¹¹ Minimum wage data are from the U. S. Department of Labor, Bureau of Labor Statistics, and the poverty standards are from the U. S. Department of Commerce, Bureau of the Census. See also Isaac Shapiro, *No Escape: The Minimum Wage and Poverty* (Washington, DC: Center on Budget and Policy Priorities, 1987), Appendix A, 19.

¹¹² When AFDC was repealed, in August 1996, the year-round, full-time earnings of a minimum-wage worker, plus the maximum credit of \$3,556 was \$12,396 or 98.7 percent of the three-person poverty standard. Later that year the minimum wage was raised, and the minimum wage and the EITC rose to 107.0 percent of the standard.

¹¹³ This, as Greenstein and Shapiro point out, does not mean that the EITC provides more support to poor families than other government programs such as TANF and food stamps but instead that a larger proportion of families receiving these programs have incomes further below the poverty line than EITC recipients, and that the size of benefits from these programs is reduced as a family's earnings increase. Robert Greenstein and Isaac Shapiro, *New Research Findings on the Effects of the Earned Income Tax Credit* (Washington: Center on Budget and Policy Priorities, 1998), 7-9.

¹¹⁴ Leatha Lamison-White, *Poverty in the United States: 1996*, U. S. Bureau of the Census, Current Population Reports, P60-198 (Washington, DC: U. S. Government Printing Office, 1997), table C-3, C-8-C-9.

¹¹⁵ Perez-Peña, op. cit. (see note 103).

¹¹⁶ Gary Mucciaroni, *The Political Failure of Employment Policy, 1945-1982* (Pittsburgh,: University of Pittsburgh Press, 1990), 76.

¹¹⁷ See, e.g., Gertrude S. Goldberg, "New Nonprofessionals in the Human Services: An Overview," in Charles Grosser, William Henry, and James Kelly, eds., *Nonprofessionals in the Human Services* (San Francisco: Josey-Bass, 1969).

¹¹⁸ Arthur Pearl and Frank Riessman, *New Careers for the Poor* (Glencoe, IL: The Free Press, 1965).

¹¹⁹ Kerner Commission op. cit., 234 (see note 57).

¹²⁰ Mucciaroni, op. cit., 81 (see note 116).

¹²¹ Ibid., 81; Helen Ginsburg, *Full Employment and Public Policy: The United States and Sweden* (Lexington, MA: Lexington Books, 1983), 50.

¹²² Sar A. Levitan and Frank Gallo, *Spending to Save: Expanding Employment Opportunities* (Washington, DC: Center for Social Policy Studies, George Washington University, 1992), 8; Mucciaroni, op. cit., 83. (see note 116).

¹²³ Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, NJ: Princeton University Press, 1992), 118; and Levitan and Gallo, *ibid.*, 8.

¹²⁴ Mucciaroni, op. cit., 168 (see note 116).

¹²⁵ Ibid., 85-86.

¹²⁶ Ibid., 168-69.

¹²⁷ Philip Harvey points out that while econometric studies conducted early in the CETA program found that the substitution effect was large, later case study and survey research suggest that the econometric studies overstated the problem. See Philip Harvey, *Securing the Right to Employment: Social Welfare Policy and the Unemployed in the United States* (Princeton, NJ: Princeton University Press, 1989), 80. Ginsburg points out that critics of CETA like the Ford Council of Economic Advisors consistently used the high estimates of substitution. See Helen Ginsburg, "Down and Out: Public Policies toward the Jobless and the Disabled," *Policy Studies Review* 4 (May 1985): 754. For the point about preserving rather than substituting for local services, see Nancy Rose, "Workfare vs. Fair Work: Public Job Creation," *Uncommon Sense* #17 (New York: National Jobs for All Coalition, May 1997).

¹²⁸ Paul Bullock, *CETA at the Crossroads: Employment Policy and Politics* (Los Angeles: Institute of Industrial Relations, University of California,) 115.

¹²⁹ Mucciaroni, op. cit., 184 (see note 116).

¹³⁰ Helen Ginsburg, op. cit., 753 (see note 127).

¹³¹ Levitan and Gallo (op. cit., 20 [see note 122]) report that two major, independent evaluations of CETA sponsored by the Labor Department concluded that "the overwhelming majority of public service employment activities appeared to be beneficial."

¹³² Bullock, op. cit., 55 and passim (see note 128); Mucciaroni, op. cit., 185 (see note 116).

¹³³ Mucciaroni (*ibid.*, 168) points out that although CETA expenditures dropped from \$8.9 billion in 1980 to \$7.6 billion in 1981, they were still higher than during the Nixon and Ford years.

¹³⁴ *Congressional Record*, 93d Congress, 2s Session, June 26, 1974, pp. H21278, at 21278, cited by Harvey L. Schantz and Richard H. Schmidt, "The Evolution of Humphrey-Hawkins," *Policy Studies Journal* 8 (Winter 1979): 369.

¹³⁵ Helen Ginsburg, *Full Employment and Public Policy: The United States and Sweden* (Lexington, MA: Lexington Books, 1983), 63).

¹³⁶ Weir, op. cit., 134 (see note 123).

¹³⁷ Ibid., 135.

¹³⁸ Ibid., p. 136.

¹³⁹ Ibid., p. 138.

¹⁴⁰ Ginsburg, op. cit., 65 (see note 135).

¹⁴¹ Ibid.; Schantz and Schmidt, op. cit., 372 (see note 134).

¹⁴² Schantz and Schmidt, *ibid.*, 374.

¹⁴³ Mucciaroni, op. cit., 182 (see note 116).

¹⁴⁴ Harvey, op. cit., 110 (see note 127).

¹⁴⁵ Ginsburg, op. cit., 141 (see note 135).

¹⁴⁶ Weir, op. cit., 136 (see note 123).

¹⁴⁷ Melvyn Dubofsky, "Jimmy Carter and the End of the Politics of Productivity," in Gary M. Fin, and Hugh Davis Graham, eds., *The Carter Presidency: Policy Choices in the Post-New Deal Era*. (Lawrence, KA: University Press of Kansas, 1998), 103. See also, Ginsburg, op. cit., 141 (see note 135).

¹⁴⁸ Ginsburg, *ibid.*, 141.

¹⁴⁹ Dubofsky, op. cit., 100 (see note 147).

¹⁵⁰ Weir, op. cit., 138 (see note 176).

¹⁵¹ Ginsburg, op. cit., 142 (see note 135).

¹⁵² Schantz and Schmidt, op. cit., 371-72 (see note 134).

¹⁵³ Ginsburg, op. cit., 140 (see note 135).

¹⁵⁴ Weir, op. cit., 140 (see note 123).

¹⁵⁵ Ginsburg, op. cit., 63 (see note 135).

¹⁵⁶ Stephen A. Woodbury and M. A. Rubin, "The Duration of Benefits," in Christopher J. O'Leary and Stephen A. Wandner, eds. *Unemployment Insurance in the United States: Analysis of Policy Issues* (Kalamazoo, MI: W. E. Upjohn Institute for Employment Research, 1997); and Isaac Shapiro and Marion E. Nichols, *Far from Fixed: An Analysis of the Unemployment Insurance System* (Washington, DC: Center on Budget and Policy Priorities, 1992).

¹⁵⁷ California's Community Work Experience Program (CWEP), initiated by Governor Reagan in 1972 was shut down in 1976. Out of some 70,000 welfare recipients deemed suitable for work, only 2,000 were actually placed in make-work jobs such as raking leaves, and only 400 graduated to "real" jobs. Bob Kuttner and Phyllis Freeman, "Women to the Workhouse: The Latest in Family Policy," *Working Papers* (November-December 1982): 18-19. Working Papers was published by the Trusteeship Institute, Cambridge MA between 1981-1983. Paul Pierson puts the number even lower—at only 1,000 jobs at its peak. Pierson, op. cit. (see note 93), 123.

¹⁵⁸ Pierson, *ibid.*, 122-123.

¹⁵⁹ Judith M. Gueron, *Reforming Welfare with Work*, occasional paper #2 (New York: Ford Foundation Project on Social Welfare and the American Future, 1987), 13.

¹⁶⁰ Figures calculated by the author from Table 5.6 "AFDC Maximum Benefit in Constant 1996 Dollars for a Three-Person Family by State for Selected Dates," in *Aid to Families with Dependent Children: The Baseline* (Washington, D.C.: Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, June 1998), 79.

¹⁶¹ Mark H. Greenberg, "Welfare Reform in an Uncertain Environment," paper presented at Planning a State/Local Welfare Strategy after the 104th Congress, organized by the Carnegie Corporation-Funded project, Confronting the New Politics of Child and Family Policies in the United States, 9 February 1996 (Washington, D.C.: Center for Law and Social Policy, 1996), 6.

¹⁶² States had the option, however, of making the child age option one, instead of three.

¹⁶³ Comparison of Prior Law and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). U.S. Government, Department of Health and Human Services website (7 June 1998) <http://aspe.os.dhhs.gov/hsp/isp/reform.htm>. See also: L. Jerome Gallagher, Megan Gallagher, Kevin Perese, Susan Schreiber and Keith Watson, *One Year after Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997* (Washington, D.C.: The Urban Institute, June 1998), 23-24.

¹⁶⁴ Governor Bill Clinton and Governor Michael Castle, "The States and Welfare Reform," *Intergovernmental Perspectives* 17 (Spring 1991): 17.

¹⁶⁵ MDRC researchers found that most states did not even engage in workfare, but instead in mandatory job search. Gueron, op. cit. (note 158), 13-38; See also: Sar Levitan and Isaac Shapiro, "What's Missing in Welfare Reform?" *Challenge* 30, No. 3 (July-August 1987): 41-48; Kenneth Jost, "Welfare Reform," *Congressional Quarterly Researcher*, 10 April 1992, 324. The only exception to the generally modest or inconsequential outcomes of welfare-to-work programs may have been the Child Assistance Program begun in several counties by New York State. An early assessment of this program in 1992 showed some progress in lifting the incomes of welfare mothers, but only because it was non-punitive and allowed them to keep a large proportion of their welfare grant even after getting a job. Kevin Sack, "Welfare Experiment Showing Signs of Success," *New York Times*, 11 June 1992, B1.

¹⁶⁶ James Riccio et. al., *GAIN: Benefits, Costs and Three-Year Impacts of a Welfare-to-Work Program*, cited in U.S. General Accounting Office, *Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment*, GAO/HEHS-95-28, Report to the Chairman, Committee on Finance, U.S. Senate, Washington, DC., December 1994, 19. Theresa L. Amott and Jean Kluver, *ET: A Model for the Nation?* (Philadelphia: American Friends Service Committee, September 1986).

¹⁶⁷ Judith M. Gueron and Edward Pauly, *From Welfare to Work* (New York: Russell Sage Foundation, 1991). The authors note, however, that the study findings may not be generalizable to the current workfare debate, since the reviewed programs took place in a different political context. The General Accounting Office found that only a small percentage (11 percent in an average month) of welfare recipients from 1991 to 1993 were served by the Jobs program and that the program's employment levels were weak. U.S. General Accounting Office, *ibid.*, 2.

¹⁶⁸ U.S. General Accounting Office, *Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress* GAO/HRD-91-106, Washington, DC., 27 September 1991.

¹⁶⁹ In 1992, 9.4 million people were counted as officially unemployed. This represented an official unemployment rate of 7.4 percent. Another 30.1 million were working part-time, and 6.2 million wanted jobs and didn't have them. Adjusting for the part-timers who wanted full-time jobs, Dembo and Morehouse calculated the underemployment rate at 14.3 percent, almost double the official unemployment rate. David Dembo and Ward Morehouse, *The*

Underbelly of the U.S. Economy: Joblessness and the Pauperization of Work in America (New York: The Apex Press, 1993), 5.

¹⁷⁰ Greenberg, op. cit. (note 160), 16.

¹⁷¹ Joel Handler, *The Poverty of Welfare Reform* (New Haven: Yale University Press, 1995), 65.

¹⁷² Lawrence Mishel and Jared Bernstein, *The State of Working America 1994-95* (Armonk, NY: M.E. Sharpe, 1994), 207.

¹⁷³ By early 1995, only 7 percent of single parents on AFDC were working full or part-time, according to the Department of Health and Human Services. Meanwhile, the recession had increased the welfare rolls. Jeffrey L. Katz, "GOP Welfare Plan: Self-Help, and Leave it to the States," *Congressional Quarterly* 53, No. 8 (25 February 1995): 614.

¹⁷⁴ Telephone interview with Sharon Daly, Vice President for Social Policy, Catholic Charities USA, Washington, D. C., 30 July 1998.

¹⁷⁵ Peter T. Kilborn, "Michigan Puts Poor to Work but Gains Appear Precarious," *New York Times*, 24 October 1995, A1.

¹⁷⁶ For compendia of state studies on former welfare recipients who have been tracked, see: National Governors' Association, National Council of State Legislatures and American Public Welfare Association, *Tracking Recipients after They Leave Welfare: Summaries of State Follow-up Studies* (Washington, DC: National Governors' Association, July 1998); Sharon Parrott, *Welfare Recipients Who Find Jobs: What Do We Know about Their Employment and Earnings?* (Washington, D.C.: Center on Budget and Policy Priorities, 16 November 1998). Available at: Center on Budget and Policy Priorities (28 December 1998) <http://www.cbpp.org/11-16-98wel.htm>; Arloc Sherman, Cheryl Amey, Barbara Duffield, Nancy Ebb and Deborah Weinstein, *Welfare to What: Early Findings on Family Hardship and Well-Being* (Washington, DC: Children's Defense Fund and National Coalition for the Homeless, December 1998); Jack Tweedie, Dana Reichert and Matt O'Connor, *Tracking Recipients after They Leave Welfare* (Washington, DC: National Conference of State Legislatures, July 1999). Available at: National Conference of State Legislatures (5 September 1999) <http://www.ncsl.org/statefed/welfare/leavers.htm>; U.S. General Accounting Office, *Welfare Reform: States' Implementation Progress and Information on Former Recipients*. Statement of Cynthia M. Fagnoni, Director Education, Workforce, and Income Security Issues Health, Education, and Human Services Division testimony before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives, GAO/T-HEHS-99-116, 27 May 1999 (Washington, DC: U.S. General Accounting Office); U.S. General Accounting Office, *Welfare Reform: Information on Former Recipients' Status* GAO/HEHS-99-48, April 1999 (Washington, DC: U.S. General Accounting Office).

¹⁷⁷ Sherman et al., *ibid.*, 1.

¹⁷⁸ *Ibid.*

¹⁷⁹ *Ibid.*

¹⁸⁰ From Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* Urban Institute (Washington, DC) Discussion Paper 99-02, 1999, cited by Philip Harvey, "Combating Joblessness: An Analysis of the Principal Strategies That Have Influenced the Development of American Employment and Social Welfare Law during the 20th Century," *Berkeley Journal of Employment & Labor Law* 21(forthcoming August 2000).

¹⁸¹ John Eatwell, *Disguised Unemployment: The G7 Experience*, Cambridge University, Trinity College, August 1995. Eatwell follows ideas first developed by Joan Robinson, "Disguised Unemployment," in *Essays in the Theory of Employment* London: Macmillan, 1937). Empirically he defines disguised unemployment as "the number of jobs which would need to be lost if a sector is to attain a level of value productivity per head equal to 80 percent of the level of productivity in manufacturing" (p. 33).

¹⁸² In 1989, the peak of the last business cycle, the poverty rate was 12.8 percent, compared to 12.7 percent in 1998. See, Joseph Dalaker, U. S. Census Bureau, *Poverty in the United States: 1998*, Current Populations Reports, P60-²⁰⁷

(Washington, DC: U. S. Government Printing Office, 1999), table B-2, B-6.

¹⁸³ Timothy Smeeding, "Financial Poverty in Developed Countries: The Evidence from LIS: Final Report to the UNDP, Working Paper No. 155 (Syracuse, NY: Syracuse School of Citizenship and Public Affairs, 1997), table 5.

¹⁸⁴ Center on Budget and Policy Priorities news release, "Low Unemployment, Rising Wages Fuel Poverty Decline" (Washington, DC: Center on Budget and Policy Priorities, 1 October 1999).

¹⁸⁵ Dalaker, op. cit., table 2, 2-5 (see note 182).

¹⁸⁶ Center on Budget and Policy Priorities, op. cit. (see note 184).

¹⁸⁷ John T. Cook and J. Larry Brown, *Analysis of the Capacity of the Second Harvest Network to Cover the Federal Food Stamp Shortfall from 1997 to 2002*, CHPNP Working paper Series FSPSF-070197-1 (Medford, MA: Center on Hunger, Poverty and Nutrition Policy, Tufts University School of Nutrition Sciences and Policy, July 1997), 4-5.

¹⁸⁸ For the 1999 figures, see Ginsburg and Ayres, op. cit. (see note 8). In May 1995, when official unemployment was 5.7 percent, there were 7.5 million unemployed workers, 4.5 involuntary part-time workers, 6.5 million non-job seekers who wanted a job, and an estimated 13.4 million full-time, year-round workers earning less than the poverty level. The latter figure is less than the 1998 estimate of 16.7 million. The 1995 unemployment data and estimate of the working poor are from Helen Lachs Ginsburg and Bill Ayres, "Employment Statistics: Let's Tell the Whole Story," *Uncommon Sense* # 4 (New York: National Jobs for All Coalition, August 1995). The number of workers earning less than the poverty level for a family of four are estimated from U. S. Census Bureau, *Money Income in the United States: 1998*, P60-206 (Washington, DC: U. S. Government Printing Office, 1999), table 10, 38. The figure for the earlier year is estimated from the same series.

¹⁸⁹ Philip Harvey, "Paying for Full Employment: A Hard-Nosed Look at Finances," *Social Policy* 25 (Spring 1995): 21-30. See also Philip Harvey, "Paying for Full Employment," *Uncommon Sense* #14 (New York: National Jobs for All Coalition, December 2000).

¹⁹⁰ The bottom decile of female workers gained 10.4 percent, and the bottom quintile gained 6.2 percent, compared to a 1.9 percent median gain of all workers. However, the gains for lowest-paid women workers were not even as large as the 16.9 percent real rise in the minimum wage between 1989 and 1998. Reference to be supplied.

The earnings of the lowest-wage workers have risen 10.4 percent increase in real hourly wages for the bottom decile and 6.2 percent for the bottom quintile, compared to 1.9 percent for the median gains of all workers). However, the gains for lowest-paid women workers were not even as large as the 16.9 percent real rise in the minimum wage between 1989 and 1998. Need reference.

¹⁹¹ Richard Trumka, Secretary -Treas. of the AFL-CIO has joined the Advisory Board of the National Jobs for All Coalition and appointed William Fletcher, Assistant to AFL-CIO President, John Sweeney as Liaison to the Coalition.

¹⁹² Marc-Andre Pigeon and L. Randall Wray, *Down and Out in the United States*, Public Policy Brief, No. 54A (Annadale-on-Hudson, NY: Jerome Levy Institute, July 1999).

¹⁹³ George T. Silvestri, "Occupational Employment Projections to 2006," *Monthly Labor Review* 120 (November 1977): 78.

¹⁹⁴ David R. Howell, "The Skills Myth," *American Prospect* 18 (Summer 1994): 81-90; see also, Howell, "The Collapse of Low-Skill Wages: Technological Change or Institutional Failure?" *Uncommon Sense* #13 (New York: National Jobs for All Coalition, 1998).
