

Commentary on the book *The Failed Welfare
Revolution: America's Struggle over Guaranteed
Income Policy*

Tenth USBIG Congress – New York City

27 February – 1 March 2009

Richard K Caputo, PhD.

Yeshiva University

Wurzweiler School of Social Work

Let me first take this opportunity to thank Karl Widerquist for bringing *The Failed Welfare Revolution* to my attention and for the invitation to participate in the panel. The book has much merit, so I also thank Brian Steensland for writing it. *The Failed Revolution* is a fine social science case study of policy development that gets a lot of things correct, theoretically and empirically, and about which I'll have more to say, as well as some quibbles, in a formal review that I will submit later this year to the *Eastern Economic Journal*.

For purposes of today's discussion, I have a narrower two-fold focus, both stemming from Chapter Seven, Lost Opportunities. The first focus concerns the issue of whether passage of a basic income scheme would have mitigated the rise of conservative welfare retrenchment in the 1980s and the second issue concerns what implications Brian Steensland's analyses, conclusions, and self-admitted speculations in *The Failed Welfare Revolution* have for prospects of adopting basic income guarantee in the US in the foreseeable future. In addition to these two foci, I'll conclude with one quibble in regard to the theoretical reach of the book.

In regard to the first focus, let me say at the outset that the rise of the conservative ideology as a dominant force in US politics from the 1980s onward went well beyond debates about the welfare program then known as Aid to Families with Dependent Children (AFDC) which a the focus of the Nixon administration's Family Assistance Plan (FAP) and the Carter administration's Program for Better Jobs and Income (PBJI). The policy world changed after the oil crisis of 1973 and welfare reform per se played a minor role in the totality of the Carter administration and was virtually ignored during the first term of the Reagan administration. The 1978 tax revolt in California had little to nothing to do with the AFDC program per se and signified a larger unease across the country with government failure to bring inflation under control and the simultaneous increase in unemployment, both of which were in double digits at the end of the 1970s and early 1980s. The first Reagan administration, even if misguided, did what it believed was essential to do to get inflation under control. That meant greater unemployment for the first several years of Reagan's first term.

Many of the Reagan administration "cuts," primarily in programs targeting poor persons, captured so aptly in *The Failed Welfare Revolution*, in all likelihood would have occurred even if FAP or the more modest PBJI had passed. Poverty reduction was no longer considered an end of welfare policy. Further, as the proportion of mothers with young children in the labor force became comparable to women with children in general, a main rationale for AFDC, a minor component of the US welfare state as a whole, was compromised. The ascendancy of the far broader conservative agenda was just beginning to coalesce as a pervasive political force and would take another decade before it became "institutionalized" in 1995 when Republicans took control of Congress and had sufficient

votes to make balancing the budget and other conservative goals embodied in the by now infamous Newt Gingrich, Dick Armey and other House Republican's *Contract with America* legislative realities. It is within this larger context that attacks on the welfare state in general occurred, with reform of the AFDC program as one small component more emblematic vis-à-vis a driving force of the ascendancy of conservative ideology. So, I would take issue only with the emphasis I perceived Brian Steensland gives to the role welfare reform in general and FAP in particular played in the rise of conservative or what is in other circles called neoliberal ideology in the 1980s and 1990s.

In regard to the second issue about lessons learned that might guide efforts to adopt a basic income scheme in the US, Brian Steensland contends that liberals and progressives would do well to attend to the cultural dimension of welfare reform politics, to the moral distinction between the deserving and undeserving poor. I suspect Brian Steensland makes a perhaps too strong case that retention of the moral categories deserving vs. undeserving operated as a more or less cognitive straitjacket precluding passage of FAP as well as the Program for Better Jobs and Income (PBJI). He argues that policy makers and the public at large could not then and perhaps still cannot now make a cognitive leap and treat deservedness as a continuum, rather than as a categorical imperative, that this moral dichotomy might have been overcome and opened a way for the path not taken. I would argue instead that one need not be enwrapped in a cognitive straightjacket to reject the idea of unconditional cash transfers.

The importance of moral categorization is not to be minimized, and *The Failed Welfare Revolution* does us a service in highlighting its endemic nature to the political

process of policy development. Many of us non-economist policy wonks have always acknowledged the central role of moral values have in the policy making process, but it is only one of many factors and perhaps not even the most salient given the multiplicity of political self-interests (to get elected or re-elected, to bring federal money into states and localities, to maximize one's influence or one's constituency while minimizing that of others, and the like) and of competing moral imperatives (reciprocity, mutual obligation) that operate in the body politic. I suspect that even if one were to create ways to break the cognitive cocoon in which the deserving vs. undeserving moral categories envelops us and to construct an open ended continuum with no zero anchor equivalent to undeserving, it would be insufficient for adoption of a basic income guarantee in the US in the Obama administration or in the foreseeable future thereafter. Brian Steensland seems to acknowledge as much in his discussion of reciprocity which GAI plans challenged.

I suspect the notion of reciprocity goes well beyond contract theory with its implied rational choice mechanism that Blau (1999) suggested was applied selectively and punitively in the welfare reform debates of the mid-1990s. Broadening the concept of what constitutes socially valuable work, as Brian Steensland recommends, in one alternative that others have argued might equitably meet reciprocal expectations (e.g. Caputo, 2005). The challenge here, however, is uprooting the centrality that labor force participation or "paid work" plays in the US psyche. Philip Harvey (e.g. 2003; 2008), of course, has been arguing this for years, so I need not develop this notion any further. I suspect most of us are aware of his scholarly output in this regard. All I am suggesting here is that there are principled reasons for rejecting the unconditional nature of a basic income guarantee and that go well beyond both the moral categorical straightjacket of

deserving vs. undeserving poor that Brian Steensland so aptly captures but also beyond his recommended continuum of deservedness.

A final issue I'd like to raise briefly is that of the relative contribution moral considerations played as an explanatory factor for the failure to pass FAP and BIJP. In my own examination of FAP (Caputo 1994, 2002), I surmised that race was integral: basically, the prospect of poor Southern blacks receiving income from FAP at levels well above their earned wages directly threatened the white economic and political basis of the US South and galvanized opposition from Congressional Southern Democrats. Since the 1960s, race has played a decisive role in policy responses to welfare reform efforts. In an interesting analysis of factors contributing to the "get tough" program rules that accompanied implementation of TANF, for example, Soss, Schram, Vartanian, and O'Brien (2001) test competing explanations, including among others as an expression of moral values and as an outlet for racial resentment. Racial composition of families receiving benefits were the most decisive of all explanations: the more blacks on the rolls, the tougher the state policies. I suppose I might be accusing Brian Steensland of theoretical overreach in light of his emphasis on moral categorization, but I must also give him credit for doing something I did not do which had theoretical respectability, namely accounting for two historical events, FAP and PBJI. As a Southern Democrat, President Carter might have given less support to PBJI efforts than Nixon gave to FAP, thereby providing some additional evidence for my own analyses, but I do not think that he harbored an animus to black Americans that matched Senator Strom Thurmond's (D-SC) for example. So, even though I might quibble with Brian Steensland for giving too

much weight to morality as an explanatory factor, I do applaud his efforts to expand the scope of its theoretical reach.

References

- Blau, J. (1999). *Illusions of prosperity: America's working families in an age of economic insecurity*. New York: Oxford University Press.
- Caputo, R.K. (1994). *Welfare and freedom American style II: The role of the federal government, 1941-1980*. Lanham, MD: University Press of America.
- Caputo, R.K. (2002). FAP flops: Lessons learned from the failure to pass the family assistance plan in 1970 and 1972. *USBIG Discussion Paper No. 31*. Retrieved February 20, 2009 from <http://usbig.net/papers/031-Caputo.doc>
- Caputo, R.K. (2005). Redistributive schemes that skirt poverty: Reconsidering social justice in light of Van Parijs and Zucker. *Journal of Poverty*, 9(3), 109-129.
- Harvey, P. (2003). The right to work and basic income guarantees: A comparative assessment. *USBIG Discussion Paper No. 57*. Retrieved February 22, 2009 from <http://usbig.net/papers/057-Harvey-Right2Work.doc>
- Harvey, P. (2008). Laying out the argument for a public work program. *USBIG Discussion Paper No. 181*. Retrieved February 22, 2009 from <http://usbig.net/papers/181-Harvey--ProgAlternative.pdf>
- Soss, J., Schram, S.F., Vartanian, T.P., & O'Brien, E. (2001). Setting the terms of relief: Explaining state policy choices in the devolution revolution. *American Journal of Political Science*, 45(2), 378-395.