Institutions and Agents in the Politics of Welfare Cutbacks

By Frances Fox Piven

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Institute for Research on Poverty
University of Wisconsin–Madison
The idea that welfare state programs are not only the consequence of politics, but that once created, they are powerful influences on the politics that subsequently shapes the programs, is by now familiar. On the one side, social democratic analysts have argued persuasively that not only do labor parties and their union allies support welfare state programs, but that these programs, when they are structured to build class solidarity, in turn strengthen the working class formations on which the programs depend. On the other side, American programs, and to a lesser extent the programs of other Anglo countries, are often criticized because they enfeeble rather than strengthen their beneficiaries in politics. Programs are fragmented, and fragmented programs divide constituency groups, with consequences that weaken the program. Thus means-tested programs for selected constituencies provide meager benefits and are punitively administered, and these features in turn generate wider public opposition rather than support. The incidence of taxes that provide the revenues for the programs can also generate divisions among groups that might otherwise be political allies. The moral is that categorical programs isolate and enfeeble program beneficiaries politically, while more universal programs nourish broad political support.

In this paper, I will argue that while there is truth in an institutionalist view that focuses on welfare state policies, it is both misstated, and overstated. It is misstated because it tends to treat welfare state institutions as virtually a bounded world, ignoring the multiple ways that the politics generated by other and larger institutions in the society shape the politics of the welfare state and its beneficiaries. It is overstated because, while institutions do influence politics, they are not singularly determining. Institutions matter largely in the construction of political actors, in forming their identities and interests, and in making possible the strategies they employ. But political actors also innovate and interact in ways that not only reflect but also escape the structured and continuous influence of institutions. Indeed, if that were not so, there would be little need to scrutinize the realm of political action, of interest groups, social movements, and political parties, for with a sufficiently complex analytical model, all of that
political activity could presumably be deduced from the institutions that shape it.\textsuperscript{i}

First, let me highlight what we all do indeed know, at least most of the time, that welfare state institutions are neither bounded and isolated nor necessarily primary in the development of the politics of the welfare state. Rather, the policies that govern the welfare state are formulated in the context of the larger institutions of the economy, the polity, the church, the family, and so on. Decisions about social policy are of great moment to many groups. They involve the expenditure of billions of dollars with large implications for taxation and government borrowing, and for capital and labor markets. These decisions also affect the well-being of large strata of the population, including the recipients of services and income supports, and the growing numbers of service providers, as well as the local communities that depend on government programs for infrastructure support. Moreover, social policy politics has become a kind of political theater played to wide audiences and managed by politicians trying to sway voting publics.\textsuperscript{ii}

In fact, a fair amount of attention has been given to the role of political institutions in the formation of social policies. The school known as “historical institutionalism” is preoccupied with the impact of formal features of the American political system, such as federalism, or the design of our electoral-representative arrangements, on the evolution of our social policies. These arrangements of course matter, but the impact of politics on social policy is not circumscribed by the formal features of political institutions. The school tends to give short shrift to political agents, especially when the emergence of these agents does not seem to flow naturally from institutionalized features of the American polity. In particular, the school is at some pains to underplay the role of economic interest groups and social movements.

While it should not need saying, economic institutions also matter mightily in the politics of social policy. The preoccupation of welfare state policy makers with the effects of relief, or unemployment insurance, or disability programs, or pension programs, on labor markets provides
suggestive evidence of the bearing of economic institutions on social policy. The age-old concern of employer interests with social policy has always reflected the fear that programs that provide income that is politically-conditioned instead of work-conditioned will relax labor market discipline (Piven and Cloward, 1971, 1993). The more recent celebration of expanded income support programs as “decommodifying” makes the same point in reverse (Esping-Andersen, 1988; 1990). And the contemporary drive for “labor market flexibility” across the developed welfare states is in part a drive to reassert the primacy of labor markets in structuring welfare state policy.

Economic actors also have large stakes in welfare state programs because the programs require government expenditures and therefore taxation. A generous welfare state means higher taxes; a tight-fisted welfare state means lower taxes. Obviously, economic actors will be interested not only in the level of taxation associated with social policies, but with their incidence. This also can be complicated, for it involves not only the straightforward question of who bears the cost, but which level of government extracts the taxes, simply because subnational governments concerned to keep investors and affluent residents within their jurisdictional boundaries will tend toward more regressive patterns of taxation. Finally, there are the stakes of market actors in the opportunities for profit that can result from the privatization of welfare state programs, a development that appears to be of growing importance.

The institution of the family also matters, as a glance at the history of poor relief in the U.S. makes evident. During the long period that the primacy of the maternal role of at least middle-class mothers was taken for granted, our social policies reflected that institutional arrangement, first in the design of “mother’s pensions,” and then in the design of the Aid to Families with Dependent Children program. Once family roles began to change, and more and more women moved into the labor force, that development was registered in the design of poor relief, as the “work first” slogan of Temporary Assistance to Needy Families program created in 1996 makes evident.iii
And then there is the church, which before the rise of commercial capitalism in the west was the main source of poor relief, and is again becoming more important. As government benefits shrink, hard pressed Americans turn to the churches, and especially to the fundamentalist Protestant churches that have become part of the administration’s “faith-based” social service network. Individual churches receive government funds to expand their services and their membership, and the churches in turn urge their parishioners to vote against candidates who favor abortion and gay rights, which in practice means voting against Democrats. This is an attempt by a Republican regime to revive the clientelist uses of relief, especially in the African American and Hispanic communities that have hitherto been the bulwark of Democratic party support. Here indeed is an attempt to use policy to shape politics.

All this said, even taken together, the influence of these institutions is only part of the explanation of the politics of social policy. Institutional arrangements help constitute the identities, interests and strategies of political actors, and they also stand as constraints on political action. Nevertheless, identities and strategies change in ways not predicted by specific institutions, and institutional constraints can be overcome. Sometimes these unexpected developments can be illuminated by attention to developments in institutional spheres outside the purview of the analyst. After all, political actors are not bounded by the analytical lines we draw around particular institutions, and given human capacities for reflection and innovation, the ideas, identities, even resources generated in one institutional sphere can migrate to influence political action in other institutional spheres.

The point I am making is thus two-sided. On the one hand, institutions, even broadly considered, do not entirely shape the politics of social policy. And on the other hand, even the most striking expressions of agency are nevertheless also shaped by and limited by institutional structures. In other words, structure and agency each inform the other. Or in the words of Anthony Giddens, structural constraints “serve to open up certain possibilities of action at the same time they restrict or deny others.”
I begin to elaborate these observations by focusing on welfare, by which I mean mainly means-tested cash and in-kind assistance programs for the poor. From their origins in poor relief, these programs have always been designed to control, or regulate, the work behavior of the poor and the near-poor. Whether poor relief or Mothers Pensions or Aid to Dependent Children (ADC) or Aid to Families of Dependent Children (AFDC) or Temporary Assistance to Needy Families (TANF), the programs have included elaborate safeguards to restrict aid to the people once called “unemployables,” on the one hand, and to ensure that those who do get aid get less, usually much less, than the lowest wage earner. Even that little aid has always been given on harsh and degrading terms. So, there are institutional continuities in American relief policy.

But there are also periods of dynamic and radical change in these traditional practices that cannot be predicted from the structure-induced stability that an institutional analysis posits. In fact, American social policy development is widely agreed to have developed in periods of explosive change. Almost all of the social welfare legislation of consequence in the industrial era was enacted in just two six-year periods: 1933-38 and 1963-68 (with the exception of the Supplemental Security Income program of 1972, a delayed federal reaction to the state and local fiscal burdens resulting from the great expansion of the relief rolls in the 1960s). None of this can easily be explained as a simple evolutionary outgrowth of earlier policies.

Thus, during the first big bang, national income support programs were initiated, at first in the form of emergency relief, which reached millions of people, and supported them at levels that amazed and often outraged local elites. The Civil Works Administration work relief program created during the bad winter of 1933-34 went so far as to eliminate the means test and pay wages far more generous than the average relief benefit. Together, relief and work relief programs reached 28 million people, or 22.2 percent of the population, and social spending increased rapidly, from 1.34 percent of GNP in fiscal 1932 to 5 percent by 1934. In 1935, the Social Security Act established the framework for almost all of our income
support programs, beginning with old age pensions, unemployment benefits and "categorical" programs for the otherwise uncovered aged, the blind, and orphans. These were the programs that came to be known as welfare. Subsidized housing programs were also introduced. By 1938, social spending in the United States was proportionally higher than that of any European power at the time.\textsuperscript{x}

The 1960s saw the major expansion of the entitlements inaugurated in the 1930s, including the liberalization of old age pensions and unemployment insurance through extension of coverage and higher benefits, a quadrupling of the numbers of women and children on the Aid to Dependent Children program, the creation of Medicare for the elderly and Medicaid for the poor, new nutritional and housing programs, of which the food stamp program was most important, since it expanded from only 49 thousand monthly participants in 1961 to over 11 million by 1972.\textsuperscript{xi} Overall, federal expenditures in support of individual and family income increased from $37 billion to $140 billion in the decade after 1965. By the mid-1970s, official poverty levels had dropped to an all-time low, from 20 percent in 1965, to 11 percent.\textsuperscript{xii} Federal spending on the programs was projected to reach $373 billion in fiscal 1982. Together with matching funds contributed by states and localities for AFDC and Medicaid, projected to reach $25 billion, these sums were equal to 12 percent of the estimated Gross National Product.\textsuperscript{xiii}

The historical-institutionalists who review this history try to answer two questions. Why was the U.S. a laggard in welfare state development when it was not a laggard either in industrial or political development?\textsuperscript{xiv} And why, when the European experience seems to suggest the gradualist development of policy, was the pattern of American policy development so explosive, with most welfare state policies initiatives concentrated either in the mid-1930s or the mid-1960s?\textsuperscript{xv}

To explain the late development of the American welfare state, the historical-institutionalists point to unique institutional constraints on policy and politics that limited the growth of social policy initiatives. Thus, much attention is devoted to the inhibiting effects on new initiatives of the federal system in the United States. The constraining influence of sub-national authorities on federal policy formation presumably explains why, for
example, the implementation of unemployment benefits in the 1930s was ceded to the states. Similarly, they argue that a distinctive American "policy heritage" and the more limited capacities of our national government explain why, for example, World War II led to broad national social welfare reforms in Great Britain, but only to fragmented programs in the United States.\textsuperscript{xvi}

Other limits on new social policy initiatives were generated by distinctive American electoral arrangements, including a party system that relied on patronage, thus making elites fearful of the potential abuses of social policy. More recently, Amenta has borrowed from the "legal-institutional" explanation of low voter participation in electoral studies, invoking the argument that legal and procedural restrictions on the franchise kept voting low among the less-well-off who had large stakes in social policy reform.\textsuperscript{xvii} Then also constitutional and congressional arrangements privileged a southern congressional delegation determined to prevent federal policies that would interfere with the southern system and especially with its low wage and chattel labor supply. These more specific elaborations aside, the overall point of view is clear. As Weir says, "One of the most powerful factors determining how groups define their policy interests and which alliance they enter is the organization of political institutions."\textsuperscript{xviii}

There is ample evidence of institutional constraints, and surely they are part of the answer to why the United States was a social policy laggard. However, and perhaps inevitably, a theoretical toolkit dominated by inherited institutional limits fares far less well in explaining periods of rapid change.\textsuperscript{xix} If features of American political institutions inhibited policy development, those features were nevertheless at least partly overridden during the big bangs of social policy creation. And once initiated, new policies obviously change institutional arrangements. The big bangs led to an enormous growth in national government capacity as a result of the enlargement of its policy and spending authority.

For example, much is made by the historical institutionalists of the impediments to national initiatives posed by preexisting state and local policy authority. At first glance, the federal emergency relief program of 1933 seems to provide evidence of the influence of this state-centered constraint. Relief had always been a state and county responsibility and the new national
emergency relief program was designed, in principle, to conform with that precedent. Responsibility for operating the programs was delegated to the states and counties, and they were required to contribute $3 for every $1 from Washington. So, institutional precedents mattered, somewhat. But many states wouldn't or couldn't allocate the funds. The Roosevelt Administration ignored this, and fielded a mass relief program anyway, and did so rapidly.

Why? Edwin Amenta, who relies on the full battery of state-centered explanations to explain why the U.S. was a welfare laggard, nevertheless surreptitiously reverts to an electoral argument to explain the rapid expansion of welfare policy in the 1930s. He argues that during the Depression, there were more "pro-spenders" in the congress. True. But why did congressional representatives become pro-spenders in the 1930s? What happened that led voters and politicians to break with the fiscal conservatism of American politics?

Electoral shifts themselves have to be explained. And electoral change in the 1930s was at least in part propelled by the protest movements of the era which raised new and urgent issues and threatened to wreak havoc with a still unstable majority Democratic electoral coalition. Insurgency by the unemployed, in the form of rallies and riots, rent strikes and looting, and takeovers of local and private relief offices, was mounting, and strapped and besieged local officials were clamoring for help. So the federal money poured out, whether or not state governments paid their share. Indeed, national officials simply federalized the administration of relief in six resistant states.

When the tumultuous politics of the 1930s subsided, the emergency programs were terminated. What was left for the very poor were the state-administered categorical assistance programs legislated in the Social Security Act, including Aid to Families with Dependent Children (AFDC). Few women and children actually received AFDC benefits, however, and those that did had virtually no rights. They were subject both to bureaucratic runarounds, if they were permitted to apply at all, and to the often arbitrary decisions of agency staff. Benefit levels were miserably
low. And the procedures for getting on the rolls, and staying on the rolls, were laden with shaming rituals of interrogation and investigation. There was a theatrical aspect to the shaming as well, as politicians periodically called for investigations to clean up "welfare fraud," by requiring more home investigations, more midnight raids to search for men, and so on. That the program was decentralized, largely run by states and counties, and also relied in part on state and county funding, gave extra bite to the politics of welfare scandal.

One might speculate that the poor relief policy precedents of the pre-New Deal period somehow reasserted themselves after the interregnum of the Great Depression. But surely it is unsatisfactorily to arbitrarily invoke one set of policy precedents and put aside another. More likely the explanation is that the mass insurgency that drove welfare expansion in the 1930s had subsided, at the same time as business interests shaped by markets reasserted themselves after the temporary hiatus of the Depression. Jacob Hacker and Paul Pierson offer an exceptionally illuminating analysis of the reasons for the decline of business influence during the 1930s. Their analysis is institutional, but their work is unusual because they examine the interplay of economic and political institutions. Their main conclusion is that while business occupies a privileged structural position in the decentralized American system, the "Great Depression and its political aftershocks shifted the locus of policy making to the federal level, stripping business of a significant source of its structural influence."xxi Once the Depression and its "political aftershocks" subsided, business influence again increased. In particular, business influence, and especially the influence of agricultural interests that depended on low-wage labor, loomed large in the design and implementation of the largely state-administered means-tested programs.

Welfare policy again changed dramatically during the course of the 1960s. Benefit levels were raised, application procedures were simplified, more of those who applied were accepted, intrusive investigations were less likely, there were fewer terminations for unspecified reasons, and the federal courts handed down decisions that created something like a "right" to welfare. It is not reasonable to think
that these changes were a response to the constituency politics created by the AFDC program which had worked for a long time to strip people of rights, to isolate them, and to stigmatize them. In New York City, which was soon to receive notoriety for its welfare liberalism, the department regularly turned away new applicants, giving them bus tickets to return to the southern counties from which they had migrated instead.

To be sure, institutions mattered in shaping the tumultuous politics that interrupted these patterns. The institution that mattered most in generating the political upheavals that were eventually registered in welfare liberalization was not welfare itself, but the Democratic party, and especially the presidential wing of the Democratic party. Beginning in 1948, the party, which rested on a peculiar and fragile electoral coalition between the white South and the urban North, was buffeted by the complex interaction of massive demographic change and civil rights agitation. Rural African Americans, displaced from the plantations, flooded into northern cities, and therefore into the industrial states with large blocs of votes in the electoral college. Meanwhile, urban whites who were traditionally Democratic were leaving the cities for the suburbs. Those who remained found themselves locked in conflict with the swelling ghettos that were encroaching on white neighborhoods, schools, and parks, setting off fierce racial conflicts in the cities.

These disturbances in the Democratic northern base were compounded by troubles in the “solid south.” Blacks were also moving into the cities of the south, where their concentrated numbers, and their relative independence after generations of plantation servitude, helped to fuel the civil rights movement. Protests in the South were only encouraged by the ambiguous messages on civil rights communicated by Democratic presidential contenders seeking to hold the allegiance of newly volatile black voters in cities of the North without worsening Southern white defections. The center could not hold, however. Together, the civil rights movement and Democratic presidential aspirants were driving white voters in the South to support insurgents like Strom Thurmond and George Wallace in presidential elections.
The 1960 election cast these problems in sharp relief. Kennedy owed his victory to the heavy Democratic vote in key northern cities, especially the black vote. Reluctant at first to respond directly to civil rights demands, he instead inaugurated the first of the programs that came later to be known as the Great Society, a unique initiative that established a direct relationship between the federal government and ghetto neighborhoods. New federally-funded programs — ostensibly to deal with juvenile delinquency, or mental health, or poverty, or blighted neighborhoods — offered an array of services to ghetto residents, and also promulgated the message that the people in the neighborhoods had political rights.

A good deal of what these programs actually did, on the ground, was to help people get on the welfare rolls. Part of the reason was simply that many people were desperately poor, and needed cash, fast. Another part of the reason was that the old line municipal agencies, with their entrenched constituencies of existing white residents in the civil services and in city politics, resisted any service or employment concessions to the black newcomers, and the institutionalized apparatus of civil service regulations helped them to do so.

By contrast, welfare had become, at least temporarily, a more accessible and softer institutional target. In the big cities, welfare offices were often located in the neighborhoods. New York City had 37 such outposts, for example. And with riots spreading in the cities, the federal Department of Health, Education and Welfare, the predecessor to the current Department of Health and Human Services, issued new regulations requiring local welfare offices to accept oral applications. Meanwhile, the new poverty program also funded the lawyers who took the cases which led to the new court rulings establishing a modicum of “welfare rights.” Under these conditions, welfare waiting rooms actually became organizing sites for the welfare protest movement.

And finally, the Great Society programs provided the rhetorical justification, and resources in the form of store-front offices, mimeograph machines, and Vista volunteers, that encouraged the emergence of a national “welfare rights” movement. But this was not a case of
public policy, or political institutions, or markets, determining the emergence of a defiant movement, if there ever is such a case. There was a large element of agency, of innovation and inspiration, in this development. Welfare recipients, blacks, Hispanics and poor whites, the most benighted people in American society, banded together to claim their rights to welfare. By 1966, as urban protests over housing, schools, jobs and so on escalated, along with federal promises to wage a “war on poverty,” welfare demonstrations and sit-ins were spreading. Poor women across the country, especially African American and Hispanic women, were demanding welfare assistance.xxii

Many observers at the time, even observers sympathetic to the poor, were sharply critical of the welfare rights movement and its in-your-face demand for “more money now!” This was the right demand, they scolded, and indeed, these were not the right people for a movement against poverty. The demand should not have been for welfare, but for jobs and job training. When my collaborator Richard Cloward and I approached the noted civil rights leader Bayard Rustin for support for welfare rights organizing, for example, Rustin replied disdainfully “I would rather get one black woman a job as an airline stewardess than get thousands of black women welfare.” In today’s political climate, one can see his point. But so did the women who massed together to demand welfare see his point.xxi Their problem was that there was little training available, few jobs for which they were suited, and they needed money to feed their children, now.

Along the same lines, other liberal critics complained about the failure of the welfare rights movement to form an alliance with unionized workers. Partly this reflected the longstanding conviction that the working class and only the working class was the motor for progressive change. Partly it reflected the reasonable fear that welfare rights demands would provoke the anger and enmity of those very workers. As a matter of historical fact, the movement’s activists made repeated overtures to both workers and their unions, as the movement of the unemployed in the 1930s had done before them. To no avail, of course. Even an innovative movement could not overcome the label of pauperism perpetuated by the AFDC program. Nor could it bridge the social distance bred by a complex of
institutional arrangements that fostered deeply imprinted attitudes about race and gender.

Or consider the curious influence of the family as an institution on the welfare rights protestors. Many of these women were divorced or separated, and others had never married. Yet they unfailingly addressed each other as “Mrs.”, and their protests were justified in their eyes because they were mothers. Their fiercest protests were often for things like school clothing, for example. In a way, the victories they won allowed them, to a small degree, to occupy the maternal role and to claim some respect for that role, even as developments in the American labor market were stripping an exclusively maternal role of legitimacy. So, the welfare rights movement, even as it expressed the extraordinary defiance of the poorest and most benighted people in America, also reflected powerful institutional constraints on that defiance.

Nevertheless, these developments did indeed create a new politics of welfare, and its impact was large. The welfare rolls rose exponentially after 1964, and so did the food stamp and Medicaid rolls. Poverty rates fell sharply, from 15.6 percent in 1965 to 11.4 percent in 1978. The minority poverty rate fell from 42 percent in 1965 to 31 percent in 1978. And poverty in female-headed families dropped from 70 percent in 1966 to 48.6 percent in 1978.xxiv Writing in 1984, John Schwarz et al. sum up the consequences:

Programs such as food stamps virtually eliminated serious malnutrition among low-income children and adults in America. Medicaid and Medicare greatly increased the access of low income Americans to health care. In turn, the enlargement of both the nutritional and medical programs led to a decline in the infant mortality rates among minority Americans of 40 percent between 1965 and 1975, a drop that was eight times larger than the decline that had taken place in the ten years prior to 1965. The expansion of government housing programs helped to reduce the proportion of Americans living in overcrowded housing from 12 percent in 1960 to 5 percent in 1980. Those living in substandard housing declined from 20 percent to 8 percent.xxv

These were political accomplishments. But they were not made possible by the institutional politics generated by
the AFDC program. Obviously, that program had always worked to inhibit the political mobilization of its constituents. Instead, it was a chain of larger economic and demographic changes that destabilized the big political institutions of the nation, in combination with the ineluctable and unpredictable defiance of human agents, that led to a measure of welfare reform.

Of course, more recent changes in welfare policy reversed these reforms. Features of American means-tested programs played a role in these reversals. The reforms of the 1960s did not overcome program fragmentation, and fragmented programs continued to be reflected in fragmented constituencies. Moreover, other features of the programs, including their revenue sources and their persisting stigmatizing rituals, also divided them from a larger working class population.\textsuperscript{xxvi} Decentralization, in the case of AFDC and medicaid, meant that the programs relied in significant measure on state and even, in New York City, then the welfare capital of the nation, local taxation. And since the greater power of business on the state and local level, where investment exit threats are potent, leads to regressive tax policies, working class animosities over welfare were easy to fan.

Ironically, some proponents of a more liberal or generous social policy did not regret the assault on AFDC.\textsuperscript{xxvii} Rather, they reasoned, once this much derided program, the target of so much popular resentment, was done away with, new political possibilities for a more rational and inclusive set of policies would emerge. And besides, welfare, that old man of the sea, would finally be off the back of the Democratic party. Needless to say, it did not turn out that way. And that was because the attack on welfare did not well up from politics of the program. To be sure, popular resentments over taxation, and program practices that degraded beneficiaries, facilitated the campaign against welfare. But they did not create the campaign or give it the force and endurance that it had. Once again, larger institutions were at work, patterning—although not determining—the political campaign that emerged. The institution that mattered in activating political actors and shaping their interests was an increasingly competitive capitalist economy.
The liberalization of the means-tested programs in response to the tumult of the 1960s aroused opposition almost from the start. Generous income supports would make it possible for some people to withdraw from the labor market, and thus had the same effect as lower unemployment rates, effectively increasing the bargaining power of the low-wage workers who remained in the labor market. Even in-kind programs that provide subsidized health care or housing would have partial effects in relaxing the discipline of the market.

Nevertheless, for a time, opposition was muted. On November 8, 1954, Dwight Eisenhower had written to his brother Milton:

> Should any political party attempt to abolish social security, unemployment insurance, and eliminate labor laws and farm programs, you would not hear of that party again in our political history. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid.

In other words, American elites were cautious. Memories of the tumult of the 1930s when business leaders had lost standing and legitimacy in politics probably played a role in this, and so did the extraordinary prosperity that American business enjoyed in the aftermath of World War II. After all, the U.S. was the only major industrial power to emerge from the war relatively unscathed. But this golden age of unchallenged American economic domination lasted a mere 25 years.

As Europe and Japan recovered, American corporations faced the unfamiliar prospect of tight competition with goods manufactured elsewhere, and this at a time when they were carrying the costs of the higher wages, more generous social programs, and workplace and environmental regulation which the turbulent 1960s had produced. By the early 1970s, as profit margins narrowed, the sorts of business leaders that Eisenhower had disparaged as marginal and stupid were leading a conservative counter-assault that, as
it gained momentum, threatened to wipe out the reforms of both the New Deal and the Great Society.

The business-led campaign to roll back the New Deal/Great Society reforms gained momentum as the protest movements of the sixties ebbed. The agenda of the campaign is by now familiar, and readily predictable as the agenda of market actors driven to increase their profit margins. The campaign worked to shift the brunt of taxation from business and the affluent to working people, and from capital to wages; to dismantle the environmental and workplace regulations that so irritated business and also cost them money; and to reduce worker power by weakening unions, eviscerating regulatory protections of workers, largely through non-enforcement; and to roll back income support programs so as to drive more people into the labor force and the scramble for work, and also keep them anxious and insecure. Over time, as the campaign gained momentum, the agenda became more ambitious. Not only were the social programs to be slashed, but what remained of them was targeted as another arena for profitability through publicly subsidized privatization.

If the agenda was predictable, however, the strategy of the campaigners was not. Rather, the strategy was constructed by imaginative and aggressive human agents who worked to create a powerful political apparatus. They launched new peak lobbying organizations, revived sleepy older organizations like the Chamber of Commerce and industry trade groups, and built a political war machine on K Street. The campaign undertook to fold in the growing populist right rooted in the fundamentalist churches, and to cement their loyalty by rhetorically taking up their causes, especially opposition to abortion or gay marriage or gun control, no matter that the practical politics of the campaign was in fact mainly addressed to the business agenda.

Liberals sometime mourned that the right had launched a war of ideas. The ideas were obviously not new but a blend of market fundamentalism, or old fashioned *laissez-faire*, a doctrine in which the individual stands unprotected before market forces and market “law,” and Christian fundamentalism, in which the individual is stripped of communal and political supports and stands unprotected before God’s law. The core message, in Linda Kintz’ words, “spiritualized the market economy.”
What was new, rather, was the deliberate and strategic creation of an apparatus to promulgate these ideas. Rob Stein, formerly a Democratic political operative, calls it the “message machine.” Beginning in the early 1970s, with a handful of small right-wing foundations in the lead, a propaganda apparatus took shape. New think tanks were funded and a handful of older conservative think tanks were enlarged, including the Heritage Foundation, the American Enterprise Institute, the Cato Institute, the Hoover Institution.

The think tanks elaborated the rollback agenda, hired the intellectuals who made the arguments, and spread those arguments widely, on talk shows, in op-ed columns, and so on. Grants from less politically aggressive corporations followed quickly, and the think tanks grew. The lead foundations also launched new periodicals and academic societies, and funded rightwing outposts in the universities, particularly in law and economics. They sponsored books by rightwing intellectuals and paid generously to publicize them, including Freedom to Choose by Milton Friedman, Losing Ground by Charles Murray, and The Tragedy of Compassion by Marvin Olasky.

Market law and God’s law are abstractions, and the campaign did not rely on abstractions. The organized right had a better symbol at hand. The propaganda of the message machine emphasized welfare, welfare recipients, and the Great Society, all codes to evoke and mobilize popular anxieties, and to turn the populist right against the programs and the political culture of the New Deal/Great Society eras.

There were good reasons for this strategy. The people on welfare were already marginalized, and vulnerable. Paupers have always been a despised caste in western societies. Add to this longstanding distaste the fact that, in the wake of the mass migration of African Americans from the rural south to the urban north and the protests that ensued in the 1960s, welfare had become a disproportionately black (and Hispanic) program. The presidential campaigns of Barry Goldwater and George Wallace registered this fact and made evident the political uses to which it could be put. ‘Welfare’ became a code word to evoke and mobilize rising
white racial hatreds. In this limited sense, institutional precedents did matter.

At the same time, changing sexual and family mores were stirring a backlash of popular anxieties, anxieties that were fueled even more by the rise of the feminist movement. Since most recipients were single mothers, and black or brown, they were easily made into the symbol that captured all of this agitated hate politics. Ronald Reagan made the image of the “welfare queen” a staple of American popular culture. This was the politics of spectacle, a spectacle designed to evoke and intensify popular antipathies against Democrats, against blacks, against liberals, against licentious women, and against government, or at least those parts of government that provided support to poor and working people. In the background and out of the spotlight was the longer term campaign of the organized right to defeat and dismantle the New Deal/Great Society policies.

Together, the alliance of business and the populist right took over the Republican party, pouring new money into the electoral campaigns of hard-right candidates, and pushing older-style conservatives to the margins. Business and business money was important in this process. Note, for example, that in 1980 big business broke with its usual practice of contributing to both major parties. The funds flowed to the Reagan campaign, and Reagan won. Then again in the midterm election of 1994, business money again tilted overwhelmingly to the Republican congressional races, and the Republicans swept the congress, winning the House for the first time in many years, elevating Newt Gingrich to the speakership, and making the Contract with America and its distinguishing slogan of personal responsibility a template for its legislative initiatives.

But the real measure of the political success of the campaign was its influence on the Democratic party that had, for all its internal conflicts, and however reluctantly, championed the policies of the New Deal/Great Society period. Franklin Delano Roosevelt had talked of “strong central government as a haven of refuge to the individual.” But by the 1990s, this tenet of the New Deal/Great Society was jettisoned by the Democrats. And welfare politics played a key role. The decades long
argument bubbling in the think tanks, and regularly raised by Republican candidates, had turned welfare into a metaphor for African Americans, sexual license, and liberalism. It had done its political work. In 1992, Bill Clinton made his bid for the presidency on the slogan of “ending welfare as we know it.” As the 1996 election approached, the Republicans held his feet to the fire with their proposal for rolling back welfare called the Personal Responsibility and Work Opportunity Reconciliation Act. He turned for advice to his pollsters and consultants. Dick Morris told him to “fast-forward the Gingrich agenda.” “Progressives,” argued Clinton pollster Stanley B. Greenberg, “needed to transcend welfare politics.”

Clinton signed the measure the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The Democratic strategy, in a nutshell, was to beat the Republicans by adopting their positions.

The PRWORA reproduced the features of the AFDC program as it existed before the reforms of the 1960s. Many of the legal and regulatory protections won under AFDC were wiped out simply because the program was eliminated. Under the “work first” banner which defined the new welfare program, state agencies, and in some places county agencies, or private agencies with whom state and local governments contracted to administer all or parts of the program, were now free to multiply the old-style administrative obstructions to distributing assistance. There was no longer a right to apply for welfare, and waiting rooms were heavily policed to prevent the kind of mobilization that had occurred in the 1960s. There were no statistics on how many people were turned away, or simply drifted away in discouragement. For those who succeeded in surmounting barriers to application, the conditions of continuing to receive aid multiplied, and compliance with these conditions was “individualized,” leaving many decisions regarding benefits to the discretion of case managers. Work requirements in particular were stiffened, and sanctions – the reduction or termination of benefits – were freely used for non-complying, or purportedly non-complying recipients.
These developments certainly reveal some feedback effects of the means-tested programs. Not only were the programs relatively undefended, but they bore the taint of their disproportionately African American and Hispanic and female clientele, and of the poor relief practices that still characterized AFDC. But the main actors in the campaign did not emerge from the means-tested programs. They were from business and politics. They included importantly the think tanks and lobbying organizations funded by business, and the politician-allies that business recruited. Their motives, and the political resources they deployed in their campaign, were formed in the context of the big institutions of the capitalist market and electoral representative system. But the campaign they mounted did not simply register market influences. Rather it was a bold and coordinated political initiative that used welfare as a foil for a larger redistributive agenda.

And while the precarious political standing of the means-tested programs made them a tempting target, and the focus of a good deal of political theater, the campaign was by no means mainly about welfare. With the political spotlight on the means-tested programs, and especially AFDC, a series of other programs were being chipped away. During the Reagan administration, big cuts were made in disability assistance; housing subsidies were scaled back massively; long term unemployment insurance became harder to get, and much harder to get under George W. Bush; and new conditions were introduced into the social security program to encourage seniors to stay in the labor market. The president’s budget proposals for 2006 continue the pattern, with big cuts proposed in medicaid, supports for low-income housing, and a host of smaller social programs.

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I turn now to the prospects for reversing the cutbacks in programs for the poor, whether to restore the damaged programs, or to improve them. It is an important question, not only for the future of social policy, but because the answer bears on our confidence in democratic politics. After all, the cuts in the programs have increased hardship through a broad swath of American society, and the erosion of the safety net in turn is linked to stagnating wages,
and even to the eroding strength of unions. For a long time, observers of American electoral politics were confident that such initiatives would lead to the defeat of political regimes. Voters might not be enlightenment thinkers, but at least they practiced a kind of pocketbook democratic politics, voting out incumbents -- or defeating aspirants -- on the basis of their assessment of how government policies were affecting their economic well-being. And, it was thought, politicians acted accordingly, striving to use government policy to affect the timing of downturns and upturns in the economy so that unemployment fell and personal income rose as election campaigns approached, and also arranging the timing of increases in transfer payments to coincide with electoral campaigns. This was the heritage of the New Deal and the Great Society, and however limited, it was a kind of democracy, American style.

The campaign against welfare was an effort to discredit the political culture created during the New Deal/Great Society periods. The campaign was not only an effort to restrict the programs, but also to change the understandings that influenced popular support. This was not done by making entirely new arguments, but by reviving and highlighting longstanding themes in American culture that had been partially displaced by the ideas formed during the New Deal and Great Society. To appreciate this cultural dimension, we have to return to the campaign to restrict welfare, because it caste a large shadow on American welfare state politics.

Welfare reform was the beachhead, but other aspects of the cultural campaign, advanced under other slogans, meshed with the arguments about work and personal responsibility, and also made these ideas more seductive. Even before talk about the “ownership society” was being bruited about as part of the campaign to privatize social security, employment-based pension programs were being transformed by the contraction of guaranteed benefit plans and the expansion of guaranteed contribution plans that were often invested in company stocks, including 401K’s, IRA’s, and direct contribution pensions. (The Bush administration is also proposing tax free Lifetime Savings Accounts and Retirement Savings Accounts.) Employment-based benefits
have long been understood by some analysts as a way of tying employees to their employers. The expansion of the numbers of workers who hold these stock accounts bind them not only to their companies, however. It binds them to the market. More and more workers now own stock, and no matter that most workers have pitifully small holdings, even small holdings give some substance to the old idea “Everyman A Speculator.”

Hoodwinked workers whose pensions are invested in the stock market tie their hopes to the Dow Jones average and watch the roulette wheel whirl, while the age-old struggle of workers for better wages, working conditions and public programs sinks in hopelessness.

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All of which is to say that political resistance to the campaign to transform the American welfare state will require some very heavy lifting. It is not likely to be accomplished by politics as usual. True, this round of social security proposals may be deadlocked, or end in compromise. But the compromise will continue the process of undermining public pensions.

We can get some perspective on the political prospects for authentic welfare policy reform, by which I mean of course liberalization, in the face of determined and powerful business and political opposition by reflecting on the conditions which led to the policies that are now under attack. The initiation of the American welfare state in the 1930s, and its expansion and elaboration in the 1960s, occurred at moments of convulsive instability in American politics that gravely weakened business as a political force, and brought new but insecure political leaders to power.

These conditions gave claimants for government support some leverage. Movements arose during the 1930s demanding government responses to economic hardship, first among the unemployed, and then among the aged. These movements were nourished, however, by widespread popular discontent and even panic in the United States as the economy collapsed. Business leaders were stripped of standing, and new leaders came to power. Massive discontent also led Franklin Delano Roosevelt, even before he actually won the presidency, to
give voice and legitimacy to the claims of the poor and the old. And the instabilities that nourished these movements also made them more threatening. Indeed, in the early 1930s, even business leaders in the big American cities were calling for emergency relief programs.

The conditions generating political instability in the 1960s were different, compounded as they were of massive demographic upheaval and racial conflict. What was similar, however, was that political instability nourished the emergence of protest movements, not only over civil rights or education or housing or jobs, but instability and the message of potential power it conveyed also sparked a wave of labor militancy, especially in the public sector. LBJ declared a war on poverty not in response to welfare state claimants, but in response to these broader disturbances. Only then did it become possible for welfare mothers, the poorest of the poor, to mobilize to assert their rights as well.

I do not expect either of these scenarios to be repeated, of course. The moral rather is that the marginalized constituencies of the American welfare state cannot rise up alone. But then, if American leaders proceed on their current course, they may not be alone.

\[i\] Lukes makes this point. See ____________.

\[ii\] Davis B. Bobrow makes a similar argument when he says that "Demand for policy analysis...features purchase of rationalization and justification at least as much as reform" so that most policy analysis "amounts to competitive advocacy argumentation." Dobrow seems to think that all sorts of advocates generate policy analysis, and ignores the reality of differential political power and its effects on the market for policy analysis.


\[vii\] I exclude from consideration the veterans pensions which, in fact, were first inaugurated after the American revolution.


The comparison deserves to be made with more caution than we exercise here. The United States did remain well behind some European powers -- England and Belgium, for example -- in the extent of industrialization. But it was ahead of other nations, such as Sweden and Norway, that initiated welfare programs early. The cross-national comparison of the development of democratic rights is also complicated, since the early 19th century expansion of the male franchise in the United States was followed half a century later by the introduction of drastic legal and procedural limits on the right to vote. See Frances Fox Piven and Richard A. Cloward, *Why Americans Don’t Vote*. New York: Pantheon, 1988.


University Press, 1992: 167) argues with regard to employment policy that "sequences of policy and institutional creation bounded later policymaking".

xvii See Amenta, op. cit. Limits on the franchise and their impact on party politics and policy are examined at length in Piven and Cloward, op. cit., 1988.

xviii Margaret Weir, Politics of Jobs, op. cit.24.

xix Jacob Hacker and Paul Pierson also offer a broadly institutionalist argument in explaining the social policy initiatives of the 1930s. However, they focus not on political and policy institutions, but on economic institutions, and argue that the consequence of economic collapse was to weaken both the structural and instrumental power of business, allowing popular political claimants to exert more influence. See “Business Power and Social Policy: Employers and the Formation of the American Welfare State,” Politics & Society, v.30, n.2, June 2002: 277-325. For the argument that the institutionalists fasten on the wrong institutions in accounting for policy change, see Frances Fox Piven, “The Politics of Retrenchment: The U.S. Case,” in Oxford Handbook on Social Welfare

xk Patterson, op. cit., p. 58.


xxiii A meeting of the New York Citywide Coordinating Committee of welfare rights groups in 1967 was announced as a “training” meeting. The organizers intended training in the tactics of demonstrating. The women who flocked to the meeting had understood they were coming for job training.


xxvi Boushey emphasizes, as did Clinton administration officials, the injustice of allowing poor women to stay at home to care for their children while many working class women not much better off were forced to work to make ends meet. Of course, there were other and better solutions to this injustice than were ultimately legislated. See Heather Bouley, “A House Divided: How Welfare Reform Pit Families Against the Non-Working Poor,” New Labor Forum, v.13, n.3, fall, 2004.

xxvii See the assessment of this anticipated policy feedback effect in Joe Soss and Sanford F. Schram, “The Promise of a Public Transformed: Welfare Reform as Policy Feedback,” in this volume.

xxviii Hacker and Pierson argue that what is important about the Great Depression, is “the marked variation in business influence before, during, and after the New Deal. Prior to the Great Depression, business occupied a privileged position in American politics thanks to the structural power conferred upon it by the decentralized character of American federalism.” But business lost some of this structural power when the locus of decision-making


This is from Stanley B. Greenberg’s reminiscence, “How We Found – and Lost – a Majority,” The American Prospect, June, 2005. Greenberg’s 1991 article, “From Crisis to Working Majority,” was considered a key guide for the Clinton 1992 campaign.


Edward R. Tufte made the original argument in 1978, and since then the propositions he advanced have become a standby in election predictions. “Unemployment levels twelve to eighteen months before presidential elections have exceeded unemployment at election time in six of the eight presidential elections between 1946 and 1976” Similarly, “In four of the last seven election years, government transfer payments have reached their yearly peak in October or November.” See Political Control of the Economy, Princeton, New Jersey, Princeton University Press, 1978:19. 39.

This is the title of a new book by Steve Fraser.