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SOCIAL RESPONSIBILITY IN THE UNITED STATES



SOCIAL RESPONSIBILITY IN THE UNITED STATES

FROM THE EDITORS

From the earliest days of colonization, Americans have reflected concern for one another.

For much of that history, however, social responsibility was manifested chiefly in terms of individual opportunity to “Life, Liberty and the pursuit of Happiness,” in the words of the U.S. Declaration of Independence. Whether it was from an economic perspective or related to personal initiative, that approach and that beneficence was private, without formal involvement by government.



Gradually, U.S. society — like others — came to the realization that individuals often needed public support, in addition to what might be provided by the private sector. As a result, as economic downturns periodically ensued, government moved to develop active programs in many areas which, taken together, assured a measure of social responsibility. In the throes of the Great Depression, President Franklin Delano Roosevelt fashioned the New Deal, a substantial, significant and long-term role for the national government with respect to citizens in need.



For more than sixty years, a major portion of the energy of government in domestic policy was devoted to the continued development and refinement of programs growing out of that era. Some of these were enormously successful — principally the social security system, designed to provide a basic level of support for older Americans. Over the decades, this program has drastically reduced the number of senior citizens at or below the poverty level.

There was sufficient consensus about the overall responsibility of government to generate major efforts to deal not only with poverty and its repercussions, but also housing, health, children’s quality of life, and employment. Minimum levels in each of these areas were widely viewed across the society as individual entitlements, for which one qualified simply by being a citizen.



In the past fifteen years, two major elements have come together to dramatically revise standard assumptions. By the 1980s, growth in government spending on these “entitlements” was consuming a substantial portion of the overall budget, seriously affecting other spending alternatives. At the same time, those government offices responsible for implementation and evaluation of these entitlement programs began to come to a consensus that the programs were not producing the desired effect. In spite of increased spending, in both constant dollar terms and in percentage of the overall government budget, the number of Americans in poverty, without adequate housing, health care and education, was not decreasing, and the consequences of failure were looming ever larger.



And so a universal reassessment of approaches has ensued, throughout the public and private sectors, on all levels of government, from Washington to local municipalities, and among the for-profit and non-profit communities. It has engaged the White House, legislatures, and private citizens. The debate asks whether the various programs need simple adjustments in funding and applications, or whether there needs to be a more sweeping confrontation with the issue that would lead to a fundamentally different approach to social responsibility.



This Journal sets out aspects of this debate. It presents current Administration thinking, explores how various departments of the U.S. Government view the issues, allows social scientists of varying political tendencies to discuss the roots and current ramifications of social responsibility in the United States today, and presents some of the solutions that are being placed on the table. In this way, the editors seek to offer readers a starting point for insightful research and, ultimately, a better understanding of American compassion — both in the historical context and as a new century dawns.



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BETWEEN HOPE AND HISTORY

BY PRESIDENT BILL CLINTON

(The following statement, abridged from President Clinton's 1996 book, Between Hope and History, sets forth his vision of how individuals, families, the private sector, and government can accept their share of responsibility for themselves and one another as the world approaches the 21st century.)

America's course for the future is rooted in three fundamental American values that have shaped the character of our people: ensuring that all citizens have the *opportunity* to make the most of their own lives; expecting every citizen to shoulder the *responsibility* to seize that opportunity, and working together as a *community* to live up to all we can be as a nation.

OPPORTUNITY

The idea of opportunity has been a unifying force throughout our history. It draws out our best efforts. It draws others to our shores. And it draws all of us together into a common American Dream. It is the first part of the basic bargain of America.

For many Americans, this is the best of times. But I am very aware that there are still too many Americans who are having a tough time, people for whom the gears of our economic engine don't quite mesh. Part of the problem is that what creates jobs and opportunity in America is an economic dynamism that is inherently turbulent and disruptive. New businesses form and old ones die; new jobs are created and old jobs are eliminated.

We have to face the fact that some of our fellow citizens who are more than willing to work hard and play by the rules are not being rewarded. The answer to their difficulties is to get more growth, more high-wage jobs, and more invested in people

and in our future, in research and technology, in education and skills, and in strengthening working families.

The future prospects of average Americans today are being driven by one central force: rapid economic change — in *what* we produce, *how* we produce, and *who* produces. The appropriate response to these changes is to increase investment in people power by individuals in themselves, by private industry in its employees and production technologies, and by government in the basic building blocks of economic opportunity — education, training, and technology — so we can capture and share widely the benefits of this rapid change.

I believe our job as a nation is to make sure Americans have the ability to make the most of their lives as individuals, as workers, as citizens. We cannot guarantee every American success, but we can make sure every American has a chance. And if we do, we will all have more opportunity in twenty-first century America.

RESPONSIBILITY

Opportunity is only half of America's basic bargain. The other half is responsibility.

Our Founding Fathers understood this. They understood very clearly that Freedom works only when it is exercised with responsibility. In the Preamble to our Constitution they said our objectives were not just to "secure the blessings of liberty to ourselves," but also "to our posterity." What's more, they said it was our job to "promote the general

welfare.” The latter, they reasoned, would turn our attention away from ourselves and toward our responsibilities to each other. So from the beginning, opportunity and responsibility have gone hand in hand.

America was built upon a foundation of mutual responsibility. Strengthening that foundation is critical if we want to realize our vision of the twenty-first century. Because the answers to our social problems require people to reassert control over their own lives and to assume responsibility for their conduct and their obligations, we have to develop community-based approaches that allow individuals to respond personally to these problems. We must be willing to help people make decisions that are not destructive to them and costly for the rest of us.

In the last four years, we have pursued this responsibility in four broad areas: strengthening individual and community responsibility through welfare reform; meeting public responsibilities by reinventing the Federal Government; encouraging businesses to take more responsibility for the welfare of workers and their families, and protecting our natural environment.

Nowhere is the issue of individual responsibility better illustrated than welfare. During the past three and one-half years, we cut welfare red tape and approved welfare-to-work projects in some 40 states, covering 75 percent of people on welfare in the United States. Now, with the passage of new federal welfare reform legislation, we have a chance to end a system that too often undermines the basic values of work, responsibility, and family that has hurt the very people it was designed to help.

The new federal law will give states and communities the chance to move people from welfare to work, impose time limits on welfare benefits, and give people the child care and health care assistance they need to move from welfare to work without hurting their children.

This is government helping to lead in all these areas. But before government, corporate, or community responsibility, we must have individual responsibility. Ultimately we must insist that citizens, businesses, and communities help themselves and assume responsibility for improving life in the United States person by person, family by family, block by

block, community by community.

The Federal Government alone cannot begin to provide solutions to all our problems, although it can play an important role in meeting these challenges. Exactly what government should do, and how it should do it, are especially critical questions as we deal with changes in work and family life and other new challenges of the twenty-first century. That is why rethinking and reinventing government has been a priority in the past several years.

The Founders created the Federal Government to do what only a national government could do, such as oversee foreign affairs and national defense. From a limited number of initial responsibilities, the government has grown to encompass an increasingly broad range of social concerns. Yet America has always been skeptical of “big government.” During most of our history, we have remained philosophically conservative about its role — even when circumstances required an expanded role for government.

The debate over government’s role has acquired a new urgency for three reasons: None of the old approaches to our social problems have worked very well; we cannot afford a government that is wasteful or too bureaucratic, and the changes in information technology and the organization of work require that government learn to do more with less.

The question now is, how should we change government? The answer is, Americans don’t want our government gutted. There are some things that our government must or should do: Protect us against enemies; come to our aid when disaster strikes, and help fight crime, to name a few.

We don’t want government in our face, but we do want it on our side when we need it. The real issue isn’t big government versus small government. I believe America needs a government that is both smaller and more responsive. One that shifts authority from the federal level to states and localities as much as possible. One that relies upon the private sector when the private sector can do the job best. One that works better and costs less.

For example, the Department of Housing and Urban Development (HUD) has formed a partnership with the private sector to spur home ownership to record levels. It is giving more vouchers to poor people to choose their own housing, and is committed to replacing 300,000 units of crime-ridden public housing with new, safer garden apartment complexes.

Responsibility is simply the flip side of opportunity, and together they represent the two sides of the coin of citizenship in America. When opportunity and responsibility are in balance, we achieve the objective we seek — a community of purpose.

COMMUNITY

Working together to achieve common ground is one of our most important national values. America is not just about independence, but also about *interdependence*. The good life is about more than individual liberty and material well-being; it is about cultivating community relationships and attending to public concerns.

Our ability to build strong communities begins with building strong families. But these days, a host of problems beset even the most vigilant parents and the best children. In most families, just the pressures of modern life are making it hard to give children the time, energy, and attention they need. For most families, it's harder to succeed at home and at work these days.

Any society that forces people to choose between these two things is going to fail. We need to make it possible for families to succeed both at home and at work. Families can't solve these problems alone. We, as a community, have an obligation here. Government can provide some help, such as the Family Leave Act and immunization programs.

But government's role in strengthening families, while important, is limited. All Americans must commit themselves to this goal. It takes mothers and fathers, the support of community organizations, cooperation of businesses, as well as the assistance of government at all levels.

More than two centuries ago, Thomas Jefferson argued that American democracy would rise or fall on the strength of "yeoman farmers" — ordinary people who have a stake in, and take responsibility for, how our society works. Today's yeoman farmers are America's families. Their values, the responsibility they take for shaping their own future, determine much about what we can become as a nation.

But families can't be strong if they're mired in welfare, or if the opportunity to support their children is uncertain, or if their homes or neighborhoods are not safe. The process of strengthening, of taking responsibility, begins in the home, extends into the neighborhood, grows out to the community, and creates a better America.

Every great religion teaches devotion to family and charity and compassion toward others — the very values we need to build enduring communities. Respect for faith and family and respect for others has helped Americans to work together for more

than two centuries.

If we continue to follow the Opportunity-Responsibility-Community strategy, we will build a nation where all our children, wherever they start in life, will have the chance to live their dreams.

The humble American one-cent coin is an explicit declaration that America is about *both* individual liberty and community obligation. On one side, next to Lincoln's portrait, is a single word: "Liberty." On the other side is our national motto, *E Pluribus Unum* — "Out of Many, One." It does not say, "Every Man for Himself." These two commitments — to protect personal freedom and seek common ground — are the measure of our worth. ■

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WELFARE REFORM: THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

(On August 22, 1996, President Clinton signed this legislation into law. This comprehensive bipartisan welfare reform plan seeks to change dramatically America's welfare system, newly emphasizing the exchange of work for time-limited assistance. The subject of intensive debate, the law also encompasses new responsibilities on the part of states and new provisions regarding the nation's children. Following, in outline form, are highlights of the welfare reform legislation, including changes from previous bills the President vetoed.)

WELFARE: A TRANSITION TO WORK

■ **Work requirements.** Recipients must work after two years of assistance, with few exceptions. Twenty-five percent of all families in each state must be working or off the welfare rolls in fiscal year (FY) 1997, with the number rising to 50 percent by FY 2002. Single parents must work at least 20 hours per week the first year in order to receive assistance, and at least 30 hours weekly by FY 2000. Two-parent families must work 35 hours a week by July 1, 1997.

■ **Support for transition.** The law provides \$14 billion in child care funding over six years to help more mothers move into the workforce. It also guarantees that women on welfare will continue to receive health coverage for their families, including at least one year of transitional Medicaid when they leave welfare for work.

■ **Work activities.** To count toward state work requirements, recipients must participate in unsubsidized or subsidized employment, on-the-job training, work experience, community service, or 12 months of vocational training, or must provide child care services to individuals who are participating in community service. Up to six weeks of job search counts toward the work requirement. But no more than 20 percent of a state's caseload may include vocational training or being a teen-age parent in a secondary school. Single parents with a child under six years old who cannot find child care are not penalized for failing to meet work requirements. States may exempt from the work requirement single parents with children less than a year old.

■ **Time limit.** Families may not receive assistance for more than five cumulative years, or less at state option. States have the option of exempting up to 20 percent of their caseload from the time limit, and to provide non-cash assistance or vouchers using state funds.

■ **Personal employability plans.** States must make an initial assessment of recipients' skills. They also may develop personal responsibility plans for recipients detailing the education, training, and job placement services needed to move into the workforce.

■ **State maintenance of effort requirements.** States must maintain their own spending on welfare at at least 80 percent of the FY 1994 level, and 100 percent of either FY 1994 or FY 1995 spending (whichever is greater) on child care to provide additional funds for that purpose beyond the initial allotment.

■ **Job subsidies.** States may create jobs by taking money now used for welfare checks, to provide community service jobs, income subsidies, or hiring incentives for potential employers.

■ **Performance bonuses.** One billion dollars will be available from 1999-2003 to reward states for moving welfare recipients into jobs.

■ **State flexibility.** States which have received approval before July 1, 1997, for welfare reform waivers may operate their cash assistance programs under those waivers.

PROMOTING RESPONSIBILITY

COMPREHENSIVE CHILD SUPPORT ENFORCEMENT

■ **National new hire reporting system.** The law establishes a federal case registry and directory of newly-hired employees to help track delinquent parents across state lines. It also expands and streamlines already existing procedures for direct withholding of child support from wages.

■ **Streamlined paternity establishment.** The law streamlines the legal process for establishing paternity, and requires a state form for voluntary paternity acknowledgment. It also directs states to publicize the availability of these processes and forms, and encourage their use. Individuals failing to cooperate with paternity establishment will have their monthly cash assistance reduced by at least 25 percent.

■ **Uniform interstate child support laws.** There will be uniform rules, procedures and forms for interstate cases.

■ **Computerized statewide collections.** States must establish central registries of child support orders and centralized collection and disbursement units, and must expedite state procedures for child support enforcement.

■ **Penalties.** States may implement tough child support enforcement techniques, including expanded wage garnishment, seizure of assets, and revocation of driver and professional licenses for parents owing delinquent child support.

■ **“Families First.”** Under this new policy, families no longer receiving assistance will have priority in the distribution of child support arrears.

■ **Visitation and access.** Grants will assist states in establishing programs to support and facilitate noncustodial parents’ visitation with and access to their children.

TEEN PARENT PROVISIONS

■ **Live at home, stay in school.** Unmarried minor parents are required to live with a responsible adult or in an adult-supervised setting, and participate in educational and training activities, in order to receive assistance.

■ **Teen pregnancy provision.** Fifty million dollars annually, beginning in 1998, will be added to already-existing appropriations for abstinence education. The Department of Health and Human Services (HHS) will establish and implement a strategy to prevent non-marital teen births, and to assure that at least 25 percent of communities nationwide have teen pregnancy prevention programs. In addition, the Justice Department will establish a program to study the link between statutory rape and teen pregnancy. The program also should educate law enforcement officials on the prevention and prosecution of statutory rape.

CHANGES FROM BILLS PREVIOUSLY VETOED

■ **Guaranteed medical coverage.** The new law preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly, and people on welfare.

■ **Increased child care funding and mandatory child care maintenance of effort.** It provides substantially more child care funding, and requires states to meet child care maintenance of effort by granting funds for that purpose.

■ **Incentives for states to move people into jobs.** It includes \$1 billion for bonuses to states that meet performance targets.

■ **Preservation of nutrition program.** It maintains the national nutritional safety net by eliminating a proposed cap on the federal food stamp program and a proposed creation of block grants to the states for food stamps.

■ **Child protection and adoption.** It maintains current laws on these subjects, as well as current funding for child welfare, child abuse prevention, foster care, and adoption services.

■ **Contingency funding.** It includes a greater amount of money than had been proposed for contingency funds to protect states in times of population growth or economic downturn.

■ **Child care health and safety standards.** It continues current health and safety standards for day care, and continues current funding for many disabled children.

■ **Optional family cap.** States have the option of implementing a cap on benefits to families if they so choose. The vetoed legislation would have mandated the cap unless a state legislature explicitly voted to provide benefits.

PROPOSED FUTURE MODIFICATIONS

President Clinton has pledged to fix two provisions of the act which, he maintains, have nothing to do with welfare reform.

■ He believes the law cuts deeper than it should into the food stamp program, mostly for working families with high shelter costs.

■ The law also would deny most forms of public assistance to most legal immigrants for five years, or until they attain citizenship. The President has said that legal immigrants who fall on hard times through no fault of their own and need help should get it, as long as their sponsors take additional responsibility for them as well. ■

WELFARE REFORM: WE MUST ALL ASSUME RESPONSIBILITY

By Donna E. Shalala

(In this article, the Secretary of the U.S. Department of Health and Human Services (HHS) outlines the key provisions of the 1996 welfare reform act — written by the U.S. Congress and revised by the Clinton Administration — underscoring the partnerships among all levels of government and between the public and private sectors upon which the success of welfare reform hinges.)

In *War and Peace*, Tolstoy observed, regarding the limits of policy making, that Napoleon thought he was controlling events but events were controlling Napoleon.

The essence of Tolstoy's insight is that no policy can fully predict or control human behavior. That lesson in humility is especially apparent to policy makers grappling with welfare reform.

In many policy debates, research plays an important, even decisive, role. The U.S. Government banned DDT [a widely-used pesticide] because of overwhelming evidence that it was a carcinogen. In 1964, the U.S. Surgeon General reported that smoking was linked to lung cancer, paving the way for warning labels on cigarettes. In 1996, HHS issued a report from the Surgeon General about the benefits of regular, moderate physical activity, which was based on a review of two decades of research. And good social-science research has helped shape our policies on immunization, breast cancer, nutrition, drugs, Head Start programs, tobacco use among children, and health-care reform.

But when it comes to welfare, research has cast a shorter shadow, for several reasons. First, social-science research often is not directly linked to actual legislation and, therefore, cannot always answer the unique questions posed by the issues policy makers are considering. Second, policy makers sometimes need current insights into human behavior more quickly than social-science research can provide them. Third, when research about human behavior is fragmentary and conflicting — as is the case with some issues relating to welfare — policy makers often have to make leaps of faith.

For example, studies differ about the effects of welfare on premarital birthrates. Some studies suggest that higher benefits are associated with an increase in the number of unmarried Caucasian women having children, but most studies show no correlation at all. When the results of research are uncertain, open to multiple interpretations, or at odds with other research, decisions must be based in large part on the policy maker's judgment, experience, values, attitudes, and training.

Does all this mean that social-science research is an unlit lantern — offering no useful guidance about how to move people from welfare to work? Absolutely not.

In advising President Clinton and me on our original welfare bill, distinguished academic experts on welfare — including Mary Jo Bane and David Ellwood, the co-chairs of the President's welfare-reform working group — relied heavily on current research about trends in the economy and the work force, as well as on research about the behavior of people on welfare. Accordingly, research helped shape our understanding of many important questions, including: Why do people go on welfare in the first place? How long do they stay on? Why do so many return once they've left?

The answers to those questions are important. However, they do not provide the complete answer for policy makers, because welfare reform is fundamentally about changing the culture of our welfare system — created more than 60 years ago — to insure that it accurately reflects 21st-century realities and values. For example, we know that today most women work outside the home. As a nation, we believe that we need to make work pay, that is, that we must change the incentives so that going to work is a more rational choice than staying on welfare. And we believe that children need the emotional and financial support of both their parents.

These realities and values ought to guide our welfare policy because, as President Clinton said recently, "There is a passion in this country . . . to move people from welfare to work in a way that enables them to support their children and live in greater dignity." The belief that dependence must be reduced and dignity increased now transcends party lines. In fact, Mr. Clinton vetoed two welfare bills because they defied this consensus.

The President believes that the new welfare law is different, and that it takes strong steps toward

reinforcing national values regarding work, family, and independence. In his words, it gives us a chance to “end the terrible, almost physical isolation of huge numbers of poor people and their children.” In contrast to the two previous bills, the new law does not replace the national guarantee of food stamps and school lunches with block grants to the states. It drops proposed deep cuts in funds for child-abuse prevention, foster care, and adoption assistance, preserving our national commitment to these vital services. It maintains Medicaid’s historic guarantee of health insurance for poor children, the disabled, pregnant women, and the elderly. It is tough on parents who don’t pay child support. And, to enable single parents to go to work, the law adds \$3.5 billion for child-care services.

Overall, the new law replaces the federal guarantee of income support for families with dependent children with block grants to states, which are required to maintain at least 80 percent of their fiscal 1994 spending on welfare. The law has a five-year lifetime limit on benefits for welfare recipients, although states may exempt for hardship up to 20 percent of their caseloads. At the same time, the law requires welfare recipients, with few exceptions, to work after receiving two years of benefits, to enroll in on-the-job or vocational training, or to do community service. Unmarried mothers under 18 years old are required to live with an adult and to attend school as a condition of receiving welfare.

The goal of our welfare-reform strategy must always be to make work pay. We had begun to fulfill that goal long before President Clinton signed the welfare-reform bill. How? First, by creating the right incentives, so that going to work is a better deal than staying on welfare. We did that by fighting for and enacting budgets that dramatically expanded the earned-income tax credit for 15 million working-poor families and invested in education and training to help people find jobs and keep them. We did it by raising the minimum wage to \$5.15 an hour, thereby making it a living wage and giving all full-time minimum-wage workers an \$1,800 annual raise.

And we did it by expanding Head Start and child care and approving several state demonstration projects designed to expand health-care coverage for the working poor.

Second, over the past three and a half years, we have granted 43 states a total of 78 waivers from previous federal welfare rules so that they can use innovative approaches to reforming welfare. These state demonstrations now are making work and responsibility a way of life for more than 75 percent of all welfare recipients. Many of the waivers that the governors requested included changes that impose time limits on benefits, create stronger work requirements, and provide expanded child care, thereby demonstrating both a strong desire among states for flexibility and a broad constituency for reform. In fact, many states held extensive public hearings and legislative debates before requesting their waivers. This further increases the likelihood that welfare reform will succeed, since we know from research by the Manpower Demonstration Research Corporation and others that change works best when states have a sense of ownership in their own plans.

When President Clinton signed the welfare bill, he said: “This is not the end of welfare reform, this is the beginning. And we all have to assume responsibility.” For the federal government, responsibility includes changing some parts of the bill that have nothing to do with reforming welfare and strengthening protections for children. The two provisions that the President already has identified as needing change are the cutoff of most federal benefits for legal immigrants and the excessive cuts in food stamps, especially for families with high housing costs. These problems are important — but not insurmountable. And the President has vowed to go back to Congress in 1997 to fix them.

But Washington alone cannot make reform work. The culture and practice of local welfare offices — indeed, of everyone who works with welfare recipients — must change dramatically. Instead of focusing primarily on determining eligibility for benefits, officials will need to give welfare recipients the tools that they need to make the transition to work. The greatest challenges to the public and private sectors will be to clear out the roadblocks that keep welfare recipients — who often lack education and work experience — from getting jobs and keeping them.

While the first goal of real welfare reform is to make people support themselves, the second is jobs, jobs, jobs. We will need an extraordinary commitment from business, government, universities, unions, non-profit organizations, and religious groups to train and hire people on welfare. To make that easier, the President is proposing a

targeted tax credit of 50 percent on the first \$10,000 in wages that employers pay each long-term welfare recipient. The credit could be claimed for up to two years. He also has proposed grants to cities to help employers create new opportunities for long-term welfare recipients.

Clearly, policy makers must follow closely the results of the new welfare law and be flexible — and humble — enough to make changes if we're not getting the results that we seek: more people working, greater family stability, more parental responsibility, and increased dignity and hope for children.

We will need good research. Researchers have suggested, based on past studies of issues such as job attainment, that it is difficult to change behavior through small, incremental policy changes. But we don't know what effects a fundamental change will have. For example, what are the benefits for young children when they see their parents go to work every day? How successful will the law's work incentives prove? How well are the changes allowed under the state waivers working? And what impact will clear, consistent work-and-study requirements for young welfare recipients have on teenage pregnancy?

Social-science research may not be able to answer these questions fully. But all of us have an abiding duty to try to answer them together. Because, in the end, we must focus on what we do agree on: The best protection for American children is parents who want them, nurture them, and support them. Our efforts — public and private — must always reflect that consensus.

When President Clinton signed the welfare-reform bill, he issued a challenge to our entire nation. He said:

“Every person in America . . . who has ever said a disparaging word about the welfare system should now say, ‘Okay, that’s gone. What is my responsibility to make it better?’”

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HEALTH CARE, CHILD CARE, HOUSING: ADMINISTRATION PERSPECTIVES

(At the outset of the second Clinton Administration, two Cabinet members offer overviews of how they are pursuing and accomplishing their mandates. The U.S. Department of Health and Human Services (HHS) is the U.S. Government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. Its programs include medical and social science research, infectious disease prevention, immunization services, food and drug monitoring, health insurance for elderly and disabled Americans as well as those in low-income brackets, financial assistance for low-income families, enforcement of child support regulations, improvement of maternal and infant health, child-abuse and domestic-violence prevention, treatment and prevention of substance abuse, and various services for senior citizens. The U.S. Department of Housing and Urban Development (HUD) was created to help the nation's communities meet their development needs, spur economic growth in distressed neighborhoods, provide housing assistance for the poor, help rehabilitate and develop moderate and low-cost housing, and enforce America's fair housing laws.)

HEALTH AND HUMAN SERVICES: A RENEWED COMMITMENT

By Donna E. Shalala

(The subject of health care was vigorously pursued by a White House task force during the first Clinton Administration, sparking energetic nationwide debate throughout the public and private sector. That debate continues today.)

Over the past four years, the Department of Health and Human Services has made important commitments to the American people.

We pledged to protect our nation's children, and to pay special attention to the needs of our adolescents. We enhanced our long-term promises to improve health care and guarantee economic independence for all Americans. We supported legislation, signed by President Clinton, that will ensure health insurance protection for an estimated 25 million Americans who move from one job to another, who are self-employed, or who have pre-existing medical conditions. And we made new commitments to tough management at our Department, finding innovative ways to do business and achieve results.

Today, those pledges are reaping benefits. Childhood immunization rates are at their highest levels ever in the United States. Infant mortality is at an all-time low. The welfare rolls have been reduced by two million people, and teen pregnancy rates are declining. We're making work pay with more child care, better child support enforcement, and a reformed welfare program.

We launched an historic children's tobacco initiative to seize power back from the cigarette advertisers and place it in the hands of parents. We demanded quality from every Head Start program. And we dramatically reduced the amount of time it takes for new drugs to gain approval from the Food and Drug Administration, paving the way for new advances in AIDS treatment and pharmaceuticals for other uses to reach Americans faster, while preserving high standards for safety and



effectiveness.

Under our “zero tolerance” policy for fraud and abuse, our Operation Restore Trust program is saving \$10 in health care costs for every anti-fraud dollar we spend. And we’re protecting Medicare for seniors and the disabled, giving beneficiaries enhanced benefits and greater choices in their medical care.

Over the next four years, we are determined to complete the job in many of these areas, and to prepare to meet the goals of the 21st century. We must reduce the ranks of the uninsured, especially among our children. We must ensure that the quality of health care in America remains among the finest in the world. We must continue to seek economic independence for all Americans, while providing a safety net when help is needed. We must continue to address aggressively the problem of teenage drug and alcohol abuse. We must extend our crusade against waste, fraud, and abuse in general. And we must assure the solvency of Medicare — in both the near and long term — for all Americans, young and old.

These are tough challenges. But in an America where the doors of opportunity are wide open and the keys of responsibility are in every person’s hands, we can achieve them. ■

INVESTING IN AMERICA’S CHILDREN

By Donna E. Shalala

Our nation’s future depends on the healthy growth and development of our children.

At HHS, we have developed a multifaceted strategy to promote the positive development of America’s young people, particularly disadvantaged children, spending approximately one-sixth of the total HHS budget in this regard.

The HHS strategy focuses on two broad areas:

■ “Strong Foundations” for young children and families that involves a Head Start, a Healthy Start, and a Safe Start.

■ “Safe Passages” for older children and teenagers.

During early childhood, healthy development is the foundation for a healthy life. HHS supports services that help families build strong foundations early in life. In addition to infant immunization, child care and child support, U.S. Government services seek to protect children from abuse and neglect, and to

advance research on infant mortality and childhood diseases.

During their teen years, children need social and community supports to navigate a safe passage from adolescence to adulthood. HHS is working to ensure that federal, state and local legislation limiting tobacco use is enforced. The Department also is using resources for public education of America’s young people on the dangers of drug use. We have established a new Teen Pregnancy Prevention Initiative to support prevention efforts in communities with high teen pregnancy rates.

Despite low-growth budgets, HHS has increased significantly investments in these priority areas for children, and results have followed. For example, a record number of two-year-olds are now properly vaccinated. Vaccine-preventable diseases are at record lows. In our Head Start program, enrollment is up, children are being served at a younger age, and the quality of the program itself is improving.

In the area of Medicaid, President Clinton has insisted on the continued guarantee of coverage for needy children. In welfare reform, the Administration’s proposals focus on making families self-sufficient while protecting children. The Administration also supports tough new rules requiring absent parents to support their children.

The new HHS Governing Council for Children and Youth, established in the fall of 1995, aims at bringing together all parts of the Department to better serve children, youth and families by pooling resources and establishing continuity among efforts in their behalf. Finally, HHS seeks to shatter bureaucratic barriers between the public and private sectors of our nation so as to build new, beneficial partnerships for children. ■



HOUSING IN THE UNITED STATES: LOOKING TO A BRIGHT FUTURE

By Henry G. Cisneros

Secretary, U.S. Department of Housing and Urban Development

The central responsibility of the Department of Housing and Urban Development (HUD) is, simply stated, to ensure that Americans live in decent housing.

For homeless citizens, that means helping them get the shelter and support services they need to build self-sufficient, independent lives.

For low-income Americans, it means sustaining a safe and adequate network of public housing and affordable rental housing in the private market.

And for all Americans, it means fostering home ownership as a benefit to families and communities, and guaranteeing fundamental fairness by enforcing U.S. Government fair housing laws.



To help the homeless, the Clinton Administration created a "Continuum of Care" strategy that encourages local leaders to put together comprehensive programs that tackle the multiple causes of homelessness: unemployment, physical and mental illness, drug and alcohol abuse. As Columbia University researchers concluded in a recent (December 1996) report, Continuum of Care has sparked major investments from both governmental and non-governmental sources and has greatly increased the numbers of homeless people assisted.

We at HUD are also taking decisive steps to improve public housing through a four-part strategy:

- Demolishing the worst of the blighted, crime-infested high-rise buildings and replacing them with low-rise apartments and townhouses.

- Fighting crime through new collaborations between U.S. Government investigators and local police, and by empowering local housing authorities to evict residents whose drug-dealing and violence threaten law-abiding families.

- Working with local authorities to improve their oversight of public housing.

- Changing the rules to encourage residents to study, train for jobs, and work steadily. Wage-earners now can increase their incomes without seeing their rents go up automatically.

HUD supports other low-income families with supplemental rent payments that enable them to find the affordable rental housing they need in the private market. We also work to foster equal housing opportunity for all Americans — in public and private housing markets — and protect them from discrimination through enforcement of U.S. Government laws that forbid housing discrimination based on race, color, religion, sex, national origin, handicap, or family status.

Home ownership represents the American Dream for most families. Nationally, the home ownership rate stands at 65.6 percent of all households — its highest rate in 15 years. All the factors that can make home ownership possible are moving in the right direction. The economy is stronger, more jobs are available, and interest rates are low.

Two years ago, HUD helped launch a partnership of private organizations and public agencies committed to getting more Americans into their own homes. The National Partners in Home Ownership is working to make buying a home easier for minorities, women, and immigrants. The Federal Housing Administration, HUD's lead agency in making mortgage insurance available to low- and moderate-income Americans, has cut costs by \$2,000 over the last three years, making it easier for people to buy homes.

The Partners' goal is to add eight million new home owners by the end of the year 2000. That target, we feel certain, is within our grasp. ■

SOCIAL RESPONSIBILITY IN THE UNITED STATES: THE CURRENT TAPESTRY

A Conversation With Theda Skocpol and David Kuo

(The following dialogue brings together two social scientists from diverse political perspectives who reflect upon social responsibility — its meaning historically and in the present day. The discussion mirrors the healthy debate underway in U.S. society. Journal editors Michael J. Bandler and William Peters are the conversation's moderators.)

SKOCPOL: I'm Theda Skocpol. I'm professor of government and sociology at Harvard University.

KUO: My name is David Kuo, and I'm the executive director of an organization known as The American Compass, the goal of which is to try and reinvigorate the private sector to mobilize and care for the needy. We are a group of conservatives who got tired of talking about changing the welfare state and wanted to roll up our sleeves and get involved.

BANDLER: I'd like to begin our dialogue by exploring the roots of social responsibility in the United States — American compassion, so to speak.

S: Having studied the history of American social policy from the 19th century up to the present, I think we can trace a couple of different roots for American compassion. Some people might say, let's go back and look at what Americans have been doing since colonial times for the poor. That tradition of local responsibility has existed for a long time, sometimes directly — one family caring for another — and at a later time, the establishment of local poorhouses. The New Deal in the 1930s changed that somewhat, although I think not as much as many people believe.

But I want to put into the beginning of the discussion a much larger meaning of American compassion. I think you can see from the beginning a tradition of citizens saying that every individual is responsible for contributing to the community and the nation, and the nation and community in turn

can appropriately give back to that individual and that individual's family aid that enables them to meet their responsibility as citizens. So I don't think we should just talk about relief for the poor. We should talk about the full range of what American citizens have expected from one another and have been prepared to do to provide community support to one another.

K: I would find very little to disagree with in that. One of the things that I tend to be frustrated with in the current debate about welfare — especially among conservatives — is this uninformed idea about the nature of the private sector, this unsubstantiated belief, I think, that government has somehow completely usurped the role of the private sector. So I would like to raise something I've wrestled with. To what degree did American government usurp the role of the private sector, versus, to what degree did the private sector really abdicate its role, or not find itself capable to meet an unprecedented great need in American life.

S: I'm sure you would agree that the private sector includes both private charities — often religious groups — and businesses. They're both part of what we often mean by the private sector.

K: Yes, absolutely.

S: I think there was a crisis, and not just during the Great Depression of the 1930s. During every big economic downturn in American history, you see private charities and businesses saying to government, either at the local or at the national level, please do more to help, because we can't handle the overwhelming need in this period. Still, I would argue that even the much-enhanced role of the federal government in the New Deal period, for the Social Security Act and the various welfare programs that were put into place, never pushed the private sector out altogether. In many ways, we see a partnership with private charities like the Salvation Army or the Catholic Charities, or various other religious groups.

K: A number of those organizations founded around the late 1800s and early 1900s shared several core principles on how they would operate. Among them was the idea that they would be challenging — that

moral demands would be made both on giver and recipient. The second was that they would be personal — that people would have one-on-one, intimate interactions with each other. This was not an arms' length relationship in terms of caring for those in need. It really embodied the true meaning of compassion, which I believe is 'suffering with.' Another is that they were spiritual — fundamentally faith-based. They obviously came from a variety of denominational differences, but they never really lost sight of the primacy of a spiritual component.

I can't point to the moment when it occurred, but over time, those principles, especially as embodied by those organizations that were founded within ten years of each other — the Red Cross, Salvation Army, YMCA [Young Men's Christian Association] — have been lost. The groups, in many ways, have taken on a governmental approach, becoming much more hierarchical, with Industrial Age models in terms of their delivery systems. Now to a certain degree, there is this sense that we need to return to an older model of compassion. How should government position itself in this coming age to return to a different notion of compassion? And how should these organizations that have been around for a hundred years, that now receive anywhere from 20 to 60 percent of their money from government, rediscover their first mission?

S: I think those are fair questions. I think we could definitely point to a professionalization and a bureaucratization of many private and charitable organizations in this country. It's probably become most apparent in the last thirty or forty years — more slightly apparent, I think, from the turn of the 20th century on. Of course, we need to remember that the personal approach to compassion may have been modified because it was not adequate to the scale of the problems. As I've said, some of the very local and personal and religious organizations that were so active before the New Deal were in the forefront of asking for more help from government when the scale of the problem became too great for them. I also think there were serious problems of inequity and racial exclusion that became unconscionable in this country, starting in the Sixties and Seventies.

K: Yes. Absolutely.

Bandler: Sixty or more years ago, when the problems became too great, Americans turned to the government for help in what became known as the New Deal. What happened from that point on? How did the reliance on government expand to the extent that it became, for many, a crisis needing rectification?

S: I think we need to look at the major social programs that came out of the New Deal which embody that other tradition of American compassion. If you look at Social Security, for example, our major program of social protection for the retired elderly, it rose up as part of a long tradition of American compassion that takes into account the fact that people are going to contribute all of their working life — by work as well as by payroll contributions. Then, at the end of their life, they or their survivors will be entitled to a certain amount of support, a basic level of support, through a public program. That really is the biggest thing the New Deal put in place, and it remains the biggest thing by far. At the same time, it provided subsidies to state and local governments to provide a little more consistent and slightly more generous help to the very, very poor. That's what we call welfare.

It's interesting to me that the smaller part of this, both in terms of the number of people reached and the amount of money spent, has become so much more controversial. I think it's because we have changing ideas about the appropriateness of mothers staying home with their children. Back in the New Deal era, we thought they needed to stay home, and that that was work. Now we think mothers need to be in the workforce. Also, the racial composition of the people being helped has changed, startlingly. Many more are not white people. So the rise of the controversy about welfare seems to me to be very closely linked to those major social changes and not simply to the amount of money we're spending.

K: I would say, vis-a-vis social security, that it is hard to look at the Social Security Act and say that the federal government did not do something revolutionarily good in terms of caring for the elderly in America. But if you look at the number of elderly poor over the last sixty, seventy years, you will see a marked downturn.

S: Right.

K: That is the reality. I think people tend to overlook that, and say, well, of course that makes sense. Well, it makes sense, but it's an example of a

government program that made sense, that worked, that had a desired outcome. Now we're moving slowly in the direction of talking about that whole panoply of programs called welfare. AFDC [Aid to Families with Dependent Children], as originally intended, was a program to help widows of war dead and other widows, and divorced mothers whose husbands had left them. Like many programs in its early years, it was very small, and it was successful. Now you jump ahead twenty or thirty years, to the mid-1960s, and to the current day, and what you see, in reality — though conservatives tend to ignore it — is that the Great Society modifications to AFDC were relatively minor. They weren't vast sweeping changes that were invented overnight and adopted wholesale, and were immediately detrimental to society. Instead, I think, what you see are programs undergoing relatively small changes. But the biggest change comes in the broader cultural mores and in the responses of people to those programs.

S: I think that makes sense. Also, more people ended up depending on them than probably was ever imagined.

K: Absolutely. And again, I don't know the degree to which this occurred, but I think almost inarguably, many of the programs that were intended to be safety nets in many ways became programs that had perverse incentives.

S: Yes, especially as the role of women and men in the family and in the workforce changed. I think that welfare seemed to be subsidizing people to not work, as the definition of what counts as a mother's work changed. And of course it has changed.

K: In February of 1968, in a speech, Robert Kennedy pointed out that critics of welfare have long said that welfare is degrading to the recipient, that it discourages work, that it discourages family formation, that it encourages family breakups, and that we in our effort to help often ignore the criticisms. He added his belief that American society had to realize that the criticism had more than a grain of truth. He went on to quote the head of the NAACP [National Association for the Advancement of Colored People] and others who said the program, even at that point, needed major changes, because it was just not having desired outcomes.

Bandler: What you both seem to be saying is that there wasn't anything necessarily wrong with the program or the way it was modified but there were changes in society and attitudes.

S: Well, I would say that there were some things wrong with the program. Aid to Families with Dependent Children goes all the way back to the 1910s, when most states started something called "mothers' pensions." They weren't for war widows, actually, because there was another program in place for that. But they were for widowed mothers. I think that program worked somewhat; it never worked terribly well. For many decades we could assume that most women who were mothers would have husbands — there would just be a few who wouldn't — and that they would be able to live through the incomes that their husbands were making in the workforce. Society did change. We have many more single-parent families — many of whom, I have to point out, are not on welfare and never have been.

K: Isn't it true that the majority are not?

S: I think that's right. So there's been a huge change in the behavior of Americans about marriage and having children that is sometimes blamed on welfare, but I think it would be more appropriate to say that those larger social changes overwhelmed a welfare program that was based on different premises when it was started.

K: This is fundamentally a chicken-and-egg question, but I don't think there can be much doubt that the welfare program helped increase the "underclass," that is, had an especially detrimental effect.

S: Well, it probably is true that it didn't solve any problems. I don't believe the research shows it caused these problems, but we don't need to argue about that, I don't think.

K: I'm not saying that it caused them, but I think it helped the downturn.

S: I want to direct our attention to what's been missing in American compassion either through the private or the public sector in the last several decades, because I think we sometimes focus on what's there and what it isn't accomplishing. We need to ask ourselves why we Americans haven't done more to ensure that everyone who wants to work is able to work, and have not done more to support fathers and mothers in combining work and

child-rearing in this society. We have a lot of problems that are faced by working poor people, and sometimes I think we respond to those problems by just saying to more poor people, you need to go to work under circumstances where you may not be able to earn enough to live on or get the health care benefits you need to take your child to the doctor. I don't know how realistic that is. Most other industrial democracies place the emphasis on rewarding work and responsible parenting, and I think that's what we ought to be doing in America, rather than tinkering with welfare.

K: I don't think there are going to be many people who disagree with that. How do you go about implementing it?

S: Well, I think there are a lot of people who disagree with that, actually, if it means you need to involve government.

K: So how would you advocate doing it?

S: I would advocate extending social security to working-age adults, make sure they're working, but giving them some help to train themselves to prepare for work. I'd also want to make sure that families can afford to have one-and-a-half adults in the workplace and still take care of their children, either by placing them in child care if they choose to do so, or by allowing one parent to stay home for part or all of the time, if they would like to.

K: This is where the debate really takes off. How do we as a society foster these changes? How do we bring about these desired outcomes? Many — most — of the people in the conservative camp are going to say, 'show me government programs of the past thirty years that really have been extraordinarily successful in meeting their desired outcomes.'

S: I would say, look at Social Security, which is America's most effective anti-poverty program, as you yourself pointed out.

K: I don't disagree. I think the sort of absolutist anti-government position is untenable, especially in terms of blindly saying, all we have to do is reconfigure the marketplace, lower taxes and everybody will be fine.

S: It sounds like you and I agree about a lot more than we might.

K: Maybe you can make the criticism for the "liberal" position.

S: Well, there are various liberal positions, just as there are various conservative positions. There are certainly some on the left of the spectrum who believe that we should just go back to spending more on AFDC and other welfare programs that do not require people to work. Many on the left are very nervous about raising questions about parental responsibility, about saying things like 'it's better for parents to be married.' I don't agree with those positions. We can still do things to help a mother who ends up alone with her children, but we don't need to pretend that that's the ideal situation.

K: How do we get programs in place to help those people who need the help, who, through no fault of their own, find themselves in a position where without help they will be in dire straits — without having people look at the program and say, 'okay, I need more money, so I am going to do X because the program rewards X'?

S: That's an excellent question. That's the fix we've gotten ourselves into in this society. Over the past forty years, we've been saying to people with few skills and not such great prospects on the labor market, if you stay home and apply for welfare, you can get a Medicaid card and take your kid to the doctor, but if you are working long hours at the minimum wage, you're probably going to be in a job that doesn't provide health insurance. There's something very wrong with that; we ought to be concentrating on putting in place the basic supports for everyone that enable people to work and care for their families and get by. They may not get rich, or even reach middle class. But if we did that, then I don't think we would have the moral problem you're describing.

K: But again, that's fine in theory, but how does it look in practice? My wife, who taught in Washington, D.C., schools for six years, was literally able to point to the women who were going to become pregnant again because of various changes in the system that they well knew.

S: Well, the number of poor people having children out of wedlock is actually going down. I know it doesn't necessarily look that way from one vantage point, but it is going down.

Bandler: Let me shift directions a bit. Can we focus on the specific areas of child care, housing and health care? Can you frame the nature of the current debate on these subjects?

K: I'll shape it from the conservative side. The conservative argument — one I have a lot of sympathy for, obviously — is that government programs have done more harm than good. With the exception of social security, it is almost impossible to point to a major government social program of the last thirty years that has had the desired consequences. The principal problem, I believe, is not in terms of dollars and cents. The principal problem is in terms of the balance sheet of human lives. The greatest cost of these programs has been their detrimental effect on people, intended and principally unintended. So as you talk about all of these things, what is it that makes us believe that a new governmental approach is going to be any more successful than old governmental approaches that have failed?

S: I think we have to look at different kinds of government approaches. I get very discouraged at times in the debate — certainly not with you, David, but in the overall debate — which seems to be very crude in saying it's government versus the market.

K: Absolutely.

S: That's so naive. The question is, what kinds of government efforts are we talking about, and how do they mesh with what people in society and the market are doing. We have a splendid history of success in America, dating back to the founding of public schools in the 19th century through the expansion of Civil War pensions, programs to aid mothers and children — not just welfare programs, but others in the early 20th century — and the creation of social security. Then, in the last thirty years, there certainly is the addition of Medicare. Whatever its problems, which I think are tied up with the overall health care system, it has had splendid impact on the health of the elderly in this country. So we have had major government successes. The question is, how do they work compared to the failures? If we as a society had made the decision we should have made long ago to find some way to ensure that every job carried with it a basic level of health benefits for the worker and the family of the worker, that alone would have made an enormous difference in our welfare problem. The rules of the game would be set by the government — so that there would be no such thing as people working in jobs without health insurance. That alone would

have made it less likely that large numbers of people would have gone onto welfare.

K: It is impossible to point to a major government social welfare program since World War II that is not today at least 25 percent "privatized." You look at every major program, and you will see at least 25 percent of it run by the private sector. So you can't say that all government programs are bad or all private sector programs are good.

S: And you have to realize that there can be combinations of private and government activity that don't work.

K: I think one of the things that would be instructive would be to see whether it was possible for government to change its focus on how it runs its programs. For instance, instead of issuing a work order that says a program needs to be run by X number of Ph.Ds and Y number of social workers in Z type of facilities, we'd cut to the bottom line here. We want a program or a work plan that will produce an efficacy rate of Q. We want demonstrable success rates in drug treatment, in job training, in whatever type of program. We don't particularly care what means you use. You can use private secular means, you can use private religious means, you can use anything in between.

S: I think there's a consensus developing on that point. I believe there is a certain amount of change going on now and we're placing more emphasis on results rather than the means. There were historical reasons why we focused on the means. We were trying to establish something of a skilled civil service in this society, and there was some value in that. But maybe that's not the value that we need to be fighting for now.

K: I think the new battle is over results. There you see an enormous advantage for the government, because government programs are monitored. We know that government programs don't work in part because we have seen the results of their own self-examination. You don't see the same thing in the private sector.

S: There are lots of private programs that don't work.

K: Oh, absolutely.

Bandler: We've been talking about government in general terms. There appears to be strong support for the idea of shifting responsibility for these programs from the federal, or national, level to the state and local level.

S: I think you're talking about something that really is happening in the area of programs for the poor. I don't yet see any societal consensus — nor do I really expect one to emerge — that we're going to take things like social security and Medicare and hand them off to the states and localities. I'll let David comment, but I think the positive side of more responsibility for state and local government is that it might help with this results-oriented approach. And you might get people to take responsibility for dealing with the actual problems their communities and their states are facing. The downside is that it can create a competition to do less and less for a constituency that is problematic, that isn't politically powerful — namely poor people.

K: I don't think that state governments necessarily are less bureaucratic and more efficient, more intelligent, than the federal government. But there is the chance that by returning programs to states and localities, these jurisdictions will be able to tailor the programs to meet their needs. That's the hopeful part.

Bandler: But isn't there great concern among many on the lower levels of government as to whether benefits will accrue to them with this shift?

S: We often imagine in this country that we could return to a situation where there are a few poor families in the community and the community pitches in to give them some tough love — give them a little bit of help, get them on their feet, and everything will be fine. I don't want to disparage that model. It's a very wonderful model, and I think we should do our best to achieve elements of it. But we need to face the fact that very poor people, especially very poor people of color, are often concentrated in certain rural areas or certain big

cities in overwhelming numbers. And of course the mayors and the local authorities and even the congressional representatives from those areas are very concerned that they'll be left holding the bag and that others will just wash their hands of the responsibility.

K: Let me describe my hope for the future. I don't tend to engage in utopian ideals all that often, even though it's going to come close to sounding like that. It is that Americans will see that a clear and present danger to the nation is the continued deterioration of the underclass, be it in terms of crime, be it in terms of social costs. I don't care what measure you want to choose. Americans need to see that as a reality. And then I believe that citizens must mobilize to meet those needs. That means sacrificial giving of time and resources, financial and material. I don't know how that happens. I don't know that needs to happen without a role for government. I think that there is such a role. Whether it's through tax credits or through vouchers, there needs to be a system whereby government can bring to bear that which it does best: collecting and distributing money, monitoring, doing things along those lines, but to this other end. And then we need a massive campaign to convince Americans that they need to mobilize, to go into the inner cities, to go into the rural areas, and to give — to practice these principles of what we can call effective compassion.

Bandler: But isn't it common for people who are concerned about various social problems — as they may exist nationally — to turn to government and say, 'do something about it, you're responsible for this'?

S: Well, the government is us, and I think we have to realize that ultimately. I'm very discouraged about the rhetoric, because I think it's just promoting the idea that the government is somebody else. I like David Kuo's vision. I'm worried about one aspect of all this, though. The underclass — that is, the extremely poor who live disorganized lives, and whose children are in jeopardy of not being able to have even a whiff of the American dream, are really only about ten percent of the poor in this country. Part of the problem we have is that the ranks of those who are poor or near-poor have been growing. So that creates a situation in which there's compassion fatigue, because there are more and more families with both a mom and dad working long hours, worried about what's happening to themselves and their children, or mothers alone who can barely keep their heads above water. But it also means that there's a larger issue to address here that

may go beyond either government programs for the welfare poor or charity for the very poor. We might need to think about what we want to do as a society to make sure that the rising tide lifts all boats.

K: But how do we do that? I think one of the encouraging things — to point to a specific piece of legislation — that came out of the welfare bill was the provision put in by Senator Ashcroft called the charitable choice provision. It allows states to use federal block-granted funds to contract with private and religious charitable organizations to deliver those services without requiring those organizations — especially the religious ones — to lose their fundamental religious conviction. There are strict prohibitions against proselytization, but it really does try and level the playing field and encourage the participation of those private and religious groups, the small ones that really are doing a marvelous job of transforming people's lives but that are now cut out of the mainstream of social welfare funding.

S: Well, I'd like to look at the details of that, but I certainly agree that we can be more realistic about the strengths of religious groups. This isn't anything new; many government programs at all levels are already implemented by religious groups and have been for a long time.

K: The difference here is that under this provision, those groups don't have to change their fundamental religious character. They don't have to remove crosses from walls. They don't have to lose their fundamental religious grounding.

S: Well, if it's about symbolism, I think that may be a good thing, as long as we're careful that it isn't done in a discriminatory way. But there have been other conservative proposals, for example, to hand public money for social spending on the poor over to private charities on a one-on-one basis. I think that would produce a disaster.

What I often say when I am in discussions with conservatives is that sometimes, a properly designed government program that simply gets the service or the money to those who need it most with the minimum of overhead is the way to go. And it isn't a zero-sum game, because we could imagine the religious groups and other private groups that are trying to provide much more personally-tailored direct aid to people in desperate circumstances of

various kinds doing a better job if they can rely on certain basics being in place.

I come back to the health care example. We, as a society, have debated this, and have taken a very harmful turn. If we could count on some bare-bones health care to be there always, then it would be easier to add on programs run by private groups and local groups in many cases that did the little extra to both demand responsible behavior of poor people and deliver the aid to them.

Peters: I've had a view of this that our conversation has strengthened to some degree. There is a current of thought that the U.S. social responsibility structure that we've had for the last sixty years was particularly a response to the Depression, sort of an economic aberration. I'm wondering if there isn't an element of the changing way in which people lived that drove that as much as anything else. There's the shift from a largely agrarian society to one that is much more urban. Families became generationally divided. Didn't the world change in some ways? Isn't there an element of that happening that drove the need for different kinds of responses in terms of social responsibility?

S: I think there's more continuity than some people who say the New Deal was an aberration. But I would point to the changes in family structures, and in what the economy has been doing for families without a lot of skills in the labor market in the last thirty years. There are very big transformations that have reverberated through our private and public system of social compassion and in some cases overwhelmed it. I also think there are continuities in the American tradition of compassion that were there from the beginning and were not fundamentally transformed by the New Deal — and are still with us. I think Americans want to help people to help themselves. That's a theme that runs through, and they're prepared to do quite a lot, including through taxes and government, as long as they're convinced that the programs are going to reward individual responsibility and contributions to the community rather than replacing it.

K: They don't want to see their hard-earned money or their hard-earned time wasted. Their spirit is good, but they also have a measure of demanding that these things work.

S: And actually, the poor in America have always been part of that consensus. If you go and talk to poor people — at least at the level of the values they will articulate — they will say the same thing.

Bandler: Given what you both agree is the link between compassion and a responsible citizenry, do you think the Administration and the Congress are heading in the right direction?

K: I am highly critical of Republicans in general for how they talk about these issues. I think it is just politically stupid, and morally questionable, to talk about the problems we face — especially vis-a-vis the poor — in terms of how much money it costs in budgetary terms, A, because it is so remarkably small, and B, because the real question is not how much this costs. America has a long history of not being terribly concerned how much it spends to try and tackle crises. The fundamental question is, what sort of an outcome have these programs produced or helped to produce in the very people that they're trying to help. That's the question that needs to be answered. It's not the costs, it's the impact — and what can we do to enhance or expand the impact.

Bandler: In other words, if the programs work, the money has been well spent. If they haven't, it hasn't.

K: That's exactly it.

S: And that's what most Americans believe. I agree with what David said. However, I'm a little worried. I believe that both parties are obsessed with budget-balancing, and in practice, it turns out to be easier to extract resources from the poor than from anyone else. I'm not terribly optimistic about how things have turned out over the last few years, or how they're going to turn out in the immediate future.

K: I think there are very few people on either side of the aisle who deserve a lot of credit for having talked about these things.

Bandler: So there's a vital need to get the debate off the fiscal questions and onto the essence of it: what programs will work, how they will work, what the moral responsibilities are.

S: And what kind of partnerships between groups in society, including government at all levels, we really want to have.

Bandler: Is social responsibility a partisan issue?

S: It is, in practice. Of course it is.

K: It shouldn't be.

S: We're saying it maybe shouldn't be, but it is.

K: I think decidedly it shouldn't be, but it is. The question about how well we deal with it in the future is going to be the degree to which we're able to change that dynamic. ■

AMERICAN DREAMS AND DISCONTENTS: BEYOND THE LEVEL PLAYING FIELD

By Isabel V. Sawhill and Daniel P. McMurrer

(Progress has been significant towards the ideal of an American society based on equality of opportunity that rewards ability and achievement. Yet some long-standing problems and some newly emergent inequities remain to be resolved. In this article, two staff members of The Urban Institute, a leading nonpartisan, nonprofit think tank, seek to reconcile some continuing discontents with the record of accomplishment.)

In 1931, when the historian James Truslow Adams coined the phrase “the American dream,”¹ he captured something peculiarly American:² belief in a society both open and dynamic, grounded in a commitment to individual opportunity and to a better life for each generation. In the American lexicon, as Frank Luntz notes, opportunity “is not just the chance for rapid social mobility, but has also to do with our entrenched belief in the concept of meritocracy. Americans are more likely than any other democracy to believe that people succeed because of actual individual talents, efforts, and accomplishments rather than the social class into which they are born.”³

The American dream is now said to be in trouble. Many Americans complain that working hard and playing by the rules no longer ensures the kind of upward mobility that has drawn millions of immigrants to our shores. And many cite the fear that their children’s generation will not do as well economically or socially as they have done.

The irony is that these complaints come at a time of unparalleled prosperity and follow a dramatic expansion of opportunities to many previously excluded groups. What has gone wrong? Has opportunity in America really diminished? Or are our expectations simply outstripping what we can achieve? We seek answers to such questions in this essay, which provides some historical perspective.

AMERICAN PUBLIC PHILOSOPHY: A BELIEF IN EQUAL OPPORTUNITY

Most Western European democracies have espoused more egalitarian philosophies than have ever taken root in the United States. American society, instead, has been premised on the idea of equality of opportunity for each individual rather than equality of results. Tocqueville described this attitude as early as the 1830s.⁴ It has, if anything, grown stronger over time.⁵ Although a progressive tax system and a web of redistributive social programs serve to smooth extreme disparities in the United States, these interventions generally play a smaller role than in most other industrialized nations.

Reflecting an emphasis on establishing a fair process to guide the initial competition rather than on altering the distribution of rewards, public efforts in the United States have been directed toward two goals:

- Creating a level “playing field,” on which all individuals have equal opportunity to seek the rewards of the market economy, regardless of race, sex, nationality, or religion.
- Equipping individuals with the necessary tools for success on that playing field by broadening access to education.

THE RECORD OF ACHIEVEMENT

Much of U.S. history can be seen as the continuing struggle to achieve these two goals, thereby moving American practice closer to ideology. Benjamin Barber put it this way: “What is perhaps most notable about the American story . . . is how it has worked at every crucial crossroads in our history . . . to capture the aspirations of the excluded and to extend the boundaries of power and property.”⁶

The struggle is not over and the goals not fully achieved. Progress, nonetheless, has been extraordinary. Legal barriers have come down and attitudes have been transformed. As recently as 150 years ago, almost all African Americans were slaves; women were largely excluded from higher education and the professions, as well as the voting booth; and a large influx of Irish and German immigrants stood near the bottom of the economic ladder. Today, the earnings of blacks have nearly caught up with those of whites with similar educational backgrounds, and the proportion of young adults who complete high school is now the same for blacks as for whites.⁷ Women are as well-educated as men, enter similar occupations at similar rates of pay, and can swing a national election to a candidate who lacks majority

support among men. Numerous earlier generations of immigrants have achieved levels of success that often surpass those of native-born Americans.

Efforts to extend rights to previously excluded groups have been accompanied by a continuing expansion of educational opportunities. The importance of the education system in creating opportunity has grown as other sources of opportunity have faded. During the 1800s, the vast expanse of unsettled territory was a primary means through which the nation delivered on its promise of a chance of advancement for all citizens, leading Frederick Jackson Turner to deem the West “another name for opportunity.”⁸ But even then, the common school was viewed as a great leveler and source of upward mobility.⁹

With the closing of the frontier around the turn of the century, Americans increasingly looked to education as the primary source of opportunity. In 1940, Harvard University president James Bryant Conant called the public schools a “vast engine” for “regaining that great gift to each succeeding generation — opportunity, a gift that was once the promise of the frontier.”¹⁰ The education system expanded dramatically. Between 1900 and 1975, secondary school enrollment increased from 10 percent to over 90 percent among children ages 14 to 17. During the same period, the high school graduation rate increased from 7 percent to 73 percent.¹¹ College enrollment and graduation rates have also increased significantly.¹²

Today, with technology playing an ever more central role in all industries, the demand for highly educated workers has increased still further.¹³ Reflecting this increase, the wage premium for education has grown. In 1972, college graduates, on average, earned 38 percent more than high school graduates. By 1993, this differential had increased to 57 percent.¹⁴

The scale of public spending on education reflects the central role played by education in the United States. While the United States spends relatively little on direct redistributive efforts, historically it has spent more per capita on education than almost any other industrialized nation. In the 1990-91 school year, for example, the proportion of gross domestic product spent on public education (at 4.9 percent) was higher than in any other G-7 nation except

Canada.¹⁵ Yet most Americans voice support for even more government spending on education. Americans also rank highest in the world in the percentage of citizens who receive higher education, and Americans still remain much more likely than individuals in other countries to support further expansion of higher education opportunities.¹⁶

DISCONTENTS OF A MERITOCRACY

A society based on equality of opportunity rewards ability and achievement — the dictionary definition of a meritocracy. Historically, the ideal of equal opportunity in the United States has been so grossly compromised by differential treatment of particular groups that much of the nation’s political energy has been absorbed by efforts to rectify these injustices. Few have speculated about what society might look like if true equality of opportunity were to be achieved. While that time has not been reached, we have moved far enough to discover that a society based on meritocratic principles is not an unmixed blessing. As the importance of discrimination and illiteracy has faded, other factors — some long overshadowed and others newly emergent — are now playing an increasing role in shaping individual opportunity.

PERSISTENCE OF INEQUALITY

Progress in eliminating discrimination has not gone hand in hand with reductions in inequality; it has only reshuffled winners and losers in the competition. Many may well have hoped that leveling the playing field would change the distribution of income — a hope that in retrospect was doomed to failure. Changing the rules governing the competition for wealth and status does nothing to change the structure of the market economy and the rewards that flow from it. The degree of inequality is unchanged, even though who ends up where in the income distribution changes.¹⁷

PSYCHOLOGICAL FALLOUT

As access to education or jobs becomes more open, those who do not succeed can no longer point so easily to some external source for their failure.¹⁸ The closer society moves to a level playing field, the more likely it is that the consequences of individual failures will have to be confronted — by society as a whole as well as by the individuals themselves.¹⁹

EFFECTS ON THE FAMILY

The leveling of the playing field has liberated women from purely domestic roles. This dramatic change, along with the growth of the welfare state, has undermined the economic basis of marriage. As job opportunities for women have increased, their dependence on a husband's earnings and on the institution of marriage has declined. This has led to more divorce, and to more childbearing outside marriage — trends that have been at least partly responsible for the dramatic growth of single parent families.²⁰ In the three decades since 1950, the number of children living in single-parent families has increased from 7 percent to 27 percent. This increased incidence of single-parent families, in turn, has had major consequences for the distribution of income and future opportunities for children.

A NEW ECONOMIC ENVIRONMENT

Finally, two economic developments of the last two decades — slowed growth and structural changes that have placed a new premium on skill and education — are threatening the American dream. As long as America was blessed with rapid economic growth, no matter where one was on the economic ladder one could reasonably expect one's children to reach a higher rung. As the growth rate has slowed since the early 1970s, the competition increasingly resembles a game in which one individual can gain only to the extent that another loses. In this environment, where economic growth is not enough to provide all with a ready path up the economic ladder, the opportunity structure matters more, and issues of fairness become more salient.

This conclusion is strengthened to the extent that the rate of growth that we experienced in our earlier history was a function of unique factors — such as unlimited access to land and other natural resources in the 19th century, and an inexhaustible world market for our goods in the wake of World War II. It would be nice to believe that we could improve economic opportunities by ratcheting up the growth rate to earlier levels, but no one has yet devised a credible strategy for doing so.

Economic growth has not only slowed, but its benefits now accrue almost entirely to those with the most education. Simply being a loyal, hard-working employee no longer guarantees that one will achieve

the American dream. Whatever progress has been made in extending educational opportunities, it has not kept pace with the demand. The fate of the unskilled and the least able in this new environment is a new worry not easily reconciled with existing ideology.

LOOKING FORWARD

America may not be a true meritocracy. Social class and race still matter. Still, the country has progressed far enough toward its historically-given goal of equal opportunity to make many wonder why we, as a society, are not feeling more optimistic about the future. The persistence of inequality, the loss of external rationales for failure, the decline of marriage and the family, and the new economic environment all have contributed, in our view, to current discontents. It is quite possible that as our society faces that post-Cold War, post-industrial age, we are at the cusp of a new era in which the benefits from economic growth and global markets are not widely shared, forcing us to seek new responses to social responsibility. As we look to the future, however, we should not lose sight of how much already has been achieved.

NOTES

1. See Robert Samuelson, *The Good Life and Its Discontents*, Times Books, (1995), for more on Adams and the American dream.
2. For a discussion of American "exceptionalism," see Seymour Martin Lipset, *American Exceptionalism*, W.W. Norton (1996).
3. Frank I. Luntz, "Americans Talk About the American Dream," in *The New Promise of American Life*, edited by Lamar Alexander and Chester E. Finn, Jr., Hudson Institute, Indianapolis (1995).
4. One should distinguish American ideology and American practice. Some scholars who have studied the actual degree of social mobility around the time of Tocqueville, using the best available data, find little evidence of a rags to riches pattern. See *Three Centuries of Social Mobility in America*, Edward Pessen, ed., D.C. Heath & Co. (1974).
5. Lipset (1996: 98).
6. Benjamin Barber, *An Aristocracy of Everyone: The Politics of Education and the Future of America*, Ballantine Books (1992: 71).
7. Jennifer Day, "Educational Attainment in the United States: March 1995," U.S. Census Bureau Report #P20-

489, 1996.

8. Frederick Jackson Turner, "The Problem of the West," *The Atlantic Monthly* (September 1896).

9. See, e.g., "The United States at Midcentury," in James M. McPherson, *Battle Cry of Freedom: The Civil War Era*, Oxford University Press (1988).

10. James Bryant Conant, "Education for a Classless Society: The Jeffersonian Tradition," *Atlantic Monthly* (May 1940).

11. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (1970).

12. For example, the percentage of the population (age 25 and over) with at least a college degree almost tripled between 1960 and 1994 (from 7.7 percent to 22.2 percent). U.S. Bureau of the Census, *Statistical Abstract of the United States 1995*.

13. Lawrence F. Katz and Kevin M. Murphy, "Changes in Relative Wages, 1963-1987: Supply and Demand Factors," *Quarterly Journal of Economics* 107 (Feb. 1992: 35-78).

14. Lawrence Mishel and Jared Bernstein, *The State of Working America 1994-95*, M.E. Sharpe (1994).

15. National Center for Education Statistics, *The Condition of Education 1994*, U.S. Government Printing Office (1994: 150). The Group of Seven (G-7) nations are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

16. Lipset (1996: 83).

17. Indeed, the erosion of traditional norms about who should hold what jobs at what pay (women should become nurses, not doctors, etc.) appears to have been accompanied by an erosion of social constraints on employer hiring and compensation practices more generally. At the extreme, more open and geographically widespread competition can contribute to the rise of what Robert Frank and Phillip Cook (*The Winner-Take-All Society*, Martin Kessler Books, 1995) call "winner-take-all" labor markets, which bid up the salaries earned by top performers in a particular field. Those individuals who were previously protected from competition by virtue of being male, white, or the best at whatever they do in their town, have been hurt most by these developments. Thus, by loosening the role of social norms and limited spheres of competition relative to the role of supply and demand, the move toward meritocracy may actually increase inequality. White males with little education have been particularly affected.

18. Amartya Sen (*Inequality Reexamined*, Russell Sage Foundation, 1992: 6) notes that the opposite may also occur; "...in situations of persistent adversity and deprivation, the victims do not go on grieving and grumbling all the time, and may even lack the motivation to desire a radical change of circumstances."

19. Many commentators have discussed this problem. See, e.g., Daniel Bell, "On Meritocracy and Equality," *The Public Interest* (1970: 43) and Mickey Kaus, *The End of Equality*, Basic Books (1992: 47).

20. See, e.g., Andrew J. Cherlin, *Marriage, Divorce, Remarriage*, Harvard University Press (1992: 51-52).

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WELFARE FIXERS

By Adam Wolfson

(The author, a social commentator, notes that although most conservatives agree on the need to end welfare as an entitlement, there have been three different conservative schools of thought about how to reform the system. He outlines these approaches and suggests how each might constructively affect the well-being of America's welfare population.)

In 1982, the journalist Ken Auletta defined the question of the underclass: how do we explain why “violence, arson, hostility, and welfare dependency rose during a time when unemployment dropped, official racial barriers were lowered, and government assistance to the poor escalated”?

Indeed, government spending on welfare increased from about \$33 billion in 1964 to more than \$300 billion in 1992 (both figures in 1992 dollars). During the Reagan and Bush years alone, total welfare spending rose more than 50 percent. But all the while, rates of poverty, illegitimacy, non-work, crime, and family break-up got worse, not better. From 1965 to 1990, the illegitimacy rate for blacks rose from 28 to 65 percent, and for whites from 4 to 21 percent. Meanwhile, work among the poor plummeted, to the point where today only about 11 percent of poor households are headed by a full-time worker. For many, Aid to Families with Dependent Children (AFDC) — what most of us think of when we speak of welfare — has become a permanent condition, with more than 50 percent of its recipients remaining on the rolls for more than 10 years.

One thing, however, has changed. Since 1935, when AFDC was first created, through President Lyndon Johnson's War on Poverty in the 1960s, to Bill Clinton's 1992 promise to “end welfare as we know it,” welfare innovation and welfare reform were pretty much a Democratic affair. That is no longer the case. When conservative Republicans gained control of Congress in 1994, they also assumed a major share of responsibility for the nation's welfare system and those trapped in it.

How do they intend to proceed? As it happens, although most conservatives agree on the permanent need to end welfare as a federal entitlement, there have been three different and, to some extent, rival schools of thought about how to reform the system.

All three have been incorporated in the Personal Responsibility and Work Opportunity Act, which formed the basis of the Republican welfare bill that President Clinton eventually vetoed in January 1996, and also in the many state plans now being put into effect by such Republican governors as Tommy Thompson of Wisconsin and John Engler of Michigan. The three approaches therefore bear scrutiny, for it is no exaggeration to say that the well-being of America's welfare population, and indeed of American society, depends upon the conceptual clarity with which we approach this long-festering problem.

PLEASURE, PAIN, AND ECONOMIC INCENTIVES

The most influential of the three schools is associated preeminently with the name of Charles Murray, and its guiding premise is that humans respond rationally to economic incentives. It is a tribute to the sheer rhetorical force and intellectual brilliance of Murray's extensive writings that, although conservatives often tend to resist mechanistic views of human nature, they have embraced this analysis almost without reservation. The most important parts of the Republican welfare bill, those dealing with “personal responsibility,” are in fact based on Murray's logic. I am referring in particular to those sections which attempt to curb the high rates of family disintegration and out-of-wedlock births by the application of negative economic incentives. Under these provisions, states would be permitted (though not required) to deny cash assistance to children born out of wedlock to teenage mothers, and would also be permitted (though again not required) to deny additional cash assistance to mothers on welfare who continue to have more children.

Why, Senator Daniel P. Moynihan asked in connection with this aspect of the conservative reform effort, should children have to pay for the sins of their fathers (and mothers)? The answer is to be found in certain assumptions that were first spelled out by Murray over a decade ago in his now-classic book, *Losing Ground: American Social Policy 1950-1980*. The crucial passage appears midway through the book:

“It is not necessary to invoke the Zeitgeist of the 1960's, or changes in the work ethic, or racial differences, or the complexities of post-industrial economies, in order to explain... illegitimacy and welfare dependency. All were results that could have been predicted...from the changes that social policy made in the rewards and penalties, carrots and sticks, that govern human behavior. All were *rational*

responses to changes in the rules of the game of surviving and getting ahead [Emphasis added.]”

In other words, according to Murray, the welfare state has provided exactly the wrong incentives to the poor and the underclass by rewarding non-work, family dissolution, and out-of-wedlock births. It follows that if we change the rules of the game, behavior will change with it. Get rid of the economic supports (e.g., AFDC) that enable poor single mothers to support additional children, and they will eventually either abstain from sex, or use birth control, or (one supposes) have abortions.

There is much to Murray’s argument. But implementing it might also entail more than the American people and their representatives are willing to swallow. The key to his rationalist approach is “the overriding threat, short-term and tangible.” Here is how he describes the threat in a recent article on reducing illegitimacy:

“A major change in the behavior of young women and the adults in their lives will occur only when the prospect of having a child out of wedlock is once again so immediately, tangibly punishing that it overrides everything else.... Such a change will take place only when young people have it drummed into their heads from their earliest memories that having a baby without a husband entails awful consequences.”

Murray relies heavily on a calculus of pleasure and pain in part because, as a libertarian, he sees no other way. Since government “does not have the right to prescribe how people shall live or to prevent women from having babies,” it is left with no options for affecting people’s lives other than the tax code. But there is also a deeper reason for Murray’s reliance on what he labels “the technology of changing behavior.” He thinks it the only effective means of training the human animal. Though he acknowledges the roles of religion and morality in forming people’s sensibilities and attitudes, much of the force of these other agencies, he writes, has always been “underwritten by economics.”

It is perhaps this oddly materialist version of human volition that has led some conservatives to look beyond Murray for solutions to the welfare problem. What if, they ask, gutting the welfare system does not have the desired effect forthwith? It will take a very resolute legislator indeed to go on applying negative incentives for as long as it takes.

And even if we concede that negative incentives have their place in any plan of welfare reform, how can we expect young people to aspire to the roles of motherhood and fatherhood unless we offer a more elevated conception of these roles in their own terms?

THE SPIRITUAL/RELIGIOUS DIMENSION

Interestingly enough, Murray himself wrote the preface to a recent book, Marvin Olasky’s *The Tragedy of American Compassion* (1992), which embodies an alternative to the “technology” of behavior control. The book’s legislative impact has thus far been slight, but its influence can be felt in measures that would authorize states to contract out their welfare services to private religious charities and to churches. Its stamp is also to be found on Republican efforts to restore civil society, like Senator Dan Coats’ Project for American Renewal. The book has garnered the endorsements of such heavyweights as William J. Bennett and Newt Gingrich. A more policy-oriented sequel was published in 1996 by *The Free Press* under the title *Renewing American Compassion*.

Though Olasky (who teaches at the University of Texas at Austin) agrees with Murray that we should scrap the current welfare system, his analysis of how we got where we are is quite different from Murray’s and, correctly understood, leads down different paths. In fact, Olasky turns Murray’s thesis on its head. Although he acknowledges the impact of economic incentives on people’s behavior, in his view the underlying forces are spiritual and, broadly speaking, religious. Thus, according to Olasky, “the key change of the 1960’s” was “not so much new benefit programs [Murray’s claim] as a change in consciousness concerning established ones, with government officials approving and even advocating not only larger payouts but a war on shame.”

To Olasky, American social-welfare policy has always reflected the dominant theology of the day. In the 18th and early 19th centuries, theology emphasized a merciful but just God and a sinful human nature that only God’s grace could cure. This produced a hardheaded approach to social policy: aid to the poor was given in kind, but not in cash; charity, understood as “suffering with” the needy, was personal and paternalistic; material aid was considered secondary to, and dependent upon, saving souls; aid was for the “deserving,” not the “undeserving,” poor.

But this Calvinist theology lost out in the late 19th century to a universalistic, liberalized view that “emphasized God’s love but not God’s holiness,” that jettisoned belief in original sin for a Rousseau-like belief in the natural goodness of man, and that

essentially secularized a whole range of Christian beliefs. The effects on social policy were dramatic and devastating — and, in Olasky's opinion, completely predictable. The state took over the care of the poor, crowding out private charity. Shame and the work ethic were supplanted by the attitude that the poor have a constitutional right — that is, an entitlement — to welfare. Emphasis shifted from improving the spiritual conditions of the poor to improving their material conditions. As Owen Lovejoy, president of the National Conference of Social Work, put it in 1920, the goal would no longer be private salvation but rather the creation of "a divine order on earth as it is in heaven."

Olasky's history describes, in short, a descent, a fall from grace. As a nation, he claims sweepingly, we have been making war not on poverty but on God, and "the corruption is general." Therefore, although he too, like Murray, would tear down the welfare state, he does not expect any sudden alteration in behavior. Rather, he sees in the end of the welfare state an opportunity for private charities — in particular, private religious charities — to take over some of the responsibilities of caring for the poor, especially in the (for him) primary arena of their spiritual needs.

After all, writes Olasky, it was the federal government's entry into the welfare arena that "crowded out" private religious charities in the first place. Remove the government, and the charities will come surging back. Yet he is honest enough to admit that the historical record is not entirely clear on this point: Which came first, the increasing involvement of professionals and the government in the lives of the poor, or a decline in voluntarism and religiosity? This is a crucial question, for if something in the culture led to a decline in voluntarism prior to the federal government's takeover of welfare, then a simple withdrawal of the latter will not necessarily lead to an increase in the former.

"In the end," predicts Olasky, "not much will be accomplished without a spiritual revival that transforms the everyday advice people give and receive, and the way we lead our lives." If that were really so, it would be reasonable to conclude that public-welfare programs should not be scrapped at all, but rather kept in place until the hoped-for

spiritual revival occurs, lest the poor be left without God and without material support at once. Be that as it may, however, there is much else in Olasky's thinking, particularly about the role of private "compassion," that reformers can make use of in the months and years to come.

THE WORKFARE APPROACH

This brings us to the third current. Unlike the first two, both of which see big government as the principal culprit in the welfare mess, this one envisions a role for government in its solution.

Perhaps the principal figure here is Lawrence Mead of New York University. In his book, *The New Politics of Poverty: The Non-Working Poor in America* (1992), Mead argues, against Murray, that the marginal economic disincentives created by welfare do not explain the really staggering extent of non-work and family dissolution in the welfare population. Moreover, having a baby out of wedlock in order to receive a welfare check is not really "rational," in Mead's judgment. Rather, this and other aspects of the behavior of the underclass are the results of a certain personality profile. The non-working poor, says Mead, are defeatist, passive, and psychologically resistant to taking low-skilled jobs. A "culture of poverty" exists that cannot be fully explained by the rationalist model.

What to do? The answer, according to Mead, is workfare, an approach that would require able bodied recipients of welfare to enter the labor market. By forcing the poor to be like the rest of us, workfare seeks to manage and even (in the words of Congressman Bill Archer) to "transform" them.

The thinking of Mead and others who favor workfare — Mickey Kaus of *The New Republic* is another well-known proponent of such schemes — is evident in the various versions of the Republican welfare-reform bill. All include the basic requirement that for any aid poor people receive from the government, they must work, in the private sphere if possible but in the public sector if not. According to the bill, 50 percent of welfare recipients must be working by 2002; even single mothers with children (over the age of one) should be required to work; and families receiving benefits will be cut off after five years.

Mead argues that workfare represents, in effect, a "new paternalism," a "tutelary regime." And indeed his ideas have alarmed more than a few conservatives, especially those of a libertarian bent. Many believe that any attempt by the government to

mold behavior, even that of the poor, marks a break from the American tradition of limited government. Such fears are in Mead's view well-founded. But the appearance of the contemporary underclass itself marks, he believes, a watershed development in our national life, if not "the end...of an entire political tradition." That tradition — the tradition of the Founders, and of such classical liberals as Hobbes, Locke, and Montesquieu — "took self-reliance for granted." It assumed that people are, by nature, rational maximizers of their economic interests. But now it appears that many are not; and so a "new tradition," a "new political theory," even a "new political language" is needed.

All this seems somewhat overheated. For some reason, many of those who propose work as a solution to the welfare problem cannot resist militaristic metaphors. (Thus Mickey Kaus, in *The End of Equality*, published in 1992, urges Americans to build a "Work Ethic State.") But we need not really move beyond our own liberal tradition in order to enforce the norm of work. The Founders themselves recognized that humans are frequently irrational, indeed even lazy. And Adam Smith, the classical liberal par excellence, was not mincing words when he observed that among the "inferior ranks" of society there was a surfeit of gross ignorance and stupidity." Rather than positing rational self-interest as a universal human trait, Smith and other classical liberals thought that through persuasion and law, it would be possible to turn men away from their former pursuits of military glory and religious enthusiasm toward "small savings and small gains." A little bit of workfare for those still unmindful of their economic self-interest thus need hardly spell the end of the American political tradition.

What is especially interesting about the three conservative strands of thought about welfare is that despite the theoretical differences among them, together they provide a coherent guide as to how to fix a broken system. As men are not angels, Charles Murray's negative incentives have their place. But neither are men brutes, and hence something more is needed than a "technology" of behavioral change. As Marvin Olasky reminds us, a rebirth of the spirit of religious charity would change many lives for the

better. And as Lawrence Mead reminds us, in a commercial republic such as ours, work is the proper condition for all who are able.

Indeed, the politicians have seen the big picture in a way that is perhaps not so easy for the lone social thinker to do. The Republican welfare-reform bills in Congress [and the welfare bill that eventually was signed by President Clinton], along with the many state plans being put into effect by Republican [and Democratic] governors, make use of Murray's incentives, Olasky's religious charities, and Mead's workfare. If there are theoretical and practical difficulties with each of these approaches, it is precisely the combination that may make conservative welfare reform politically palatable and even, in the end, effective. ■

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THE STATES AND SOCIAL RESPONSIBILITY: THE NORTH CAROLINA EXPERIENCE

By Sandra Porter Babb and Lydia Faulkner

(The following article is abridged from a speech delivered by Sandra Porter Babb in May 1996 in Brussels, Belgium, at a conference on Social Policy in Federal Systems. She discusses changes in American state and federal policies and programs that provide public assistance for the poor, with particular emphasis on the pioneering welfare reform efforts of her home state, North Carolina. Babb is executive director of the Governor's Commission on Workforce Preparedness in North Carolina. Lydia Faulkner is a Policy Associate with the commission.)

The United States is facing increasing pressure to reform its welfare system and to make sure that welfare is not more beneficial than work. We struggle to achieve a balance between seeing to it that poor children and families receive assistance in attaining the basic necessities — food, clothing, shelter, medical care — and ensuring that this assistance does not tip the scales to make the receipt of welfare more profitable and desirable than work.

THE UNITED STATES PERSPECTIVE

The United States follows a relatively limited social welfare strategy in which only our nation's poorest population groups receive publicly-funded income, food, nutrition and health and/or housing assistance. Each of these programs carries strict eligibility

requirements that determine whether applicants are entitled to receive their benefits. Case workers conduct extensive and thorough research to gain proof that participants continue to qualify for those benefits. Eligibility requirements differ, so not all poor individuals and families qualify for the full range of assistance. For example, some may receive only food stamp assistance, while others may receive various combinations of benefits.

The welfare system includes the following programs:

- Aid To Families With Dependent Children (AFDC), an income assistance program that provides cash benefits to single and some dual-parent families who cannot financially support their children.

- Job Opportunities and Basic Skills (JOBS), a program emphasizing training as the long-range strategy to move AFDC recipients into work.

- Food stamps, a program giving needy individuals and families vouchers to buy food.

- Medicaid, a health care program for low income families and individuals.

Child care subsidies and housing assistance, including public housing and cash assistance for rent subsidies, are also part of the welfare system.

Americans tend to be ambivalent about welfare. We lack a unified national vision about the desired breadth and scope of our social safety net. We fluctuate between our commitment to fairness and the common good, and our deeply rooted attachment to individualism. And conflicting theories exist regarding the best use of public dollars, with periodic demands for welfare reform.

CURRENT UNITED STATES REFORM TRENDS

To meet these concerns, major political and public policy shifts have been occurring at the national level and in states across the country. A consensus exists that critical elements of any reform proposal include work requirements, time limits, and emphasis on personal responsibility. Likewise, there is a sentiment that states should have greater flexibility in the design and delivery of services, with fewer federal dollars with which to implement programs.

The issue of removing the entitlement status from welfare benefits has been perhaps the most fundamental and divisive of all the proposed recommendations. From their inception, welfare

programs in the United States entitled all citizens who met certain eligibility requirements to receive benefits. Removing the entitlement status would eliminate the guarantee of automatic qualification for benefits and obviate the federal government's responsibility as the primary source of welfare funding. Instead, states would be provided with a fixed amount of federal welfare dollars, an amount greatly reduced from current funding levels.

During the first Clinton Administration, the U.S. Department of Health and Human Services (HHS) gave 43 states the opportunity to test new welfare approaches. HHS was authorized to grant to the states waivers of current laws governing the AFDC and Medicaid programs. This authority was intended to give the states a chance to demonstrate alternatives that better matched their residents' needs.

On August 22, 1996, the President signed welfare reform legislation. Under the welfare reform bill, states with waivers that were approved before the law was enacted are generally free to continue their waivers, even when they conflict with the legislation.

NORTH CAROLINA'S WELFARE REFORM EXPERIENCE

One state previously granted a waiver is North Carolina. In North Carolina, as in other states across the country, the governor has been the driving force behind welfare reform. Facing increasing pressure to implement immediate changes to the state's welfare system, Governor James Hunt felt that no time could be spared waiting for the state legislature to pass welfare reform legislation. Instead, as chief executive officer of North Carolina, he developed and submitted a package of waiver requests to HHS in August 1995. Approval of these waiver requests, in February 1996, freed North Carolina to depart from then-current welfare practices and implement his "Work First" policies.

North Carolina began preparing for Work First in 1994, when the governor appointed a 40-member Welfare Reform Task Force. He asked the group to develop recommendations that emphasize work and preparation for work, personal responsibility and more rigorous collection of child support from absentee parents. It was also directed to ensure that the state sustained its commitment to provide supportive services that would enable welfare recipients to work. Finally, to meet federal waiver

eligibility requirements, the governor directed that the recommendation package cost no more than the current total of federal, state and local welfare spending in North Carolina.

In 1995, state and local officials instructed local social services offices to shift their focus from determining welfare benefit eligibility to helping welfare recipients identify and overcome the obstacles that prevent their employment. These changes required a fundamental culture change for welfare recipients and service providers. Instead of establishing and monitoring eligibility and issuing checks, the new Work First system focuses on helping recipients enter the workforce and move into the economic and cultural mainstream. Official implementation of Work First took place July 1, 1996.

With a population of 7.2 million, North Carolina is the 10th largest state in the United States. Located in the southeast region of the country, North Carolina is fortunate to have a strong and well-diversified economy. Traditional manufacturing and agriculture/agribusiness flourish, along with high-technology industries including information and telecommunications, pharmaceuticals, microelectronics, and biotechnology.

North Carolina also benefits from having the eighth lowest unemployment rate in the nation, 4.4 percent vs. the national average of 5.5 percent. The paradox, however, is that despite economic success, it is also a low-wage state. North Carolina ranks first in the nation in the percentage of the workforce employed in manufacturing but 42nd in manufacturing wages. Its per capita income ranks 34th in the nation. While North Carolinians are willing to assist people who work in exchange for benefits, many are no longer willing to provide unconditional support to those who simply live off of the system.

Decreasing public support for the existing welfare system drives North Carolina's welfare reform movement, yet there is little room for reform through reduction in welfare benefits. Compared to other states, North Carolina's AFDC benefits are low, ranking 42nd in the country. Federally-mandated welfare budget reductions place immense pressure on the state to develop successful strategies to reduce welfare costs.

Without reducing benefits, the state is left with few options but to move people from welfare to work and off the welfare rolls as soon as possible.

Governor Hunt developed and is implementing Work First, North Carolina's welfare reform strategy, in response to these economic and political realities. This approach is based upon personal responsibility, work requirements, and the state's commitment to

continue to assist those who accept their responsibilities. Work First requires able-bodied welfare recipients who have school-aged children to participate in work, training, or community service for 30 hours per week, and get off the welfare rolls in two years or less. Additionally, Work First requires welfare recipients to take responsibility for themselves and their families by strengthening efforts to collect child support, denying additional cash benefits for children born after their parent has been in the welfare system for 10 months, and requiring parents to ensure that their children are immunized and attend school regularly.

In exchange for fulfilling these responsibilities, welfare recipients receive AFDC cash assistance, Food Stamps, Medicaid, education/training, job placement services, child care, and transportation assistance. The state will also continue Medicaid and child care assistance for up to one year for those recipients who leave welfare for work. As resources become available, North Carolina plans to extend these transitional assistance programs beyond 12 months. In short, Work First asks recipients to meet certain basic responsibilities and to work toward independence in exchange for receiving cash benefits and support services.

EARLY EVIDENCE OF SUCCESS

North Carolina is already seeing positive results from Work First's efforts to change the culture of North Carolina's social services system. For example, twice as many welfare recipients found jobs between July 1995 and February 1996 as during the same period the year before — 12,893 compared to 6,098. During the same time period, 16,155 recipients left the welfare system for jobs that paid them sufficient wages to disqualify them for AFDC. Overall, North Carolina's welfare rolls decreased by 6 percent compared to an average national decrease of 2.6 percent during that six-month period. Further, North Carolina's rate of decline was the sixth fastest in the nation.

Through Work First, businesses, and communities and churches are joining with local Departments of Social Services to fill job openings and to help welfare families become self-sufficient. The North Carolina Citizens for Business and Industry, North Carolina's leading business organization, has pledged to work with the state in that regard. Specific industry groups are joining in the movement to help welfare recipients form an attachment to the labor force. For example, the North Carolina Restaurant Association operates a program which trains its members to be mentors for people on welfare as they work their way up in the industry.

North Carolina is also enjoying success in improving collection of child-support payments. Since these crackdowns began, child-support collections statewide have exceeded first quarter collection projections by more than \$3 million.

Although we are pleased with Work First's initial successes, we recognize that welfare reform is still in an early stage in North Carolina. Refocusing our welfare system from an emphasis on maintaining recipients' eligibility for benefits to an emphasis on helping families move into the mainstream economy is a huge undertaking. Continuing to integrate and strengthen education, training, and job placement programs is critical to the ultimate success of Work First. Concurrently, we must provide necessary support services to welfare recipients as they endeavor to become self-sufficient. Further, those welfare recipients who, because of disabilities or other severe problems are unable to obtain labor force attachment, must receive the benefits and services necessary to sustain them.

The enduring commitment of businesses and entire communities to work with state and local government to help welfare recipients obtain jobs is vital. Likewise, North Carolina must maintain a strong economy to support Work First and secure its long term success.

The state will conduct a thorough independent evaluation of the results of Work First over a period of several years. We expect to learn from those aspects of the program that work, as well as from those aspects that don't work, and make adjustments as needed. Recognizing that our task is difficult and complex, we remain committed to ensuring that North Carolina's welfare recipients have a genuine opportunity to move into our state's economic and cultural mainstream. ■

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