

Inherent Structures and Policy Decisions that affected the U.S. Welfare State

In the formation of the welfare state, a lot of factors affected the outcome of the welfare state, society knows today. There were key political decisions and debates that took place at each distinct stage of the formation- the progressive era, the New deal, and the Great Society. The outcome of these debates and decisions ultimately caused the U.S. welfare state to turn out the way it did. **The inherent structures and policy initiatives that created the U.S. Welfare state, such as the role of federalism and the policy power of the southern democrats and business elites, shaped key decisions and struggles in its formation. These structures and policy decisions also caused the Welfare state to reinforce and reproduce existing social inequalities, specifically in the case of Women and African Americans.**

The first structure that is key to understanding the welfare state and its lack of success is the system of federalism. This structure was implemented in the progressive era when the U.S. decided to pass state laws to combat poverty, rather than develop a national framework of social protections (like Europe did).¹ These laws include such programs as worker's compensation, pensions for public employers, state pension legislation, labor laws and limiting work hours. Although these are grand accomplishments in setting up a basis for the welfare state, this focus on state laws with the lack of a national framework, leads the way for increased fragmentations of these programs. These programs are not successful in a broader sense because the lack of national framework creates a lack of implementation and lack of standards for the programs, causing them to be weakened and fractioned.

This lack of national framework carries into the New Deal era with the progression of the Social Security Act. The Social Security Act put forth many new initiatives such as the social insurance programs of Old Age insurance and Unemployment compensation as well as the three

¹ Bertram. Building the Welfare State. Class lecture, Politics 120C from UCSC, Santa Cruz , May 4, 2011.

categories of public assistance- Old Age Assistance for the poor elderly, Aid to Dependent Children- for single mothers, and assistance for the blind and disabled.² These programs provided assistance and services to many needy families, however this system was still flawed. The Social Security Act failed to pass the key provision of nationalizing the welfare state system, causing it to continue being joint managed between the federal and the state government. The states received grants of aid from the federal government with no restrictions or provisions on how to carry out the aid. This lack of regulation and enforcement left the states with too much power and ability of how to use the funds, leaving space for discrimination and damaging the success of the welfare states programs.

Although, the state possessing more power on paper may not seem that dangerous, in reality it led the way for the reproduction of existing hierarchies and inequalities. Firstly, the passage of women's pensions or Aid to Dependent Children was discriminatory in its basic premise of allowing women to stay home as caregivers through reinforcement of the male breadwinner model with men dominating. Therefore women were provided aid through the men's incomes and were unable to receive independent aid, which mirrored the hierarchy of the time. Secondly, ADC was left up to discrimination through the state's ultimate power, reinforced by the federalist model. The state government had the ability to deny aid based on certain restraints or requirements it imposed upon its citizens. Mink describes this as the murkiness of the ADC allowing, "states to transpose eligibility standards developed under their mother's aid laws...allowed states to invent illegitimacy rules to limit access to the ADC

² Ibid

program”.³ This discrimination is a clear example of how much unregulated power the states possessed in the welfare state due to this federalist system.

Kennedy and Johnson tried to combat this poverty and discrimination in the 1960’s with the beginnings of the War on Poverty by attempting to expand wealth and resources enough to help everyone in need. They initiated the ADC reform and expanded eligibility to all poor families and began to implement the policy that mothers would have to work later on and that this aid was only temporary. Many new programs were also implemented in Johnson’s period of the Great Society; such as the job core, neighborhood youth, medical clinics, food stamps and medicare/medicaid.⁴ While these programs increased benefits for the poor and began to improve their access to aid, they were still not very successful overall. Skocpol states that, “the Great Society ended up reinforcing the programmatic bifurcation of Social Security and welfare and deepening American political divisions along racial lines”.⁵ Johnson failed to implement the key provision necessary for success- the creation of a universal, national system of welfare. With the system of federalism in place, the welfare state was doomed to be unsuccessful in providing universal aid because of the inherent limits of the system. Through this federalist system, the federal government could never control the states actions completely, causing many of the programs to remain fractured and ineffective.

In addition to the role of federalism in affecting the U.S. welfare state, the Southern democrats also played a key role in the policy decisions that created it. Originally Roosevelt and the New Dealers were not happy with the outcome of the Social Security Act in 1935 and wanted

³ Mink, Gwendolyn. "Maternalism in the New Deal Welfare State." In *The Wages of Motherhood: Inequality in the Welfare State, 1917-1942*. Ithaca, NY: Cornell University Press, 1995. 143.

⁴ Bertram. From the New Deal to the Great Society. Class Lecture, Politics 120C from UCSC, Santa Cruz, May 11, 2011.

⁵ Skocpol, Theda. "Roots from Contemporary Welfare Dilemmas." In *Social policy in the United States: Future Possibilities in Historical Perspective*. Princeton, N.J.: Princeton University Press, 1995. 222.

to fix the flaws they believed it had. They were attempting to push for a new federally run and financed system that would be expanded to all workers and new social insurance, creating a much broader system.⁶ This created a conservative backlash by the Southern Democrats which is the reason why these policy changes were never implemented.

The Southern Democrats possessed power on two fronts- power at the local level and power in congress. During the New Deal planning era, the Southern democrats were defending the interests of the landed economic elite at the local level. They wanted to manage assistance programs in order to allow the southern elites to remain in power. At the time, the Southern elites acted upon denying aid entirely to blacks. For example, during harvest time elites cut off aid to ensure that the blacks obey and bring in the crop. FDR's provisions to the welfare state threatened the order and hierarchy in the South, by providing the poor with income which meant they did not have to obey the elite as much because they possessed another source of income.

Due to this threat, at the Congressional level the Southern Democrats strongly opposed the ideas for new provisions. Skocpol describes the Democratic party during the 1930s as, "never escape[ing] dependence on the southern party oligarchs whose local sway partially rested on the exclusion of blacks from electoral politics".⁷ Therefore, in order to ensure the elites (their supporters) did not lose their power in the South, the Southern democrats modified the proposal by eliminating the agricultural and domestic workers from eligibility, which in turn eliminated one third of blacks.⁸ Also their modification removed the federal standard which allowed enormous discretion to local elites. FDR accepted this standard because he believed that

⁶ Bertram. Race, Gender, and the Welfare State. Class Lecture, Politics 120C from UCSC, Santa Cruz, May 9, 2011.

⁷ Skocpol, Theda. "Roots from Contemporary Welfare Dilemmas." In *Social policy in the United States: Future Possibilities in Historical Perspective*. Princeton, N.J.: Princeton University Press, 1995. 219.

⁸ Bertram. Race, Gender, and the Welfare State. Class Lecture, Politics 120c from UCSC, Santa Cruz, May 9, 2011.

the Southern democrats possessed so much power that the Social Security Act would not pass without their support.⁹

This new standard caused blacks to continue to be dependent on state and local elites, with limited to no aid applicable to them. This passage of the Southern Democrats provisions, allowed for the Democrats to dictate strong institutional biases against blacks. For instance states and local elites, continued to exclude blacks on occupational grounds and those that were able to work were still at a disadvantage because they received lower wages which meant lower aid, creating a discrimination in pay. This discrimination creates a cycle of blacks being excluded from programs, causing the neediest to seek assistance and be automatically channelled into public assistance. Blacks desire work but receive relief because of discriminatory policies. One underlying reason the welfare state is discriminatory in nature, is due to the Southern democrats and their ability to dictate Congress and FDR's actions leading to the policies of the welfare state.

Another reason that the welfare state, turned out the way it did is due to the role of the business elites in policy decision making. Kolko describes the Progressive Era as having a, "large area of consensus and unity among key business leaders and most political factions".¹⁰ Businesses have had a great deal of decision making in the political sphere throughout the creation of the welfare state. The desires of businesses is another factor that led Roosevelt to change his original Social Security Act and make it more conservative and discriminatory in the 1940's. Swenson argues that business holds structural power as politicians want support in the long run, which is why Roosevelt agrees to their means. He explicitly states that, "politicians

⁹ Ibid.

¹⁰ Kolko, Gabriel. "The Lost Democracy." In *The triumph of conservatism: a re-interpretation of American history, 1900-1916*. New York: Free Press, 1977. 280.

desire for robust policy- legislation secure from future attack from businessmen”.¹¹ Therefore business elites hold great power, they have the ability to set limits on how far legislation and economic elites can go since ultimately politicians and economists need the support of businesses to be successful. In the case of the welfare state, FDR faced fiscal capacity constraints, which shaped his decision making. Business leaders during the New Deal opposed public spending and the size of the deficit, calling for higher taxes and permanence.¹² The business elites wanted a more conservative and commercial keynesianism, calling for a balance between the market and these welfare policies. These business initiatives, created a shift in policy towards a more conservative approach which Roosevelt accepted. The role of business in the welfare state causing Roosevelt to be more conservative in his approach, which affected the welfare state greatly by causing them to be less effective in creating equality, due to the lack of fiscal constraints.

According to Finegold and Skocpol, “The outcome of the interaction of interests and ideas in policy making depends on the characteristics of the institutions that organize the process”.¹³ This is definitely the case in the making of the welfare state. The institutions of federalism and the power of both the southern democrats and the business elite combine in order to influence the programs of the welfare state. One outcome of this blend of interests was the continued discrimination of women and african americans, which reinforced the social hierarchy of the time.

¹¹ Swenson, Peter. *Arranged alliance: business interests in the New Deal*. Newbury Park, Cal.: Sage Publications, 1997. 68.

¹² Bertram. From the New Deal to the Great Society. Class Lecture, Politics 120c from UCSC, Santa Cruz, May 11, 2011.

¹³ Finegold, Kenneth, and Theda Skocpol. *State and party in America's New Deal*. Madison: University of Wisconsin Press, 1995.67.