

Study Outline

Chapter 17: Social Welfare

- I. Social welfare in the United States
 - A. Who deserves to benefit?
 - 1. Insistence that it be only those who cannot help themselves
 - 2. Slow, steady change in deserving/undeserving line
 - 3. Alternative view: fair share of national income; government redistribute money
 - 4. Preference to give services, not money, to help deserving poor
 - B. Late arrival of welfare policy
 - 1. Behind twenty-two European nations
 - 2. Contrast with Great Britain in 1908
 - C. Influence of federalism
 - 1. Federal involvement "illegal" until 1930s
 - 2. Experiments by state governments
 - a. Argued against federal involvement because state already providing welfare
 - b. Lobbied for federal involvement to help states
 - D. Majoritarian welfare programs
 - 1. Social Security Act of 1935
 - a. Great Depression of 1929: local relief overwhelmed
 - b. Elections of 1932: Democrats and Franklin Roosevelt swept in
 - 1. Legal and political roadblocks; was direct welfare unconstitutional?
 - 2. Fear of more radical movements
 - i. Long's "Share Our Wealth"
 - ii. Sinclair's "End Poverty in California"
 - iii. Townsend's old age program
 - c. Cabinet Committee's two-part plan
 - 1. "Insurance" for unemployed and elderly
 - 2. "Assistance" for dependent children, blind, aged
 - 3. Federally funded, state-administered program under means test
 - 2. Medicare Act of 1965
 - a. Medical benefits omitted in 1935: controversial but done to ensure passage
 - b. Opponents
 - 1. AMA
 - 2. House Ways and Means Committee under Wilbur Mills
 - c. 1964 elections: Democrats' big majority altered Ways and Means
 - d. Objections anticipated in plan
 - 1. Application only to aged, not everybody
 - 2. Only hospital, not doctors' bills covered
 - e. Broadened by Ways and Means to include Medicaid for poor; pay doctors' bills for elderly
 - E. Reforming majoritarian welfare programs
 - 1. Social Security
 - a. Not enough people paying into Social Security
 - b. Three solutions
 - 1. Raise the retirement age to seventy, freeze the size of retirement benefits, raise Social Security taxes
 - 2. Privatize Social Security
 - 3. Combine first two methods and allow individual investment in mutual funds
 - 2. Medicare
 - a. Problems: huge costs and inefficient
 - b. Possible solutions
 - 1. Get rid of Medicare and have doctors and hospitals work for government
 - 2. Elderly take Medicare money and buy health insurance

- c. Delaying the inevitable
 - 1. Clinton and surplus, new benefits
 - 2. Bush and attempts at new health care measures
 - F. A client welfare policy: AFDC
 - 1. Scarcely noticed part of Social Security Act
 - 2. Federal government permitted state to
 - a. Define *need*
 - b. Set benefit levels
 - c. Administer program
 - 3. Federal government increased rule of operation
 - 4. New programs (e.g., Food Stamps, Earned Income Credit, free school meals)
 - 5. Difficult to sustain political support
 - a. States complained about federal regulations
 - b. Public opinion turned against program
 - c. Composition of program participants changed
- II. Two kinds of welfare programs
- A. Majoritarian politics: almost everybody pays and benefits, for example, the Social Security Act and the Medicare Act
 - B. Client politics: everybody pays, relatively few people benefit, for example, the AFDC program
 - C. Majoritarian politics
 - 1. Programs with widely distributed benefits and costs
 - a. Beneficiaries must believe they will come out ahead
 - b. Political elites must believe in legitimacy of program
 - 2. Social Security and Medicare looked like "free lunch"
 - 3. Debate over legitimacy: Social Security (1935)
 - a. Constitution did not authorize federal welfare (conservatives)
 - b. But benefits were not really a federal expenditure (liberals)
 - 4. Good politics unless cost to voters exceeds benefits
 - D. Client politics
 - 1. Programs pass if cost to public not perceived as great and client considered deserving
 - 2. Americans believe today that able-bodied people should work for welfare benefits.
 - 3. Americans prefer service strategy to income strategy
 - a. Charles Murray: high welfare benefits made some young people go on welfare rather than seek jobs
 - b. No direct evidence supports Murray