

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