

Cato Institute Policy Analysis No. 212: Ending Welfare as We Know It

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Executive Summary

From across the political and ideological spectrum, there is now almost universal acknowledgment that the American social welfare system has been a failure. Since the start of the War on Poverty in 1965, the United States has spent more than \$3.5 trillion trying to ease the plight of the poor. What we have received for that massive investment is, primarily, more poverty.

Our welfare system is unfair to everyone: to taxpayers, who must pick up the bill for failed programs; to society, whose mediating institutions of community, church, and family are increasingly pushed aside; and most of all to the poor themselves, who are trapped in a system that destroys opportunity for them and hope for their children.

President Clinton deserves credit for bringing this issue back to the forefront of the public policy debate. Yet both liberals and conservatives seem unable to understand the fundamental structural failure of welfare. Liberals continue to believe that throwing more money at current (or new) programs will make them work. Conservatives search for a paternalistic set of "incentives," such as "workfare" and "LEARNfare." Neither of those approaches is likely to solve the problems of the American social welfare system.

It is time to recognize that welfare cannot be reformed. It should be ended. There may be relatively little that can be done for people already on welfare. The key issue is to avoid bringing more people into the cycle of welfare, illegitimacy, fatherlessness, crime, more illegitimacy, and more welfare. The only way to prevent new people from entering the failed system is to abolish programs that insulate individuals from the consequences of their actions.

A Radical Proposal

A decade ago Charles Murray advanced what was then a radical proposal:

Scrappping the entire federal welfare and income-support structure for working-aged persons, including Medicaid, Food Stamps, Unemployment Insurance, Workers' Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services.[1]

Today the case for ending welfare is stronger than ever. If President Clinton is serious about "ending welfare as we know it," he would be well advised to take Murray's thesis to heart and put an end to the failed experiment.

The Growth of the Modern Social Welfare State

The origins of the modern social welfare system can probably be traced to the Social Security Act of 1935. Best

known for establishing Social Security and unemployment insurance, that law, passed during the heart of the Depression, also contained a number of means-tested joint federal-state programs to provide temporary assistance to certain categories of the poor. Those programs included Old Age Assistance, Aid to the Blind, and--most important--Aid to Dependent Children, the forerunner of Aid to Families with Dependent Children.

Those programs were intended to have a very limited application. Aid to Dependent Children, for example, was designed to assist a small number of widows and children whose fathers had died.[2] However, even those limited programs represented a significant change in social welfare policy. Previously, social welfare had been considered not a government responsibility--certainly not the federal government's responsibility--but the domain of families, churches, fraternal organizations, and other private charitable entities. The Social Security Act, with its attendant programs, represented the first major step on the road transferring responsibility for helping the poor from the private to the public sector.

However limited their original purpose, government social welfare programs inexorably began to expand. By the mid-1950s many of those receiving welfare benefits were not widows. Many had never been married. A new class of individuals dependent on government support had been created. Criticism of the program mounted. By the early 1960s the New York Times was editorializing that "the problem [of poverty] cannot be solved with a welfare check." [3]

As a result, a shift began in the emphasis of social welfare programs, from cash payments designed to support people to programs designed to lift people out of poverty. A whole new group of training, education, and other noncash programs was born.

Social welfare spending exploded, beginning with the Economic Opportunity Act of 1964. Lyndon Johnson introduced a new generation of public programs, including Medicaid and food stamps. By the end of the 1960s, virtually every low-income American was eligible for some kind of publicly funded assistance.

Also during the 1960s, a subtle shift in the public perception of social welfare programs developed. Public aid began to be seen, not as a form of tax-supported charity, but as an "entitlement." That trend culminated with the 1970 U.S. Supreme Court decision in *Kelly v. Goldberg*, which held that welfare benefits were "an entitlement protected by the due process clause" of the U.S. Constitution.[4]

There was little change in the growth of welfare until the Reagan administration began to tighten eligibility requirements in the mid-1980s. Reagan attempted, on a program-by-program basis, to restrict eligibility to the "truly needy." States were required to set eligibility and income-verification standards. However, total welfare spending continued to grow, and benefit levels remained relatively stable.[5]

The last major attempt at welfare reform was the Family Support Act of 1988. The centerpiece of that reform effort was the Job Opportunities and Basic Skills (JOBS) Training Program, a combination job-training and job-search program. States were allowed to mandate that individuals participate in job-search programs and could require some participants to perform community-service jobs as a prerequisite for receiving benefits. The legislation's chief sponsor, Sen. Daniel Patrick Moynihan (D-N.Y.), said of the legislation, "For 50 years the welfare system has been a maintenance program. It has now become a jobs program." [6]

But despite the work requirements, the percentage of AFDC recipients participating in job-search, job-training, or community-service work ranges from a high of only 30 percent in Utah to a low of less than 1 percent in Hawaii. Nationwide participation averages only 6.9 percent.[7] Predictably, liberals contend that the failure is due to lack of funding, while conservatives claim the work requirements have never been sufficiently enforced.[8]

Today there are more than 100 overlapping federal anti-poverty programs, including 59 major means-tested programs.[9] For example, there are 12 different programs providing food, administered by five separate federal departments and one independent agency. There are seven housing programs, administered by seven separate departments. That does not count state and local bureaucracies.[10]

In 1990 total social welfare spending by federal, state, and local governments (for major means-tested programs) topped \$226 billion, a total equivalent to \$5,790 for every poor person, or \$23,160 for every family of four below the

poverty level.

Approximately 5 million families receive AFDC.[11] Nearly one of every seven American children is in a family receiving AFDC.[12] More than 20 percent of all children born in the late 1960s have spent at least one year on welfare; more than 70 percent of African-American children born during the same period have done so. And the situation is growing worse. More than 30 percent of all children born in 1980 will spend a year on welfare, and more than 80 percent of the African-American children.[13]

Contrary to the stereotype, 64 percent of welfare recipients are white; 31 percent are African-American; 14 percent are Hispanic; and 5 percent are classified as "other." Ninety-two percent of families on welfare have no father present. The average family size is 2.9 persons, down from 4 persons in 1969.[14]

Welfare and Poverty

What has America received in exchange for the massive anti-poverty spending? Primarily, more poverty. As Figure 1 shows, the greatest strides in reducing poverty in America occurred before the advent of the social welfare state. Indeed, since 1973, poverty has actually increased, despite the continued growth in social welfare spending.

Figure 1

Social Welfare Spending and Poverty

Source: Robert Rector, "Rethinking Welfare after the L.A. Riots,"
Youth Policy, December 1992.

(Graph Omitted)

There is evidence that welfare itself may prevent people from moving out of poverty. Richard Vedder and Lowell Galloway, for example, found that only 18.3 percent of poor people receiving welfare benefits in 1987 moved out of poverty, while 45 percent of poor people who never received welfare escaped poverty.[15]

Vedder and Galloway suggest that while initial welfare benefits may indeed improve the standard of living for recipients--lifting them out of poverty--there eventually comes a point at which benefit levels begin to breed the types of disincentives and destructive behavior that trap recipients in poverty.[16] That conclusion is supported by a second, more detailed study by Vedder and Galloway of poverty and welfare benefits in six midwestern states. That study found a 12 percent increase in the number of people living in poverty, which the authors attributed to high levels of welfare benefits.[17]

Welfare dependence is increasingly multigenerational. Although the majority of children raised in AFDC households will not receive AFDC themselves, the rate of AFDC dependence for children raised on AFDC is far higher than for their non-AFDC counterparts.[18] For example, nearly 20 percent of daughters from families that were "highly dependent" on welfare became "highly dependent" themselves, whereas only 3 percent of daughters from non-AFDC households became "highly dependent" on welfare.[19]

Welfare and Family

Perhaps the gravest social challenge facing America today is the skyrocketing increase in out-of-wedlock births. As Figure 2 shows, out-of-wedlock births have increased by more than 400 percent since 1960. In 1960 only 5.3 percent of all births were out of wedlock. Among whites, only 2.3 percent were out of wedlock, while the out-of-wedlock rate among blacks was 23 percent. By 1990, 28 percent of all births were out of wedlock. The rate among whites had increased to 21 percent, and among blacks it had skyrocketed to 65.2 percent.[20]

The rate of out-of-wedlock births to teenagers has nearly doubled in the past two decades.[21] In fact, as Figure 3 shows, the rate of out-of-wedlock births per 1,000 unmarried women has increased faster for women aged 15 to 19 than for any other age group.[22]

The concern over the increased rate of out-of-wedlock births is not a question of private morality. If Murphy Brown

were typical of unwed mothers, objections would be far more muted. However, only 4 percent of out-of-wedlock births to white mothers are to women with college degrees, while 82 percent of such births are to women with a high school education or less. Women with incomes of \$75,000 or more are responsible for only 1 percent of white out-of-wedlock births, while women with family incomes under \$20,000 are responsible for 69 percent.[23]

Figure 2

Births to Unmarried Women

Source: National center for Health Statistics, from Bennett, p.9

(Graphs Omitted)

Figure 3

Percentage Increase in Out-of Wedlock Births by Age of Mother, 1970-89

Source: U.S. Center for Health Statistics, Vital Statistics of the United States, annual.

(Graph Omitted)

Having a child out of wedlock often means a lifetime in poverty. Approximately 30 percent of all welfare recipients become such because they have an out-of-wedlock child.[24] The trend is even more pronounced among teenage mothers. Fifty percent of all unwed teen mothers go on welfare within one year of the birth of their first child; 77 percent are on welfare within five years of the child's birth.[25] As Table 1 shows, nearly 55 percent of AFDC, Medicaid, and food stamp expenditures are attributable to families begun by a teen birth.[26] Table 1 does not include the cost of such other social programs as special education, foster care, and public housing subsidies.

Table 1

Omitted

More recently, a study for the U.S. Department of Health and Human Services found that an increase in monthly welfare benefits led to an increase in out-of-wedlock births. Holding constant a wide range of variables, including income, education, and urban versus suburban setting, the study found that a 50 percent increase in the value of AFDC and food stamp payments led to a 43 percent increase in the number of out-of-wedlock births.[36] Likewise, research by Shelley Lundberg and Robert Plotnick of the University of Washington showed that an increase in welfare benefits of \$200 per month per family increased the rate of out-of-wedlock births among teenagers by 150 percent.[37]

Welfare systems in other countries have had similar results. For example, a recent study of the impact of Canada's social welfare system on family structure concluded that "providing additional benefits to single parents encourages births of children to unwed women." [38]

William Galston, President Clinton's deputy assistant for domestic affairs, agrees. In a speech to the Institute for American Values, Galston said that the welfare system is responsible for at least 15 to 20 percent of the family disintegration in America.[39]

Of course, there are some who dispute any link between welfare and out-of-wedlock births. They point out, for example, that Louisiana and Mississippi have approximately the same rates of out-of-wedlock births as does California but have much lower AFDC benefits.[40] That would appear to contradict the argument that high welfare benefits lead to more out-of-wedlock births. But as Murray points out, the actual rate of AFDC payments is of far less importance than the value of the entire welfare package within the context of the local economy.[41] In that context, the welfare packages are essentially equal. It is, therefore, not surprising that they yield similar rates of out-of-wedlock births.

Critics also contend that the erosion of AFDC benefits since the beginning of the 1980s has failed to reduce out-of-wedlock births. However, Murray notes that concentrating on AFDC rates ignores the total value of welfare benefits, which includes food stamps, Medicaid, public housing subsidies, and other benefits.[42] As Figure 4 shows, taking all benefits into account, there was an enormous increase in the value of the welfare package in the late 1960s, a small inflation-caused dip in the 1970s, and virtually no change during the 1980s.

It was the massive increase in benefits during the 1960s that set the dominoes in motion. Once begun, the trend toward

increased out-of-wedlock births took on a life of its own, as long as there was no significant decrease in welfare benefits to derail it.

Presumably, women do not get pregnant just to get welfare benefits, and a wide array of other social factors has contributed to the growth in out-of-wedlock births. But by removing the economic consequences of an out-of-wedlock birth, welfare has removed a major incentive to avoid such pregnancies. A teenager looking around at her friends and neighbors is likely to see several who have given birth out of wedlock. When she sees that they have suffered few visible consequences (the very real consequences of such behavior are often not immediately apparent), she is less inclined to modify her own behavior to prevent pregnancy.

Figure 4
 Value of the U.S. Welfare Package: National Averages from 1936-88
 Source: Charles Murray, "Welfare and the Family: The U.S. Experience," Journal of Labor Economics, January 1993. (Graph Omitted)

Proof of that can be found in a study by Ellen Freeman of the University of Pennsylvania and others, who surveyed black, never-pregnant females aged 17 or younger. Only 40 percent of those surveyed said that they thought becoming pregnant in the next year "would make their situation worse." [43] Likewise, a study by Laurie Schwab Zabin and others in the Journal of Research on Adolescence found that "in a sample of inner-city black teens presenting for pregnancy tests, we reported that more than 31 percent of those who elected to carry their pregnancy to term told us, before their pregnancy was diagnosed, that they believed a baby would present a problem." [44] In other words, 69 percent either did not believe having a baby out of wedlock would present a problem or were unsure.

As Murray explains, "The evil of the modern welfare state is not that it bribes women to have babies--wanting to have babies is natural--but that it enables women to bear children without the natural social restraints." [45]

Until young women, particularly those living in relative poverty, can be made to see the real consequences of pregnancy, it will be impossible to gain control over the problem of out-of-wedlock births. [46] By disguising the consequences, welfare makes it easier for those girls to make the decisions that will lead to unwed motherhood.

Current welfare policies seem to be designed with an appalling lack of concern for their impact on out-of-wedlock births. Indeed, Medicaid programs in 11 states actually provide infertility treatments to single women on welfare. [47]

Once the child is born, welfare also appears to discourage the mother from marrying in the future. Research by Robert Hutchins of Cornell University shows that a 10 percent increase in AFDC benefits leads to an 8 percent decrease in the marriage rate of single mothers. [48] Since marriage is the number-one way women escape welfare, it is easy to see that welfare increases the long-term dependence of single mothers. [49]

Welfare and Work

| Table 2 Welfare vs. Work | |
|-------------------------------------|--------------------------|
| Source | Typical Monthly Benefits |
| Welfare | |
| AFDC | \$460 |
| Food stamps | 292 |
| Medicaid (est.) | 200 |
| Gross monthly cash value | 952 |
| Less job-related expenses | 0 |
| Less child-care costs | 0 |
| Net monthly cash value | \$952 |

Minimum-Wage Job

| | |
|---------------------------|---------|
| Wages | \$817 |
| Food stamps | 173 |
| Medicaid (est.) | 200 |
| Child-care grant | 384 |
| Gross monthly cash value | 1,574 |
| Less FICA tax | [62] |
| Less job-related expenses | [100] |
| Less child-care costs | [400] |
| Net monthly value | \$1,012 |

Source: John McClaughry, *A Better Path: From Welfare to Work* (Concord, Vt.: Ethan Allen Institute, 1990), pp. 13-14.

Note: Figures are for Oregon.

Again, contrary to stereotypes, there is no evidence that people receiving welfare are "lazy." Rather, the choice of welfare over work is often a rational decision based on the economic incentives presented. As Table 2 shows, the combined tax-free value of welfare benefits is often roughly equal to the income that can be earned at many entry-level or low-paying jobs. In addition, an individual leaving welfare may suddenly forfeit medical and child-care benefits. Thus, for many, welfare may seem a perfectly reasonable alternative to work.

Studies confirm welfare as a disincentive for work. The Seattle Income Maintenance Experiment and the Denver Income Maintenance Experiment were a series of controlled experiments conducted between 1971 and 1978 to examine the effect of guaranteed income supports on the poor. Researchers concluded that every dollar of subsidy reduced labor and earnings by 80 cents. The number of hours worked declined by 43 percent for young unmarried males and 33 percent for males who later married. Unmarried women with children reduced work by 25 percent. The length of time spent outside the workforce increased by 9 weeks (27 percent) for unmarried men and by 56 weeks (60 percent) for single mothers.[50] Other studies show that as welfare benefits increase, women are more likely to leave the labor force and enroll in welfare programs instead.[51]

Most welfare recipients lack the skills necessary to obtain the types of jobs that pay top wages.[52] As Douglas Besharov of the American Enterprise Institute explains:

The average annual earnings for female high school dropouts are extremely low. In 1992, 18- to 24-year-old dropouts working full time earned about \$12,900 a year. . . . Even with the help of the current Earned Income Tax Credit (EITC) and other means-tested programs, earners at these levels net, after payroll and state taxes and work expenses, only \$15,563. . . . The major expansion of the EITC pushed through by President Clinton, when fully implemented in 1996, raises these numbers to \$17,022. . . . But this increase will not be enough to break the hold of welfare.

A welfare mother without any work experience probably couldn't match even these earnings. But if she could, she still might decide it didn't pay to work. Her current benefits--even ignoring the \$4,307 in Medicaid for which a welfare recipient with two children is eligible--leave her only some \$2,674 worse off than the low salaried mother. . . . In other words, should she be lucky enough to get the type of job held by others of her educational attainment, she'd be working for a net wage of only \$1.50 per hour.[53]

While it would be nice to increase the wages of entry-level workers to the point where work pays better than welfare, government has no ability to do so. (Attempts to mandate wage increases, such as minimum wage legislation, result chiefly in increased unemployment.)[54] Therefore, it is likely that the value of welfare will continue to eclipse the value of work. Perhaps that is why 68.6 percent of welfare recipients report that they are not actively seeking work.[55]

Welfare and Crime

Recently, the Maryland State Conference of the National Association for the Advancement of Colored People released a report concluding that "the ready access to a lifetime of welfare and free social service programs is a major contributory factor to the crime problems we face today." [56] Again, that is confirmed by research. For example, Hill and O'Neill's research for the U.S. Department of Health and Human Services showed that a 50 percent increase in the monthly value of combined AFDC and food stamp benefits led to a 117 percent increase in the crime rate among young black men. [57]

Welfare contributes to crime in several ways. First, as already noted, children from single-parent families are more likely to become involved in criminal activity than are those from two-parent families. As welfare contributes to the rise in out-of-wedlock births, it concomitantly contributes to the associated criminal activity.

As Barbara Whitehead noted in her seminal article for the Atlantic Monthly:

The relationship [between single-parent families and crime] is so strong that controlling for family configuration erases the relationship between race and crime and between low income and crime. This conclusion shows up time and again in the literature. The nation's mayors, as well as police officers, social workers, probation officers, and court officials, consistently point to family breakup as the most important source of rising rates of crime. [58]

Second, welfare leads to increased crime by contributing to the marginalization of young black males in society. As George Gilder, author of *Wealth and Poverty*, has noted, "The welfare culture tells the man he is not a necessary part of the family," a process Gilder describes as being "cuckolded by the compassionate state." [59] Gilder describes the typical inner city today as

almost a matriarchy. The women receive all the income, dominate the social-worker classes, and most of the schools. But a matriarchy is contrary to nature, so what happens is that gangs of young men rule the society. . . . If men don't dominate as husbands and fathers, then they form violent gangs and dominate as thugs and muggers and drug lords. [60]

The role of marriage and family as a civilizing influence on young men has long been discussed. Whether or not strict causation can be proven, it is certainly true that unwed fathers are more likely to use drugs and become involved in criminal behavior than are married fathers. [61]

Moreover, when those pathologies are concentrated within a single community, the crime problem increases still further. For example, recent research indicates a direct correlation between crime rates and the number of single-parent families in a neighborhood. [62]

On the Right: The New Paternalism

There are those who object to criticism of the welfare system as a "new paternalism," a form of "behavioral modification measure aimed at eliminating immorality among poor women." [63] Certainly, there is an odor of paternalism about some conservatives. For example, Robert Rector of the Heritage Foundation calls for "legislation requir[ing] responsible behavior as a condition of receiving welfare benefits." [64]

Many conservative approaches to welfare reform do tend to be punitive in nature or designed to micromanage the behavior of poor people. Michael Schwartz of the Free Congress Foundation Center for Family Policy explains it this way: "Responsible behavior (marriage) should be rewarded, irresponsible behavior (out-of-wedlock childbearing) should not." [65] Some conservatives would extend the system of reward and punishment far beyond questions of marriage and childbearing. For example, Governor Tommy Thompson's LEARN- fare proposals require that the children of welfare recipients attend school as a condition of their parents' receiving benefits. [66] And Rector has called for conditioning welfare benefits on childhood immunization. [67] Nearly all conservative welfare reform proposals link benefits to some form of work requirement.

Clearly, women who cannot afford to care for children should not have children. People who can work should do so. Young people should remain in school. Conservatives are correct in understanding the way welfare has distorted behavior in ways that are generally damaging to recipients and their children. But oddly, many conservatives then turn to government to solve the problem. The conservative conceit is that government can devise a proper mix of incentives and disincentives, rewards and punishments, that can cause poor people to act according to some predesigned plan of behavior.

Some conservatives have even suggested that welfare programs can be a good thing if used to correctly manipulate the behavior of the poor. For example, Paul Weyrich says that conservatives should support "the financial support welfare recipients require" in exchange for requirements that would "restore functional, traditional values," which he defines as "delayed gratification, work and saving, commitment to the family . . . and rejection of . . . casual sex." Weyrich calls the new combination of welfare payments and behavioral control "cultural welfare." [68]

The larger conservative agenda becomes clear in some welfare proposals that would fund massive government programs to teach abstinence or would greatly restrict the availability of divorce, presenting those ideas as examples of "welfare reform." [69] Thus, welfare reform becomes merely a building block in the conservative call for a "moral and cultural renewal." [70]

Setting aside the philosophical issue of whether it is a proper role of government to attempt to mold citizens' behavior, the government has been remarkably unsuccessful in developing programs to change underclass behavior.

One program very popular among conservatives is "workfare," the requirement that welfare recipients perform public-service jobs in exchange for benefits. The belief is that such jobs will give the recipient both work experience and incentive to get off welfare. But the types of jobs envisioned under most workfare programs are unlikely to give recipients the work experience or job skills necessary to find work in the private sector. For example, New York mayor Rudolph Giuliani wants welfare recipients to perform such jobs as scrubbing graffiti and picking up trash from city streets. [71] It is difficult to imagine graffiti scrubbers learning the skills needed to put them in demand by private employers. There seems little difference, therefore, between that type of work program and the type of government-guaranteed jobs program traditionally decried by conservatives.

As for providing an incentive for recipients to get off welfare, the conservative idea is based on the stereotyped belief that welfare recipients are essentially lazy, looking for a free ride. But as seen earlier, the decision to go on welfare is more likely a result of a logical conclusion that welfare pays better than low-wage work. Since public-service jobs do little to change that earning differential, they are unlikely to convince many people to leave welfare. The Manpower Demonstration Research Corporation conducted a review of workfare programs across the country and found few, if any, employment gains among welfare participants. [72] The general consensus of the literature on the issue is that "mandatory work experience programs produce little long-term gain." [73]

Another problem with workfare is that it soon runs headlong into the desire expressed by some conservatives that women with young children stay home rather than enter the workforce. Rector, for example, opposes workfare requirements for women with children under the age of five, saying, "Great caution should be exercised toward any policy that separates young children from their mothers." [74] But since 88.7 percent of welfare recipients are women with children under the age of five, exempting the mothers of young children eviscerates any workfare program. [75] Rector attempts to get around that by expanding the work requirement to mothers who have been on welfare for five years or more regardless of the age of their children, but that would still not cover more than half of the recipients. [76]

Martin Anderson, former senior economic adviser to President Reagan, sums up the simple illogic of workfare.

If people are on welfare then, by definition, those people should be unable to care for themselves. They can't work; or the private sector can't provide jobs enough. That is supposed to be the reason they are on welfare. What sense does it make to require someone to work who cannot work?

The idea of making people work for welfare is wrongheaded. If a person is capable of working, he should be ineligible for welfare payments. Instead of requiring men and women who are receiving fraudulent welfare payments to work, we should simply cease all payments. [77]

Ultimately, the justification for workfare comes down to an emotional appeal to an innate sense of justice, a feeling that no one should get something for nothing. But public-service jobs are not free. The Congressional Budget Office estimates that each public-service job creates \$3,300 in monitoring costs.[78] That does not include potential child-care costs of up to \$3,000 per participant, if mothers with young children are included.[79] That is a great deal of money to spend for psychic satisfaction.

A second welfare reform much ballyhooed by conservatives is LEARNfare, a requirement that the children of welfare recipients attend school as a condition of their parents' receiving benefits. Governor Tommy Thompson, who pioneered LEARNfare in Wisconsin, says he did so to "keep teenagers in school and make welfare recipients more responsible parents." [80]

LEARNfare appears to have little impact. To start with, the program may have been unnecessary. Children of parents receiving AFDC are not more likely to miss school than are other children.[81] Moreover, LEARNfare does not appear to increase the likelihood that children will stay in school. A multiyear evaluation of Wisconsin's LEARNfare program, conducted by the University of Wisconsin, showed no improvement in either attendance or graduation rates of children covered by the program.[82]

Conservatives should recognize that government is not capable of managing behavior. Instead of trying to develop a mystical combination of rewards and punishment, we would be much better off simply removing programs that insulate people from the natural consequences of their actions. We could reasonably expect that people, faced with the consequences of their actions, would change their behavior. Such an approach would avoid coercion and the conceit that government knows best.

As Mickey Kaus of the New Republic puts it, "Instead of attempting to somehow teach mainstream culture to people who spend most of their day immersed in ghetto culture, we should make ghetto culture economically unsustainable." [83]

The Liberals: Asking for More

A small core of unreconstructed liberals argues that we have failed to provide sufficient funding to make existing social welfare programs work properly. They call for an expansion of existing programs and new investments in job training and child care. For example, the Working Off Welfare Act, sponsored by Lynn Woolsey (D-Calif.), would triple funding for the JOBS program and expand child-care assistance, while forbidding states to cut AFDC benefits.[84]

The liberals are, of course, correct in noting that AFDC benefits have not kept pace with inflation in recent years. However, as noted above, AFDC is only one component of the total welfare benefits package. The total benefits package has remained relatively constant in recent years.[85]

There is currently a host of government job-training programs. The Department of Education alone runs 59 different job-training programs at a cost of \$13 billion. The Labor Department runs 34 more programs, costing \$7 billion. Almost every government agency, from the Agriculture Department to the Appalachian Regional Commission, seems to offer at least one training program.

But there is little evidence that job-training programs actually work. A study by the General Accounting Office of 61 job-training programs in 38 states concluded that the programs "are helping recipients find only dead-end jobs, and are failing to give the poor the education and training they need to advance." [86]

It is difficult to determine the success of various job-training programs because most state officials who administer the programs do not attempt to monitor such things as the proportion of trainees that actually leaves welfare, whether they remain off welfare, and whether their income actually increases. But what we do know is far from encouraging.

The Federal Job Training Partnership Act was designed to boost the earnings of high school dropouts. But a study in 1992 reported that those who had enrolled in the program earned 8 percent less than those with no training.[87]

A study of the Jobstart training program, which operated in 13 communities across the country, found that the program generated only "statistically insignificant" increases in earnings of participants.[88] As Fred Doolittle, director of Jobstart, explains, "Education and training alone, as traditionally offered within the [federal job- training program], are not enough to make a real difference in these young people's lives." [89] Further evidence of that is found in the fact that fewer than 1 percent of 5,000 Baltimore-area participants in the Agriculture Department's Food Stamp Employment and Training Program found jobs through the program.[90]

In general, the most optimistic evidence from studies of job-training programs, from the 1967 Work Incentive Program to the 1988 JOBS program, indicates that "caseload reductions have not been dramatic and increases in people's standards of living have been limited." [91] Moreover, even if job training does enable some welfare recipients to find private-sector jobs, they seldom remain in those jobs. Recent studies indicate that as many as two-thirds of long- time welfare recipients quit their first jobs within three to six months and return to the welfare rolls.[92]

Liberal approaches to welfare reform also call for a heavy investment in child-care services. But Sandra Hofferth, one of the nation's leading authorities on day care, questions the need for additional government-provided child care. "Analysis of the number of centers and family daycare homes . . . over the past 15 years does not suggest any evidence of a shortage." [93]

Both federal and state governments have made major investments in child care in recent years. The 1990 Act for Better Child Care created a vast new federal child-care program at a cost of \$22 billion.[94] In addition, the AFDC program contains an open-ended entitlement to provide child care to recipients, including transitional assistance to mothers who lose AFDC eligibility because they have accepted work. Federal spending on that program totaled more than \$479 million in 1993.[95] Yet welfare rolls have not declined.

The evidence also suggests that mothers prefer informal child-care arrangements to the formal licensed day-care centers advocated by those calling for additional funding. There exists today an extensive system of informal day care. While all states license or regulate day-care centers that care for more than six children, there are nearly 1 million small, unregulated neighborhood or family child-care providers, typically a mother caring for one of her own children along with one or two of her neighbor's. That figure does not include such traditional sources of child care as aunts and grandmothers.[96]

As a result, even when government-funded child care is available, many otherwise eligible welfare recipients choose not to take advantage of the program, preferring relatives and other informal alternatives. For example, Ohio's Learning, Earning and Parenting (LEAP) Program offered subsidized day care to teen mothers while they attended school or other education programs. But fewer than 20 percent of eligible mothers reported using LEAP-funded child care.[97]

Rather than establish a vast new federal child-care program, it would be better to reform the current Child Care and Child Development Block Program to allow a greater choice of providers, including neighbors, relatives, and church-run child-care centers. Where localized child-care shortages exist, government should be seeking to remove regulatory barriers that are artificially limiting the availability of providers.

Liberals, together with many conservatives, have also called for toughening enforcement of child-support requirements. However, while the concept of requiring fathers to support their children has broad support, there is considerable question about whether such action will significantly reduce the welfare rolls.[98] Many, if not most, unwed fathers are "poorly educated, lack job skills, and earn little or no regular income, especially when their children are young." [99] Thus, while vigorous child-support enforcement may help women who end up on welfare because of a divorce, it is unlikely to significantly affect the problem of long-term dependence of unwed mothers.

President Clinton's Uneasy Compromise

President Clinton deserves enormous credit for advancing the welfare debate. His courage in confronting the special interests in his own party has made possible the discussion of ideas that have never been realistically on the table before. In much the way that only Nixon could have gone to China, only Clinton could have called for a time limit on

welfare.

But in actually crafting an alternative, the president has been less successful. Despite good intentions, the president's approach appears to borrow the worst ideas of both liberal and conservative reforms. The centerpiece of the president's reform is a two-year time limit for welfare eligibility. During that period, recipients would receive job training. At the end of the two years, they would be required to obtain work in the private sector or perform public-service jobs.

As we have already seen, the record of government job-training programs is not bright. Moreover, the president's plans for job-training assistance may do little good for welfare recipients who are most at risk for long-term dependence: teen mothers. The problem becomes even more acute if, as reported, the president's program will initially target recipients aged 25 or younger.[100] Eighty percent of teen mothers are high school dropouts.[101] Two years of job training are unlikely to prepare them to obtain jobs in a competitive private-sector economy.

A study by the National Commission for Employment Policy of a small-scale pilot program similar to the Clinton plan did provide evidence that such a program could help some welfare recipients move from welfare to work.[102] However, the study focused on women over the age of 22, a group very unlike that targeted by the Clinton plan. Older recipients are already the most likely to leave the welfare rolls within two years, even without government assistance. The problem group of teen mothers was not addressed.

If after two years, welfare recipients are unable to find jobs in the private sector, publicly funded community-service jobs will be necessary. The administration estimates that between 500,000 and 1 million public-service jobs could be required.[103] The enormous cost of such a massive public jobs program is one reason the president has already begun to scale back his proposal.

The ultimate problem with the president's plan may be that it focuses primarily on people already receiving welfare. Yet most of them will move off welfare within two years whether or not government intervenes. There may be relatively little that government can do to move those who are already trapped in long-term dependence off welfare-- short of simply kicking them off. Therefore, it seems more important to concentrate on preventing new people from entering the system.

The Clinton plan may actually encourage people to enter the welfare system. The president's plan establishes new benefits. Since people may be eligible for those benefits only if they are already on welfare, it becomes a rational decision for the low-income working individual, currently making a marginal living, to quit work and enter the welfare system. A study of a job-training program in Oregon, offered under the 1988 Family Support Act, found that welfare rolls grew significantly after the training program became available. Moreover, the study concluded that the new enrollees were "individuals who previously qualified for AFDC but did not apply for benefits and/or people who reduced their employment to qualify for AFDC." [104]

Amitai Etzioni, founder of the Communitarian Network, notes that when similar training and child-care benefits were introduced in Washington State in 1988, the number of new welfare clients increased by 6 percent.[105] Etzioni also questions allowing welfare recipients to remain on the dole for two years, suggesting that "rather than . . . 'incentivizing' welfare clients to seek work, [the plan] provides a kind of severance pay: two years at an education watering hole." [106] Thus, the program may actually slow people's exit from the welfare system. There is evidence that that may be the case. The study of Oregon's job-training program concluded that recipients delayed leaving the program until their training eligibility was used up.[107]

Ending Welfare As We Know It

If both liberal and conservative welfare reforms are unlikely to work, what will? We should eliminate the entire social welfare system for individuals able to work.[108] (Individuals who are truly disabled or incapacitated should be cared for through other programs.) That includes eliminating AFDC, food stamps, subsidized housing, and all the rest. Individuals unable to support themselves through the job market should be forced to fall back on the resources of family, church, community, or private charity.

We should not pretend that such changes in our social welfare system will come easily or painlessly. In particular,

ending welfare will be difficult for those people who currently use welfare the way it was intended--as a temporary support mechanism during hard times. However, those people--almost by definition--remain on welfare for very short periods of time. Therefore, it should be possible to care for them through other mechanisms.

When it comes to charitable giving, Americans are the most generous people on earth. Every year we contribute more than \$120 billion to charity.[109] Surely, we can find private means to assist individuals who need temporary help.

There may be relatively little that can be done for individuals already on welfare. The key issue is to avoid bringing more people into a cycle of welfare, illegitimacy, fatherlessness, crime, and more illegitimacy. It is the children growing up in the welfare-ravaged neighborhoods who are the true victims of our social welfare policies.

We must make adoption a viable option for women who bear children they cannot afford to raise. That will entail eliminating the regulatory and bureaucratic barriers that restrict adoption today.[110]

We must also ensure that government pursues policies designed to stimulate economic growth and create jobs. That means reducing regulations and cutting taxes to spur growth. Policies that make it more costly to hire new employees should be resisted--including President Clinton's mandate that businesses pay 80 percent of the cost of their employees' health insurance.[111] Occupational licensing laws and other regulations that disproportionately restrict employment opportunities for the poor should also be eliminated.[112]

Conclusion

Since we declared war on poverty in 1965, this country has spent more than \$3.5 trillion on its social welfare system. Yet all we have achieved is more poverty. A compassionate society can find other ways to address the problem of people who need temporary assistance to get through hard times. But we cannot afford to continue subsidizing a culture of long-term dependence.

We are not going to solve our welfare problems by throwing more money at them. Nor will it work to put welfare recipients to work in government-funded jobs picking up trash along the highways. It is time to recognize that welfare cannot be reformed. It should be ended.

Some say that would be too cruel, that it would punish the victim. But what could be crueler than sacrificing another generation to our current social welfare muddle?

Notes

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[8] See, for example, "The Threat to Welfare Reform," Editorial, *New York Times*, May 2, 1994; and Rector, "President Clinton's Commitment to Welfare Reform."

[9] Major means-tested programs include Aid to Families with Dependent Children; Supplemental Security Income;

food stamps; Special Supplemental Feeding Program for Women, Infants and Children; Housing Assistance Payments; Rural Rental Assistance Program; Medicaid; Temporary Emergency Assistance Food Program; Emergency Assistance to Needy Families; Needy Family Program; Public & Indian Housing; Low-Income Energy Assistance Program; Interest Reduction Program; Weatherization Assistance; Veterans Health Care; Indian Health Services; Maternal and Child Health Services Block Grant; Community Health Centers; Social Services Block Grant; Head Start; Community Services Block Grant; Legal Services Corporation; Family Planning Services; Training Services for the Disadvantaged; Summer Youth Employment Program; Job Corps; National School Lunch Program; Child Care Food Program; Food Donations to Charitable Institutions; Summer Food Services Program for Children; Commodity Supplemental Food Program; Special Milk Program; Pensions for War-Time Veterans; Earned Income Tax Credit; Veteran Parent's Compensation; Adoption Assistance; Indian General Assistance; Foster Care Assistance; Refugee Resettlement Program; Senior Community Service Employment Program; Work Incentive Program and Demonstration; Native American Employment and Training Program; Seasonal Farmworkers Program; Foster Grandparent Program; Senior Companion Program; Pell Grants; Grants to Local Education Agencies; Federal College Work-Study Program; Supplemental Education Opportunity Grants; State Student Incentive Grants; Upward Bound; Special Services for Disadvantaged Students; and Talent Search. See Charles Hobbs, *The Welfare Industry* (Washington: Heritage Foundation, 1978).

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