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9TH EDITION

AMERICAN SOCIAL WELFARE POLICY

A Pluralist Approach

HOWARD KARGER DAVID STOESZ



NINTH EDITION

American Social Welfare Policy

A Pluralist Approach

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DEDICATION

To my kids, Aaron, Saul, Rafi, and my Hānai daughter, Aoi

—Howard Karger

PREFACE

The years since the publication of the last edition in 2016 have been marked by dramatic events on the domestic and international fronts. Although the U.S. economy bounced back from the global financial crisis of 2007–2008, the post-recession gains were largely realized by the top 1 percent of U.S. wage earners, who accounted for 85 percent of total income growth from 2009 to 2013. A 2018 Pew Research study found that after adjusting for inflation, the average hourly wages in 2017 had about the same purchasing power as in 1978.

Fulfilling former President Donald Trump’s withdrawal agreement with the Taliban, President Joe Biden removed all troops and withdrew from Afghanistan on August 31, 2021. By mid-2020, a bloody civil war in Syria had claimed more than 500,000 lives. The political turmoil in the Middle East was partly responsible for the 1.8 million immigrants that arrived in Europe from 2014–2018. In turn, this wave of immigration triggered the rise of ultranationalist far-right political parties across Europe, including Alternatives for Germany, the Sweden Democrats, The Danish People’s Party, Poland’s Law and Justice Party, and Hungary’s Fidesz, to name a few. Unlike some factions of the American right, Europe’s ultra-right parties did not call for dismantling their welfare states.

The political instability in the Middle East led to the creation of ISIL or ISIS (Islamic State), a militant group directly or indirectly responsible for numerous terrorist acts, including the 2015 attack on the Bataclan Theatre near Paris (130 dead and 368 injured); the 2015 Ankara, Turkey, bombing (102 dead and 400 injured); and the 2016 Orlando nightclub attack (49 dead and 53 injured). The United States wasn’t immune to this increase in violent attacks. In 2015, Dylan Roof walked into a bible study at Emanuel African Methodist Episcopal Church, opened fire, and killed nine people, all of them Black. Roof claimed to be inspired by the 2012 shooting of Trayvon Martin by George Zimmerman. In 2018, a gunman entered Pittsburgh’s Tree of Life synagogue and killed 11 people and wounded 6. It was the deadliest attack to date on the U.S. Jewish community. In 2019, a gunman targeting Latinos killed 23 people in an El Paso Walmart, while another gunman entered two mosques in Christchurch, New Zealand and killed 51 people, injuring 40. All of these attacks were motivated by the toxic mix of hate and ideology. In response, western nations continue to try to find a balance between protecting privacy and civil liberties and ensuring public safety.

Ideas for balancing these competing personal and public interests became palpably divisive in the United States. The presidential election of 2012 drove many Republican Party candidates far right in areas such as contraception, abortion, health care, voter’s rights, and immigration. Although Barack Obama’s middle-of-the-road approach triumphed, the election illustrated the sharp divisions in America between the more liberal areas of the West, Northeast and some Midwestern states and the more conservative South and rural areas. This difference in values would dominate both the 2016 and 2020 presidential elections.

The acrimony of the 2012 presidential election was eclipsed by the 2016 presidential election, where Republican candidates appealed to the conservative base of the party. More conservative candidates like Ted Cruz and Donald Trump handily defeated more moderate candidates like Jeb Bush and John Kasich. On the Democratic side, Vermont Senator Bernie Sanders introduced a European-style democratic socialist vision to mainstream American politics. In a surprising upset, Donald Trump beat Hillary Clinton in the presidential race, despite some polls showing her chances at between 70 and 99 percent.

Trump enacted strict immigration measures, declined to overtly condemn White supremacist groups, ended multiple environmental regulations and protections, alienated key NATO allies, started a trade war with China, populated his cabinet and government departments with inexperienced appointees, and fired career diplomats and other government employees who disagreed with him. As the polls predicted, Trump lost the 2020 presidential election to Joe Biden. The electoral college vote was 306–232, with Biden winning the popular vote by more than 7 million votes. Despite this loss, Trump refused to concede and claimed the election was stolen. His allies filed 60 failed lawsuits while trying to convince state legislatures to overturn the election results.

Trump then pressured the Georgia Secretary of State to find 11,780 additional votes in his favor. The “stop the steal” rhetoric reached a crescendo on January 6, 2021, when Trump supporters stormed the U.S. capitol to derail the congressional certification of the electoral college vote. The ensuing violence left 5 people dead and 140 injured.

The Trump presidency was capped by the COVID-19 pandemic, the single greatest public health threat so far in the 21st century. By mid-September 2021, more than 42 million Americans had gotten COVID-19, leaving 677,000 dead. Worldwide, almost 5 million people had died from the virus by mid-September 2021. Emerging in mid-2021, the Delta variant was responsible for the surge of cases during that summer. Despite the introduction of the COVID-19 vaccine in early 2021, only 55 percent of Americans were fully vaccinated by late September of that year.

The response to the coronavirus pandemic highlighted the divisions in American society. Many Republican-led state legislatures refused to enact a mask mandate or social distancing until late in the pandemic, and some states, like South Dakota, never required it. For some conservative groups, mask-wearing and social distancing were seen as antithetical to personal freedom, and the resistance to masks and the vaccine became a symbol of support for Trump. Others refused the vaccine based on misinformation derived from sketchy Internet or media sources. Some people disregarded Centers for Disease Control and Prevention advice, instead opting for clinically unproven medicines like hydroxychloroquine or Ivermectin.

By 2021, this societal divide seemed almost insurmountable. Recognizing America’s changing demography and its implication for political power, 18 states had passed 30 laws by mid-2021 that made it harder for people to vote. The justification for these laws was to weed out voter fraud, despite findings by New York University’s Brennan Center that the incident rate for voter fraud was between 0.0003 and 0.0025 percent, making it more likely that someone will be struck by lightning than impersonate another voter. Referred to as “voter suppression laws,” these laws generally make mail-in voting and early voting more difficult, impose stricter voter ID requirements, and allow for easier purges of the voter rolls. In contrast, 25 states enacted laws designed to expand voting access.

Social work can play an important role in helping to lessen the divisiveness in America. However, several changes are necessary for social workers to reclaim the legacy of 19th- and 20th-century reformers like Jane Addams, Lillian Wald, Grace and Edith Abbott, Mary Simkhovitch, Florence Kelley, Mary van Kleeck, and others. The Grand Challenges for Social Work (GC) is a recent attempt to rekindle the spirit of social reform. Initiated by the American Academy of Social Work and Social Welfare, and driven by several well-respected social work academics and practitioners, the GC has four pillars (social justice, inclusiveness, diversity, and equity) and 12 challenges:

Individual and family well-being

- Ensure healthy development for all youth
- Close the health gap
- Stop family violence
- Advance long and productive lives

Stronger social fabric

- Eradicate social isolation
- End homelessness
- Create social responses to a changing environment
- Harness technology for social good

Just society

- Promote smart decarceration
- Build financial capability for all
- Reduce extreme economic inequality
- Achieve equal opportunity and justice

It is too soon to assess the impact the GC might have on social and public policy.

Public policy involves the kind of power that occurs in three basic forms: money, votes, and networks. Although these have been the staple of politics, the information age requires players to possess a higher level of sophistication. To be competitive, social workers must have command of information systems, social media, large data sets, and complex decision menus. If social work can educate students about these methods and begin to insert itself into the policy environment, the profession can again become an influential force in social policy. On the other hand, if the profession rests on its historic laurels, it will remain tangential in the policy arena. Such an eventuality would essentially waste the substantial assets that social work brings to social affairs: a distinguished legacy, the altruism of the young, and a unique moral imperative.

This edition of *American Social Welfare Policy* attempts to provide the information necessary for understanding social welfare policy nationally and internationally. In addition to covering the basic concepts, policies, and programs of the American welfare state, the text includes information on the voluntary nonprofit sector, the for-profit corporate sector, and the new strategy in social policy (i.e., tax policy and expenditures). Although not always considered part of social welfare policy, the authors have included a chapter on food policy, environmental policy, and sustainability issues. We believe that climate change will undoubtedly affect future food production and the overall welfare of the population exposed to water shortages, extreme heat, droughts, wildfires, and floods.

New to this edition is a chapter on education. Although often considered a separate area from social welfare policy, educational access and quality are major determinants of who will be poor, what their life chances will be, and what opportunities will be available to them. For instance, a 2014 Federal Reserve Study found that about 41 percent of prison inmates had no high school diploma compared to less than 18 percent of the general population.

The final chapter examines the influence of global capitalism, a development that not only weds the developed nations to the undeveloped nations, but also in the process shifts capital and jobs in unprecedented numbers. In recognition of our increasingly interconnected global environment, this edition has put more emphasis on international social welfare policy.

The astute reader will recognize that some of the data cited is not consistent throughout the book, or sometimes even within chapters. This is inescapable since different data sets typically yield slightly different results. We have been conservative in choosing data sets and have opted to avoid outliers, thereby using only midrange data sets.

Lastly, like most academics, we have strong views that range across a wide range of topics. However, we also believe that our opinions need to be grounded in data, especially since so much of social policy has been made on hunches, ideology, or on the Orwellian principle of “alternative facts.” In that vein, we have used data to drive our understanding of social welfare policy. Having said that, social welfare policy also consists of many gray areas open to interpretation. We encourage students to question what they read and to follow it up with their own research. This is how knowledge is advanced.

Acknowledgments

Like all academic work, this edition has been built on the back of previous editions. The reviewers of this and earlier editions have provided an invaluable service in identifying deficiencies. Our thanks to the reviewers of the eighth edition: Sabrina Tyuse, Saint Louis University; Sheryle M. Stafford, California State University, Sacramento; Karl Erik Johnson, Northern Michigan University; and Carole Zugazaga, Auburn University. Earlier editions were aided by Dr. Stephen Thornton, Deanna Machin, Dr. Peter Kindle, Crystal Joyce, and Elisa Arrington. In anticipation of the next edition, comments by students and faculty are welcome. The authors can be reached via email: Howard Karger at Hkarger@gmail.com and David Stoesz at Davestoesz@aol.com.

New to This Edition

- **A NEW chapter on education.** The new Chapter 18 explores the relationship between education and poverty. In particular, the chapter explores how a college education lessens income inequality and helps achieve a more economically secure lifestyle. The chapter examines the role of college choice in determining college completion and postcollege income. The chapter then looks at how college is made to appear more affordable through grants and student loans that often influence future life choices.

As such, the chapter investigates the impact of student loan debt and the possibility of default. The chapter then turns to the politics of K–12 public education, including race, school funding inequalities, and the relationship of public education to poverty. Also investigated are the competing views between content-driven and whole-student approaches to education, including how some families opt out of public education. Lastly, the chapter examines reforms in public education, including charter schools and school vouchers.

- Full discussion of the **impact of the Trump administration** on social welfare policy in each chapter.
- Discussion of the **2020 election results** and the early stages of policies pertinent to the field of social work.
- Discussion of the **impact of COVID-19** on social welfare policy.
- New **open-ended questions added to the Spotlights** allow users to explore content areas more fully.

Key Content Updates by Chapter

In addition to comprehensive updates to cited research and data throughout, each chapter contains new and updated information reflecting the most recent developments in Biden’s stimulus packages, the sea change in Biden’s environmental policy, the fight against COVID-19, the rise in extremist groups, the reinstatement of transgender rights in the military, the “Me Too” movement, and the increased divisiveness in American society. Also addressed were the changes made by Betsy DeVos, former Secretary of Education, and its implications for universities and K–12 public education. Following is a summary of the added content.

Chapter 1: Social Policy and the American Welfare State

- New information on the Biden presidency, including overturning Trump’s policies
- Expanded section on the growth of the extremist fringe groups, including a new analysis of QAnon, the Proud Boys, Oath Keepers, Antifa, etc.
- Bernie Sanders on democratic socialism
- January 6, 2021, insurrection

Chapter 2: The Origins of American Social Welfare

- Examines the Trump presidency and his policies
- Addresses the controversy of the election and the January 6, 2021, insurrection
- Examines changes that Biden enacted soon after taking office

Chapter 3: Social Welfare Policy Research

- Added and updated information on online research

Chapter 4: Discrimination and Stigma in American Society

Incorporated COVID-19 information throughout chapter and addressed key new developments and topics related to:

Race

Addressed Charlottesville
Recent antisemitic incidents

Gender

Women’s sports—U.S. Women’s soccer team pay disparity
Rape and sexual violence on college campuses

Rape and sexual violence in the entertainment industry
Me Too movement
Gamergate
Incel

Gay and Lesbian

LGBTQIA+ dictionary of terms
Transgender rights in the military

Race

Japanese internment

Disability

Added section on the history of the disability rights movement

Immigration

Border wall
Central American caravan
Biden's executive orders
Trump's immigration policies and Biden's reversal of them
DACA and the Dreamers—Biden's reversal of Trump's policies

American Indian

Standing Rock Sioux tribe and the oil pipeline confrontation

International

Brexit
Identity and politics group in the EU Parliament

Chapter 5: Poverty in America

- College admissions scandal
- Focus on inequality—Raj Chetty, Harvard insight team, intergenerational social mobility studies, the diminution of intergenerational social mobility in the U.S.
- COVID-19 and poverty
- Examine Supplementary Poverty Measure
- The changing economy—the new precariat, increased focus on the gig economy, flexicurity initiatives
- Enhanced focus on the working poor and unemployment
- Enhanced focus on the minimum wage, including Biden's proposal for a \$15 an hour minimum wage by 2025
- Added federal Consumer Financial Protection Bureau
- 2017 tax cuts

Chapter 6: The Voluntary Sector Today

- Changes in charitable contributions
- The “Johnson amendment” relating to religious institutions engaging in political activity
- The effects of the Great Recession on philanthropic giving

Chapter 7: Privatization and Human Services Corporations

- Updates on major human services corporations regarding revenues and number of employees
- The emergence of “social entrepreneurship” as a way to make corporations more socially responsible
- The effects of corporations on the policy process through trade association lobbying

Chapter 8: The Making of Governmental Policy

- Updates on political action committees in the 2020 election
- The effects of “dark money” on political campaigns
- Changes in social worker representation in Congress

Chapter 9: Tax Policy and Income Distribution

- Comparison of American taxation with other developed nations
- Updates on changes due to the 2017 Tax Cuts and Jobs Act
- Data on widening income and wealth inequality
- Description of Volunteer Income Tax Assistance
- State options in generating revenue through general services taxes

Chapter 10: Social Insurance Programs

- Update on future viability of Social Security
- Impact of COVID-19 on Social Security
- Updated data on Social Security and other social insurance programs

Chapter 11: Public Assistance Programs

- Update on TANF
- Updated data on public assistance

Chapter 12: The American Health Care System

- Updated all health-related data
- COVID-19
- Updated Obamacare changes
- Added newer alternatives being discussed—e.g., Medicare for all
- Updated Supreme Court decision on Obamacare

Chapter 13: Mental Health and Substance Abuse Policy

- “Deaths of despair” related to the opioid epidemic
- Changes in DSM-5
- Controversy of Big Pharma funding mental health advocacy organizations

Chapter 14: Criminal Justice

- Update on the U.S. incarceration rates compared to other countries
- Inclusion of “Second Chance Act”
- Most recent data on violent and nonviolent crime
- Update on hate crime

Chapter 15: Child Welfare Policy

- Separation of immigrant children from parents at the border
- Community advocates organize against child protective services

Chapter 16: Housing Policies

- Updated all data
- Added COVID-19-related recession and the housing market

Chapter 17: The Politics of Food Policy and Rural Life

- Updated data
- Updated agribusiness
- Fracking
- Climate change
- Updated Paris Climate Agreement (Biden's reversal of Trump)

Chapter 18: Social Policy and Education (NEW)

This new chapter explores the relationship between education and poverty and the role social welfare policy plays—and could play—in making education more accessible in service of creating a more just society.

Content Areas:

- Low-Income Students and Higher Education
- Selling Higher Education
- Making the Unaffordable Appear Affordable
- Student Debt and Default
- The Benefits of Higher Education
- The Politics of Public Education
- The Politicization of Public Education
- The Content-Driven versus Whole-Student Approach to K–12 Education
- The Education Landscape
- Reforming Public Education
- Conclusion: Proposals to Level the Playing Field in Education

Chapter 19: The American Welfare State in International Perspective (formerly Chapter 18)

- Updates on international league tables
- The emergence of the Fourth World of underdeveloped nations
- The effect of the global economy on international development
- Updates on international metrics of well-being used in ranking countries

Pedagogical Features

Spotlights throughout the chapters highlight key programs and news related to the topics under discussion, allowing the user to explore content in new contexts. Each Spotlight includes an open-ended question to encourage discussion and deeper consideration.

Each chapter includes **Discussion Questions** that allow users to check for their understanding.

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Instructor's Manual and Testbank (9780137472420)

The Instructor's Manual is provided as a Word document and includes resources to assist professors in planning their course. These resources include chapter overviews, learning objectives, teaching tips, discussion prompts, suggested activities, and additional resources. Chapter tests are provided for each chapter and include questions in multiple choice and short answer/essay formats.

PowerPoint® Slides (9780137472444)

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ABOUT THE AUTHORS



Howard Karger (right) and David Stoesz (left) have been friends and colleagues for almost four decades. In addition to nine editions of *American Social Welfare Policy*, they have coauthored three other books: *The Politics of Child Abuse in America* (with Lela Costin; Oxford University Press, 1996), *Reconstructing the American Welfare State* (Rowman and Littlefield, 1992), and *A Dream Deferred* (with Terry Carrillo; Transaction, 2010). Howard's book *Shortchanged: Life and Debt in the Fringe Economy* (Berrett-Koehler, 2005) examines the financial practices and products that exploit millions of American families. The book won the 2006 Independent Publishers Award in Finance/Investment/Economics. David's book *Quixote's Ghost: The Right, the Liberati, and the Future of Social Policy* (Oxford University Press, 2005) explains how conservatives have assumed control of domestic policy and proposes a new framework for social policy, winning the 2006 Pro-Humanitate Literary Award. Subsequently, David published *Building Better Social Programs* (Oxford University Press, 2020) and *Welfare State 3.0: Social Policy after the Pandemic* (Routledge, 2021). Both David and Howard have been recipients of Fulbright Research Fellowships. David currently lives in Santa Fe, New Mexico, and Howard lives in Kailua, Hawai'i.

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Social Policy and the American Welfare State



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Social welfare policy can be viewed through the lens of political economy, or the interaction of economic, political, and ideological forces. This chapter provides an overview of the American welfare state through that lens. In particular, it examines various definitions of social welfare policy, the relationship between **social policy** and social problems, and the values and ideologies that drive social welfare in the United States. In addition, the chapter examines the effects of ideology on the U.S. welfare state, including the important roles played by conservatism and liberalism (and their variations) in shaping welfare policy. An understanding of social welfare policy requires the ability to grasp the economic rationale and consequences that underlie policy decisions. As such, this chapter includes a brief introduction to Keynesianism, free market economics, **socialism**, and communitarianism, among others.

American social welfare is in transition. Starting with the Social Security Act of 1935, liberals argued that federal social programs were the best way to help the disadvantaged. However, after more than 80 years of the **welfare state**, a discernible shift has occurred. The conservatism of U.S. culture—so evident in the Reagan, Bush (both Bushes), Clinton, Obama and Trump presidencies—has left private institutions to shoulder more of the welfare burden. For proponents of **social justice**, the suggestion that the private sector should shoulder more responsibility for welfare represents a retreat from the hard-won legislation that provided essential benefits to millions of Americans. Justifiably, social welfare advocates fear the continued erosion of basic goods, services, and benefits.

The election of Barack Obama as the 44th President of the United States in 2008 not only broke a racial barrier but also promised to sweep away the strident conservatism of George W. Bush's presidency. The Obama victory and the increased Democratic majorities in both chambers of Congress heartened liberals who had hoped for an expansion of government social programs. However, the euphoria soon gave way to despair as the Democrats lost control of the House of Representatives, and in the midterm election of 2012, also lost control of the Senate.

Structural limits restrained Obama's ambitions. The massive deficits left by the Bush administration, coupled with a severe global financial crisis (GFC) and two unfunded wars, meant that economic issues would eclipse other priorities. Reduced tax revenues

due to the GFC impeded the ability of the government to meet existing obligations, let alone expand social programs. Obama's centrist inclinations to build bipartisan support for his legislative agenda failed as newly elected extremist Tea Party legislators squashed any attempt at compromise. Instead, ideologically driven legislators focused on social issues such as abortion and even resuscitated previously long-dead issues like contraception. A part of America had not just turned right, but hard right.

The 2012 presidential election was marked by the extreme positions of some Republican presidential contenders. Long dormant issues resurfaced as candidates vied for the support of the religious right and Tea Partiers. This political climate led to an antiscience orientation reflected in wildly unsubstantiated claims like birth control pills can cause prostate cancer and that it was extremely rare for a "legitimate" rape victim to become pregnant since in a "legitimate" rape the body can shut down.¹ The antiscience orientation was refined further by the Trump administration, which viewed climate change as a Chinese hoax, the coronavirus as simply a flu, and the health effects of pollution as overblown. Not surprisingly, the science arms of the federal government, including the Centers for Disease Control and Prevention, had substantial budget cuts.

The 2016 presidential race continued the Republican Party's antiscience stance. U.S. Senator and presidential candidate Ted Cruz compared himself to Galileo: "Today, the global warming alarmists are the equivalent of the flat-Earthers. It used to be [that] it is accepted scientific wisdom the Earth is flat, and this heretic named Galileo was branded a denier."² Not coincidentally, Galileo only argued that Earth revolved around the sun. Former Texas governor Rick Perry, former vice president Mike Pence, and other conservatives believed that evolution is an open question. Virtually all 2016 Republican presidential contenders believed that climate change was either a hoax or unrelated to human activity.³

The power of conservatives is evident in gun control. Despite the spate of mass shootings, including the 2012 Sandy Hook Elementary School massacre (28 dead, mostly schoolchildren), no major gun legislation has passed. The National Rifle Association's response is to have more guns in circulation, while the response of many politicians is to pray for the families of the dead. The rhetoric of conservative politicians reflects the nation's regional fissures. For instance, a 2012 Public Policy poll of

registered Republican voters found that 45 percent of Alabamians and 52 percent of Mississippians believed that Obama was a Muslim (the other 40 percent were not sure). Only about 25 percent of those voters believed in evolution.⁴ Nationally, only 60 percent of Americans believe in evolution.⁵

The final tally of expenditures in the 2016 election might never be known since some of the highest spenders were nonprofit organizations permitted to hide their spending from public scrutiny.⁶ This spending spree emanated from the U.S. Supreme Court decision in *Citizens United v. Federal Election Commission* where the court ruled that the First Amendment prohibited government from restricting independent political expenditures by corporations and unions.⁷ This decision overturned a century-old precedent allowing the government to regulate such spending.

Structural features of the welfare state militate against a major expansion of governmental welfare, including America's pluralistic mix of private and public social services. As in other realms, such as education, private social welfare institutions coexist alongside those of the public sector. U.S. social welfare has a noble tradition of voluntary citizen groups taking the initiative to solve local problems. Today, private voluntary groups provide valuable services to AIDS patients, people without housing, immigrants, victims of domestic violence, and refugees.

Social welfare has become big business. During the last 30 years, the number of human service corporations—for-profit firms providing social welfare through the marketplace—has increased dramatically. Human service corporations are prominent in long-term nursing care, health maintenance, child day care, psychiatric and substance abuse services, and even corrections. For many welfare professionals, the privatizing of social services is troubling, since it is occurring at a time when government has reduced its commitment to social programs. Yet, human service corporations will likely continue to be prominent players in shaping the nation's social welfare policies. As long as the U.S. is democratic and capitalistic, entrepreneurs will be free to establish social welfare services in the private sector, both as nonprofit agencies and as for-profit corporations.

The **mixed welfare economy** of the United States in which voluntary, governmental, and corporate sectors coexist poses serious questions for social welfare policy. Given their limited fiscal resources, to what extent can voluntary groups be held responsible for public welfare? For which groups of people,

if any, should government divest itself of responsibility? Can human service corporations care for poor and multi-problem clients while still generating profits? Equally important, how can welfare professionals shape coherent social welfare policies given the fragmentation inherent in such pluralism? Clearly, the answers to these questions have much to say about how social welfare programs are perceived by human service professionals, their clients, and the taxpayers who subsidize social programs.

The multitude of questions posed by the transition of social welfare is daunting. Temporarily satisfied by the 1996 welfare reform bill, conservatives have shifted their attention to advocating privatization of social insurance programs such as Social Security and Medicare. Past advocates of social justice such as Jane Addams, Whitney Young Jr., and Wilbur Cohen, to name a few, interpreted the inadequacy of social welfare provision as an opportunity to further social justice. It remains for another generation of welfare professionals to demonstrate the same imagination, perseverance, and courage to advance social welfare in the years ahead. Those accepting this challenge will need to be familiar with the various meanings of social welfare policy, differing political and economic explanations of social welfare, and the multiple interest groups that have emerged within the U.S. social welfare system.

Definitions of Social Welfare Policy

English social scientist Richard Titmuss defined **social services** as “a series of collective interventions that contribute to the general welfare by assigning claims from one set of people who are said to produce or earn the national income to another set of people who may merit compassion and charity.”⁸ Welfare policy, whether it is the product of governmental, voluntary, or corporate institutions, is concerned with allocating goods, services, and opportunities to enhance social functioning.

William Epstein defined social policy as “social action sanctioned by society.”⁹ Social policy can also be defined as the formal and consistent ordering of human affairs. **Social welfare policy**, a subset of social policy, regulates the provision of benefits to people to meet basic life needs, such as employment, income, food, housing, health care, and relationships.

Social welfare policy is influenced by the context in which benefits are provided. For example, social welfare is often associated with legislatively

mandated programs of the **governmental sector**, such as **Temporary Assistance for Needy Families (TANF)**. In the TANF program, social welfare policy consists of the rules by which the federal and state governments apportion cash benefits to an economically disadvantaged population. TANF benefits are derived from general revenue taxes. But this is a simplification of benefits provided to those deemed needy. Benefits provided through governmental social welfare policy include cash, along with non-cash or in-kind benefits, including personal social services.¹⁰ Cash benefits can be further divided into social insurance and public assistance grants (discussed in depth in Chapters 10 and 11).

In-kind benefits (provided as proxies for cash) include such benefits as food stamps; Medicaid; housing vouchers; Women, Infants, and Children (WIC) coupons; and low-income energy assistance. Personal social services are designed to enhance relationships between people as well as institutions, such as individual, family, and mental health treatment; child welfare services; rehabilitation counseling; and so forth. Although complicated, this classification reflects a common theme—the redistribution of resources from the better-off to the more disadvantaged. This redistributive aspect of social welfare policy is generally accepted by those who view social welfare as a legitimate function of the state. Governmental social welfare policy is often referred to as “public” policy because it is the result of decisions reached through a legislative process intended to represent the entire population.

But social welfare is also provided by nongovernmental entities, in which case social welfare policy is a manifestation of “private” policy. For example, a nonprofit agency with a high demand for its services and limited resources may establish a waiting list as agency policy. As other agencies adopt the same strategy for rationing services, clients begin to pile up on waiting lists, and some are eventually denied services. Or consider the practice of “dumping,” a policy that has been used by some private health care providers to abruptly transfer uninsured patients to public hospitals while they are suffering from traumatic injuries. Rescission refers to terminating an insurance policy due to concealment, misrepresentation, or fraud. In health insurance, it refers to terminating a policy following the diagnosis of an expensive illness, with the insurance company claiming the policyholder withheld relevant information about a preexisting medical condition. Although partially limited by the Patient Protection

and Affordable Care Act of 2010, it continues in some form by some insurance companies. Patients sometimes die as a result of private social welfare policy.

Because U.S. social welfare has been shaped by policies of governmental and nonprofit agencies, confusion exists about the role of for-profit social services. The distinction between the public and private sectors was traditionally marked by the boundary between governmental and nonprofit agencies. Profit-making firms are “private” nongovernmental entities that differ from the traditional private voluntary agencies because they operate on a for-profit basis. Within private social welfare, it is therefore necessary to distinguish between policies of for-profit and nonprofit organizations. A logical way to redraw the social welfare map is to adopt the following definitions: *Governmental social welfare policy* refers to decisions made by the state; *voluntary social welfare policy* refers to decisions reached by nonprofit agencies; and *corporate social welfare policy* refers to decisions made by for-profit firms.

Social Problems and Social Welfare Policy

Social welfare policy often develops in response to social problems. The relationship between social problems and social welfare policy is not linear, and not all social problems result in social welfare policies. Or, social welfare policies are funded at such low levels that they are ineffectual. For example, the Child Abuse Prevention and Treatment Act of 1974 was designed to ameliorate the problem of child abuse, yet underbudgeting left Child Protective Services workers unable to promptly investigate the increase in child abuse reports, resulting in many children dying or undergoing serious injury.

Social welfare is an expression of social altruism. It contributes to the maintenance and survival of society by helping to hold together a society that can otherwise fracture along social, political, and economic stress lines. Social welfare policy is also useful in enforcing social control, especially as a proxy for more coercive law-based measures.¹¹ Simply put, the poor are less likely to revolt against the unequal distribution of wealth and privilege when their basic needs are met. Social welfare benefits also subsidize employers by supplementing low and nonlivable wages, thereby maintaining a work incentive. Without social welfare benefits like the earned income tax credit, employers would have to raise wages and

consumer prices. Social welfare benefits also support key industries, such as agriculture (e.g., Supplemental Nutrition Assistance Program [SNAP]), housing (e.g., Section 8), and health care (e.g., Medicaid and Medicare). If welfare benefits were suddenly eliminated, more than a few U.S. businesses would collapse, and prices for many goods and services would rise. Social welfare benefits help stabilize prices and maintain economic growth.

Social welfare policies also relieve the social and economic dislocations caused by the uneven economic development under **capitalism**. For example, one of the main features of capitalism is a constantly changing economy where jobs are created in one sector and lost (or exported) in another, resulting in large islands of unemployed workers. For instance, the increased use of scanners in supermarkets means that fewer cashiers are needed. Online shopping is quickly replacing mall shopping for many consumers. In 2019, 9300 stores were closed across the U.S. Examples include the closure of Blockbuster, Borders, Radio Shack, Circuit City, Sears, Payless Shoes, Toys “R” Us, Pier 1, and numerous other retail outlets. Concomitant with this transition, Amazon became the largest online retailer in the world with \$280.5 billion in revenues in 2019. Amazon’s founder, Jeff Bezos, was worth \$200 billion in mid-2020. With the acquisition of Whole Foods in 2017, Amazon is now also a challenge to supermarkets.

Myriad social welfare programs, such as unemployment insurance and SNAP (food stamps), help soften the transition. Finally, social welfare policies are a means for rectifying past and present injustices. For example, affirmative action policies were designed to remedy the historical discrimination that denied large numbers of Americans access to economic opportunities and power. Teacher incentive pay and other educational policies are designed to help ameliorate the unequal distribution of resources between underfunded urban and better funded suburban school systems.

Social Work and Social Policy

Social work practice is driven by policies that dictate how the work is done, with whom, for how much, and toward what ends. For example, a social worker in a public mental health center may have a caseload in excess of 200 clients. The size of that caseload makes it unlikely that the social worker will be able to engage in any kind of sustained

therapeutic intervention beyond **case management**. Or consider the case worker who—in the midst of high unemployment—must find employment for recipient mothers about to lose benefits due to mandatory time limits. In these and other instances, economic and political factors translate into policies that structure the work of agencies and can impede the ability of social workers to succeed in their job.

An ideological preference among policymakers for private-sector social services has resulted in less funding for public agencies. In response to diminishing revenues, public agencies adjust in predictable ways, such as cutting staff (or replacing them with lower paid and less qualified workers) and expecting existing staff to do more with less. Agencies often resort to hiring contract workers who are paid on an hourly basis and forego benefits. In addition, agencies promote short-term (or drug-based) interventions to process clients more cheaply. Cuts are sometimes made by freezing or reducing the salaries and benefits of professional staff.

Social workers in private practice that depend on managed care experience similar constraints. For instance, managed care plans dictate how much social workers will be paid and how many times they will be permitted to see clients. Accordingly, these plans structure the kinds of interventions that can be realistically implemented in the allotted time. In short, government and agency policies structure and dictate the day-to-day work of social workers.

Values, Ideology, and Social Welfare Policy

Social welfare policies are shaped by a set of social and personal values that reflect the preferences of those in decision-making roles. According to David Gil, “Choices in social welfare policy are heavily influenced by the dominant beliefs, values, ideologies, customs, and traditions of the cultural and political elites recruited mainly from among the more powerful and privileged strata.”¹² How these values are played out in the realm of social welfare is the domain of the policy analyst. As Chapter 3 illustrates, social welfare policy is rarely based on a rational set of assumptions backed up by valid research.

The Pareto Optimality is a state whereby making one person or group better off through the allocation of resources is impossible without making another person or group worse off. A Pareto Improvement

occurs when a person or group is made better off through the allocation of resources without making another person or group worse off. In the real world of social policy, the Pareto Optimality is generally the dominant mode.

Social policy is typically a zero-sum game (i.e., Pareto Optimality) whereby some people are advantaged at the expense of others. In turn, “the others” perceive themselves as being treated unfairly. For example, the upper 1 percent of Americans earned 26.3 times as much income as the bottom 99 percent. This group controls 40 percent of the nation’s wealth.¹³ Despite their privilege, some see increased taxes and regulation as an unfair infringement and an attack on society’s most productive members.¹⁴ Some see the U.S. Supreme Court ruling legalizing gay marriage as an assault on their religious freedom and principles.

Recent U.S. social welfare policy has been largely shaped by values around self-sufficiency, work, and the omniscience of the marketplace. Since policymakers expect the poor and disadvantaged to be more independent, financial allocations to social programs is set low (or cut) to discourage dependency. Although social welfare program cuts saved money in the short run, most of these cuts fell squarely on the shoulders of children. Eventually, cuts in social programs lead to higher expenditures as the generation of children who lacked essential services begins to require programs to remedy the problems associated with poor maternal and infant health care, poverty, illiteracy, and family disorganization. In 2011, the International Monetary Fund ranked the United States 32nd in public spending on family benefits, just above Lithuania, Latvia, Greece, Malta, Mexico, Chile, and Korea.¹⁵

Social values are organized through the lens of ideology. Simply put, an **ideology** is the framework of commonly held beliefs through which we view the world. It is a set of assumptions about how the world works: what has value, what is worth living and dying for, what is good and true, and what is right. For the most part, these beliefs are rarely examined and are simply assumed to be true. Hence, the ideological tenets around which society is organized exist as a collective social consciousness that defines the world for its members. All societies reproduce themselves partly by reproducing their ideology; in this way, each generation accepts the basic ideological precepts of the preceding one. When widely held ideological beliefs are questioned, society often reacts with strong sanctions. Ideological trends

influence social welfare when adherents of one orientation hold sway in decision-making bodies.

The hold of ideology on social policy is especially strong in times of threat, such as the “War on Terror.” In this instance, social welfare policy fades into the background as the perceived need for national security takes center stage. The social history of the United States has seen periods where oppressed groups assert their rights in the face of mainstream norms. Sometimes social unrest is met with force, such as in the labor strikes of 1877, while at other times, such as the Great Depression, it is met with the expansion of social welfare programs.

The Political Economy of American Social Welfare

The term **political economy** refers to the interaction of political and economic theories in understanding society. The political economy of the United States has been labeled **democratic capitalism**—a representative form of government that coexists with a market economy. Social welfare policy plays an important role in stabilizing society by modifying the play of market forces and softening the social and economic inequalities generated by the marketplace.¹⁶ To that end, two sets of activities are necessary: state provision of social services (benefits of cash, in-kind benefits, and personal social services) and state regulation of private activities to protect and improve the lives of citizens. Social welfare bolsters social stability by helping to mitigate the problems associated with economic dislocation, thereby allowing society to be in a state of more or less controlled balance.

Ideally, the political economy of the welfare state should be an integrated fabric of politics and economics; but in reality, some schools of thought contain more political than economic content, and vice versa. For example, most economic theories contain sufficient political implications to qualify them as both economic and political. Conversely, most political schools of thought contain significant economic content. It is therefore difficult to separate political from economic schools of thought. Nevertheless, for the purposes of this chapter, we organize the political economy of U.S. welfare into two separate categories: (1) predominantly economic schools of thought and (2) predominantly political schools of thought. The reader will undoubtedly find a significant overlap among and between these categories.



John Maynard Keynes is best known as the economic architect of the modern welfare state.

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The U.S. Economic Continuum

In large measure, economics forms the backbone of the political system. For example, the modern welfare state would not exist without the contribution of economist John Maynard Keynes. Conversely, the conservative movement would be weaker without the contribution of classical or free market economists such as Adam Smith, Friedrich Hayek, and Milton Friedman. Virtually every political movement is somehow grounded in economic thought. The three major schools that have traditionally dominated American thought are Keynesian economics; classical or free market economics (and its variants); and, to a lesser degree, democratic socialism.

Keynesian Economics

Keynesian economics drives liberalism and most welfare state ideologies. John Maynard Keynes's economic theories formed the foundation of the modern welfare state, and virtually all welfare societies are based on his theories. Sometimes called demand or consumer-side economics, this model emerged from Keynes's 1936 book, *The General Theory of Employment, Interest and Money*.

An Englishman, Keynes took the classical model of economic analysis (self-regulating markets, perfect competition, the laws of supply and demand, etc.) and added the insight that macroeconomic stabilization by government is necessary to keep the economic clock ticking smoothly.¹⁷ He rejected the idea that a perfectly competitive economy tended automatically toward full employment and that the government should not interfere in the process. Keynes argued that instead of being self-correcting and readily able to pull themselves out of recessions, modern economies were prone to recession and had difficulty providing full employment.

According to Keynes, the economic conditions leading to high unemployment are primarily caused by the instability in investment expenditures. To compensate, the government can stabilize and correct recessionary or inflationary trends by increasing or decreasing total spending on output. Governments can accomplish this by increasing or decreasing taxes (thereby increasing or decreasing consumption) and by the transfer of public goods or services. For Keynes, a “good” government is an activist government in economic matters, especially when the economy gets out of full employment mode. Keynesians believe that social welfare expenditures are investments in **human capital** that eventually increase the national wealth (e.g., by increasing productivity) and thereby boost everyone's income.

Keynes's theories emerged from his attempt to understand the nature of recessions and depressions. Specifically, he saw these untoward economic conditions as emerging from businesses' loss of confidence in investments (e.g., focusing on risk rather than gain), which in turn causes the hoarding of cash. This loss of confidence eventually leads to a shortage of money as everyone tries to hoard cash simultaneously. Keynes's answer to this problem is that government should make it possible for people to satisfy their economic needs without cutting their spending, thus preventing the spiral of shrinking incomes and shrinking spending. Simply put, in a depression the government should print more money and get it into circulation.¹⁸

Keynes also understood that monetary policy alone would be insufficient if a recession spiraled out of control, such as in the Great Depression of the 1930s. He pointed to a liquidity trap whereby people hoard cash because they expect deflation (a decrease in the price of goods or services), insufficient consumer or industry demand, or some catastrophe such as war. In a depression, businesses

and households do not increase spending regardless of how much cash they have. To help an economy exit this trap, government must spend. This spending can take the form of public works projects (financed by borrowing) or by direct governmental subsidization of demand (welfare entitlements). To be fair, Keynes saw public spending only as a last resort to be employed only if monetary expansion failed. Moreover, he sought an economic balance: Print money and spend in a recession; stop printing and stop spending once it is over. Keynes understood that too much money in circulation, especially in times of high production and full employment, leads to inflation. Although relatively simple, Keynes's theories represent one of the great insights of 20th-century economic thought and formed the basis of the modern welfare state.¹⁹

Conservative or Free Market Economics

Whereas liberalism is guided by Keynesian economics, the conservative view of social welfare is guided by a belief in the inherent wisdom of the free market.

Adam Smith is known as the father of modern capitalism, and conservative economics was arguably born in his 1776 book *The Wealth of Nations*. Smith believed in the “invisible hand” of the marketplace or, in other words, that the economic system was automatic, and when left undisturbed by government or other forces, it would self-regulate, thereby ensuring maximum economic efficiency. This self-regulation, however, would be threatened by monopolies, preferential tax structures, or other treatment that favors one group over another. To ensure efficiency, markets had to be left alone. Smith believed the main measure of a nation's wealth was in the goods and services it produced and traded (the forerunner of **gross domestic product [GDP]**), which would lead to further economic growth. For Smith, the proper role of government was in defense, the creation and maintenance of public infrastructure, public safety, and education. In turn, these activities would be financed by a fair system of taxation.²⁰

Although friends with Keynes, Friedrich Hayek was his intellectual adversary. Representing the Austrian economic school, Hayek focused on the business cycle. He believed that markets were organic, and any interference with their spontaneous order would hamper their efficient operation. Hayek argued that the major problem for an economy is how people's actions are coordinated. He observed that free markets effectively and spontaneously

(i.e., not part of anyone's plan) coordinated people's actions. Hayek believed that the market evolved as the result of human actions in the context of economic exchanges.²¹

Hayek was also a realist and understood that markets are not necessarily perfect. One problem he observed was the increase in the money supply by central banks. In particular, the increased money supply drives down interest rates and makes credit artificially cheap, which in turn leads to “malinvestments” (i.e., bad business investments) that would not occur without a distorted price signal from the market. For instance, investors driven by cheap credit might build what turns out to be half-filled shopping malls or new commercial buildings in an already saturated market. The dot.com and housing bubbles are examples of malinvestments. Hayek saw recessions and depressions as part of a necessary readjustment. For him, the best way to avoid busts was to avoid the booms that cause them. In contrast to Keynes's economic activism, Hayek's strategy for the Great Depression was to allow only minimal regulation of market functions since the market is too complex for any serious forecasting. Hayek believed that government interference not only worsens the situation but leads to further economic chaos.²²

Free market economics is predicated on the presumed existence of many small buyers and sellers who exchange homogeneous products with perfect information in a setting where each can freely enter and exit the marketplace at will.²³ However, these assumptions are problematic in the real world of economics. For instance, the free market model fails to address the dominance of distribution networks by a single retailer like Walmart or Amazon. Nor does the free market model address the lack of the equitable distribution of knowledge, experience, opportunity, and access to resources enjoyed by buyers and sellers. The free market model ignores theft, fraud, and deception in cases like Enron, and it ignores the competitive advantages that accrue through lobbying and special interest negotiations like Halliburton's no-competition bids for Iraq reconstruction projects. It also ignores the power of large retailers to control the market by instituting late shopping hours or 24/7 operations that make it impossible for small family-owned businesses to compete. Online shopping corporations like Amazon out-compete retail stores who have to pay rent and utilities. In short, an unregulated market economy becomes monopolistic as more of the market is dominated by fewer enterprises.

The ascendancy of conservative economic (and social) theories rose after 1973, when the rise in living standards began to slow for most Americans. Conservatives blamed this economic slowdown on governmental policies—specifically, deficit spending, high taxes, and excessive regulations.²⁴ In a clever sleight of hand, government went from having the responsibility to address economic problems (à la Keynes) to being the cause of them.

Milton Friedman, an influential figure in modern conservative economics, was one of Keynes's more ardent critics. In opposition to Keynes, Friedman argued that using fiscal and monetary policy to smooth out the business cycle is harmful to the economy and worsens economic instability.²⁵ He believed that the Depression did not occur because people were hoarding money; rather, there was a fall in the quantity of money in circulation. Friedman argued that Keynesian economic policies should be replaced by simple monetary rules (hence the term *monetarism*). In effect, he believed that the role of government was to keep the money supply growing steadily at a rate consistent with stable prices and long-term economic growth.²⁶

Friedman counseled against efforts to stabilize the economy. Instead of injecting money into the economy through public spending, government should simply make sure enough cash is in circulation. He called for a relatively inactive government that did not try to manage or intervene in the business cycle. For Friedman, welfare spending occurs only for altruistic rather than economic reasons.²⁷ To the right of Milton Friedman was Robert Lucas, 1994 Nobel Prize winner and developer of the “theory of rational expectations.” Lucas argued that Friedman’s monetary policy was still too interventionist and would invariably do more harm than good.²⁸

Developing outside of conventional economics, **supply-side economics** enjoyed considerable popularity in the early 1980s. Led by Robert Barth, of the *Wall Street Journal*, supply-siders were journalists, policymakers, and maverick economists who argued that demand-side policies and monetary policies were ineffective.²⁹ They maintained that the incentive effects of reduced taxation would be so large that tax cuts would dramatically increase economic activity to the point where tax revenues would rise rather than fall. (Former President George H. W. Bush referred to this as *voodoo economics* in 1980.³⁰) Specifically, supply-siders argued that tax cuts would lead to a large increase in investments and therefore to a large expansion in economic output.

The budget deficit would evaporate as lower taxes, increased savings, and higher economic output would eventually offset any deficits. By the early 1980s, the supply-side narrative overtook Keynesianism and mainstream conservative economists, many of whom believed in the same things but wanted to move more slowly.³¹

Although some supporters preferred to think of supply-side economics as pure economics, it contained enough political implications to qualify as a political as well as an economic theory. Popularized by supporters such as Jack Kemp, Arthur Laffer, and Ronald Reagan, supply-side economics provided the rationale for the dramatic cuts in social programs executed by the Reagan administration.

Despite their popularity in the early years of the Reagan administration, the term “supply-side economics” fell out of favor when it became evident that massive tax cuts for the wealthy and corporations did not result in increased productivity. Instead, the wealthy spent their tax savings on luxury items, and corporations used tax savings to purchase other companies in a merger mania that took Wall Street by surprise. Some corporations took advantage of temporary tax savings to transfer their operations abroad, further reducing the supply of high-paying industrial jobs in the United States. For these and other reasons, the budget deficit grew from about \$50 billion a year in the Carter term to \$352 billion a year in 1992.³²

Although the term “supply-side economics” fell out of favor by the late 1980s, its basic tenets, such as the belief that massive tax cuts for the rich would increase productivity, were adopted enthusiastically by the George W. Bush administration, and even more enthusiastically by the former Trump administration in the form of the massive \$2 trillion Tax Cuts and Jobs Act (TCJA) bill of 2017. Citizens for Tax Justice estimated that more than \$1 trillion has been lost to the U.S. Treasury as a result of the Bush tax cuts (later continued by the Obama administration).³³ The result of these policies mirrored the effects of the earlier supply-side doctrine: huge federal and state budget shortfalls, corporate hoarding, greater economic inequality, and stagnant wages.³⁴ The federal budget deficit rose to \$1.4 trillion in 2009 as a result of the global financial crisis. By 2015 it fell to \$583 billion.³⁵ However, the 2020 U.S. budget deficit is expected to reach \$1.1 trillion as a result of the TCJA.³⁶

Conservative economists argue that both large governmental social welfare programs and public service jobs are detrimental to the society in two ways.

First, government social programs erode the work ethic by supporting those not in the labor force. Second, because they are funded by taxes, public-sector social welfare programs divert money that could otherwise be invested in the private sector. Conservative economists believe that economic growth helps everyone because overall prosperity creates more jobs, income, and goods that eventually filters down to the poor. For conservative economists, investment is the key to prosperity and the engine that drives the economic machine. Accordingly, many conservative economists favor tax breaks for the wealthy based on the premise that they will result in more disposable after-tax income freed up for investment. Conversely, high taxes are an impediment to economic progress because they channel money into “public” investments and away from “private” investments.

For conservatives, opportunity is based on one’s relationship to the marketplace and legitimate rewards can only occur only through labor market participation. In contrast to liberals who emphasize mutual self-interest, interdependence, and social equity, conservative economists argue that the highest form of social good is realized by the maximization of self-interest. In the conservative view (as epitomized by author Ayn Rand³⁷), the best society is one in which everyone actively—and selfishly—pursues their own good. Through a leap of faith, the maximization of self-interest is supposedly transformed into a mutual good.

Conservative economists maintain not only that high taxation and government regulation of business are a disincentive to investment but that individual claims on social insurance and public welfare discourage work. Together these factors lead to a decline in economic growth and an increase in the expectations of beneficiaries of welfare programs. The only way to correct the irrationality of governmental social programs is to eliminate them. Charles Murray has suggested that the entire federal assistance and income support structure for working-age persons (Medicaid, the former Aid to Families with Dependent Children [AFDC], food stamps, etc.) be scrapped. This would leave working-age persons no recourse except to actively engage in the job market or turn to family, friends, or privately funded services.³⁸

Some conservative economists argue that economic insecurity is an important part of the entrepreneurial spirit. Unless people are *compelled* to work, they will choose leisure over work.

Conversely, providing economic security for large numbers of people through welfare programs leads to diminished ambition and fosters an unhealthy dependence on the state. Social programs thereby harm rather than help the most vulnerable members of society. The belief in economic insecurity formed the basis for the 1996 welfare reform bill that included a maximum time limit on welfare benefits (see Chapter 11).

The belief in the wisdom of an unfettered free market was tested in the global financial crisis (GFC) of 2007–2008. Alan Greenspan, former head of the Federal Reserve, admitted that he “made a mistake” in trusting free markets to regulate themselves without governmental oversight. Greenspan further admitted that “I made a mistake in presuming that the self-interests of organizations, specifically banks and others, were . . . capable of protecting their own shareholders and their equity in the firms.” This was an amazing admission from the man known as the “oracle” in economic matters. More importantly, Greenspan questioned his belief that unregulated free markets inevitably yield superior economic gain.

The initial event triggering the 2007–2008 GFC was the collapse of the U.S. housing market and the realization that domestic and foreign banks, investment houses, and institutions were holding hundreds of billions of dollars of subprime mortgages (i.e., high interest rate mortgages given to credit-challenged borrowers) that were little more than toxic debt offering little hope for repayment. Other factors converged to create the crisis, including the largely unregulated derivatives market used by banks and corporations to hedge risk or engage in speculation. Investors purchase derivatives to mitigate the risk associated with an underlying investment. As a form of gambling, derivatives only work if the insurer has the money to meet their obligation. The GFC was partly based on the failure of the derivatives market to have sufficient money to pay out investors who hedged their bet.

In contrast to an unfettered free market, various government bailouts—including \$25 billion to the U.S. auto industry—helped ease the financial crisis. One unexpected outcome of the GFC was that it temporarily chilled the debate on privatizing Social Security (see Chapter 10).

The **public choice school** gained traction among conservatives as faith ebbed in supply-side theories. This theory was not widely known outside academic circles until James Buchanan was awarded the Nobel Prize for economics in 1986. In effect, the public

choice is predicted on the belief that public-sector bureaucrats are self-interested utility-maximizers and that strong incentives exist for interest groups to make demands on government. The resulting concessions flow directly to the interest group as their costs are spread among all taxpayers. Initial concessions lead to demands for further concessions, which are likely to be forthcoming so long as interest groups are vociferous in their demands. Under such an incentive system, different interests are also encouraged to band together to make demands since there is no reason for one interest group to oppose the demands of others. As demands for goods and services increase, revenues tend to decrease. This happens because interest groups resist paying taxes directed specifically toward them and because no interest group has much incentive to support general taxes. The result of this scenario is predictable: Strong demands for government benefits accompanied by declining revenues lead to government borrowing, which in turn results in large budget deficits.³⁹ Adherents of public choice theory view social welfare as a series of endless concessions to disadvantaged groups that will eventually bankrupt the government. On the other hand, it would be logical also to apply public choice theory to defense industry interest groups, who make similar demands on government while not paying a fair share of taxes.

Democratic Socialism

Democratic socialism (as opposed to Soviet-style communism) is based on the belief that structural economic change is necessary and can be achieved within a democratic context. This approach gained increased legitimacy when Bernie Sanders (a self-proclaimed democratic socialist) ran for president in 2016 and again in 2020. By mid-2019, a Gallup poll found that 43 percent of Americans believed that some form of socialism would be good for the country.⁴⁰

Democratic socialists question many of the fundamental precepts of capitalism and its ability to meet the needs of people. This view is at odds with both Keynesianism and conservative economics. Specifically, Keynesians basically believe in the market economy but want to make it more responsive to human needs by smoothing out the rough edges. Conservatives maintain that the economy should be left alone except for a few minor tweaks, such as regulating the money supply. Others argue that the market should be left totally alone. On balance, both

Keynesians and economic conservatives believe that capitalism is compatible with the public good. Consequently, Keynesians and economic conservatives have more in common with each other than with socialists that are more skeptical of the market.

Proponents of more strident forms of **socialism** argue that the fundamental nature of capitalism is anathema to advancing the public good. They contend that a system predicated on pursuing profit and individual self-interest can only lead to greater inequality. The creation of a just society requires a fundamental transformation of the economic system, and the pursuit of profit and self-interest must be replaced by the collective pursuit of the common good. Not surprisingly, they repudiate Keynes's belief that economic problems can be fixed by technicalities instead of sweeping institutional change. In short, socialists criticize conservatives for the primary importance they place on markets and their belief in subordinating social welfare initiatives to market needs.

The failure of capitalism to meet the needs of vulnerable populations has led to political movements that have pressured institutions to respond with increased social welfare services. Socialists believe that real social welfare must be structural and can only be accomplished by redistributing resources. In a just society where goods, resources, and opportunities are available to everyone, only the most basic forms of social welfare (health care, rehabilitation, counseling, etc.) would be necessary. In this worldview, poverty is directly linked to structural inequality: People need welfare because they are exploited and denied access to resources. In an unjust society, welfare functions as a substitute, albeit a puny one, for social justice.⁴¹

Some socialists argue that social welfare is an ingenious arrangement to have the public assume the costs associated with the social and economic dislocations inherent in capitalism. According to these theorists, social welfare expenditures "socialize" the costs of capitalist production by making public the costs of private enterprise. Thus, social welfare serves both the needs of people and the needs of capitalism. For other socialists, social welfare programs support an unjust economic system that continues to generate problems requiring yet more programs. These radicals argue that social welfare programs function like junk food for the impoverished: They provide just enough sustenance to discourage revolution but not enough to make a real difference in anyone's life. Social welfare is

viewed as a form of social control. Frances Fox Piven and the late Richard Cloward summarize the argument:

Relief arrangements are ancillary to economic arrangements. Their chief function is to regulate labor, and they do that in two general ways. First, when mass unemployment leads to outbreaks of turmoil, relief programs are ordinarily initiated or expanded to absorb or control enough of the unemployed to restore order; then, as turbulence subsides, the relief system contracts, expelling those who are needed to populate the labor markets.⁴²

For radicals, real social welfare can occur only in a socialist economic system.

The U.S. Political Continuum

Differing views on political economy produce differing conceptions of the public good. Competition among ideas about the public good and the welfare state has long been a knotty issue in the United States. Since governmental policy is driven largely by an ideologically determined view of the public good, it will vary depending on which political party is in power.

The major American ideologies, (neo)liberalism and (neo)conservatism, hold vastly different views of social welfare and the public good. Since conservatives believe the public good is best served through marketplace participation, they prefer private-sector approaches over governmental welfare programs. Welfare services should be based on a tight safety net. Traditional liberals, on the other hand, view government as the primary institution capable of bringing a measure of social justice to millions of Americans who cannot fully participate because of obstacles such as racism, poverty, and sexism. Liberals view social welfare programs as a key component in enhancing the public good. One of the major differences between these orientations lies in their differing perceptions of how the public good is enhanced or hurt by welfare state programs.

The understanding of “the public good” is lodged in the political and ideological continuum of American politics. An appreciation of this requires understanding the interaction of schools of political thought and how they evolved. These ideological tenets also shape the platforms of the major political parties and can be divided into two categories: (1) liberalism and left-of-center movements and (2) traditional conservatives and the far right.

Liberalism and Left-of-Center Movements

Liberalism Since Franklin Delano Roosevelt’s New Deal, liberal advocates have argued for advancing the public good by promoting an expanding economy coupled with the growth of universal, non-means-tested social welfare and health care programs. Traditional liberals used Keynesianism as the economic justification for expanding the welfare state and, as such, the general direction of policy from the 1930s to the early 1970s was for the federal government to assume greater amounts of responsibility for the public good.

The modern welfare state began with the passage of the Social Security Act of 1935. Harry Hopkins—a social worker, the head of the Federal Emergency Relief Administration, a confidant of President Roosevelt, a co-architect of the New Deal, and a savvy political operative—developed the calculus for American liberalism: “tax, tax; spend, spend; elect, elect.”⁴³ This approach was elegant in its simplicity: The government taxes the wealthy, thereby securing the necessary revenues to fund social programs for workers and the poor. This approach dominated social policy for almost 50 years. In fact, it was so successful that by 1980 social welfare accounted for 57 percent of all federal expenditures.⁴⁴

By the mid-1960s, the welfare state had become a central fixture in America, and politicians sought to expand its benefits to more constituents. Focusing on the expansion of middle-class programs such as Federal Housing Administration home mortgages, federally insured student loans, Medicare, and veterans’ pensions, liberal policymakers secured the political loyalty of the middle class. Even conservative politicians respected voter support for the welfare state and, not surprisingly, the largest growth in social welfare spending occurred under former president Richard M. Nixon, a Republican.

Despite the support, the promise of the U.S. welfare state to provide social protection similar to Western Europe never materialized. By the mid-1970s, the hope of traditional liberals to build a welfare state mirroring those of northern Europe had been replaced by an incremental approach that focused narrowly on consolidating and fine-tuning the programs of the Social Security Act. One reason for this failure was the ambivalence of many Americans toward centralized government. “The emphasis consistently has been on the local, the pluralistic, the voluntary, and the business-like over the national,

the universal, the legally entitled, and the governmental,” observed policy analyst Marc Bendick.⁴⁵

Liberalism lost ground for another reason. The Social Security Act of 1935—the hallmark of American liberalism—was primarily a self-financing social insurance program that rewarded working people. Public assistance programs had less political capital and were therefore a better measure of public compassion. These programs were rigorously means tested, had sparse benefits, and were operated by less than generous states. For example, although Social Security benefits were indexed to the cost of living in the mid-1970s, AFDC benefits deteriorated so badly that about half its value was lost between 1975 and 1992. At the same time that Social Security reforms reduced the elderly poverty rate by 50 percent, the plight of poor nonworking families worsened.

Neoliberalism By the late 1970s, the liberal belief that the welfare state was the best mechanism to advance the public good was in retreat. What remained of traditional liberalism was replaced by a neoliberalism that was more cautious of government, less antagonistic toward big business, and more skeptical about the value of universal entitlements.

The defeat of Jimmy Carter and the election of a Republican Senate in 1980 forced many liberal Democrats to reevaluate their party’s traditional position on domestic policy. This reexamination, which Charles Peters christened “neoliberalism” to differentiate it from old-style liberalism, attracted only a small following in the early 1980s.⁴⁶ But by the mid-1990s, most leading Democrats could be classified as neoliberal. Randall Rothenberg charted signs of the influence of neoliberalism on the Democratic domestic policy platform as early as 1982, when he observed that the party’s midterm convention did not endorse a large-scale federal jobs program, did not endorse a national health insurance plan, and did not submit a plan for a guaranteed annual income.⁴⁷

In the late 1980s, a cadre of prominent mainstream Democrats established the Democratic Leadership Council (DLC). In part, their goal was to wrest control of the Democratic Party from traditional liberals and to create a new Democratic Party that was more attuned to the core beliefs of traditional voters. In 1989, the DLC released *The New Orleans Declaration: A Democratic Agenda for the*

1990s, which promised that Democratic Party politics would shift toward a middle ground combining a corporatist economic analysis with Democratic compassion. Two of the founders of the DLC were Al Gore and Bill Clinton, who chaired the DLC just before announcing his candidacy.⁴⁸

Compared to traditional liberals, neoliberals were more forgiving of the behavior of large corporations and were opposed to economic protectionism. They were also opposed to strong financial regulation, which helps explain why the repeal of the 1933 Glass-Steagall Act (which curbed speculation in commercial banking) was passed under the neoliberal Clinton administration. Some commentators partly attribute the GFC to the repeal of Glass-Steagall.⁴⁹ (Clinton later apologized for supporting the repeal of the act.)

Grounded in *realpolitik*, neoliberals viewed the New Deal approach as too expensive and antiquated to address the mood of voters. They distanced themselves from the large-scale governmental welfare programs associated with Democrats since the New Deal. Like their neoconservative counterparts, they called for reliance on personal responsibility, work, and thrift as an alternative to governmental programs. Accordingly, their welfare proposals mirrored conservative talking points by emphasizing labor market participation (workfare), personal responsibility (time-limited welfare benefits), family obligations (child support enforcement), and frugality in governmental spending.

Former Secretary of Labor Robert Reich advocated a postliberal formulation that replaced social welfare entitlements with investments in human capital. Public spending was divided into “good” and “bad” categories. Bad was unproductive expenditures on welfare and price supports; good was investments in human capital, such as education, research, and job training.⁵⁰

Neoliberalism altered the traditional liberal concept of the public good. Instead of viewing the interests of large corporations as antithetical to the best interests of society, they argued for free trade, less regulation, and a laissez-faire approach to social problems. They also viewed labor unions with caution. The new shapers of the public good had systematically excluded key actors of the old liberal coalition.

The neoliberal view of the public good reflects a kind of postmodern perspective. For neoliberals, the public good is elusive, and its form is fluid. Definitions of the public good change as new power relationships emerge.

Hence, neoliberals view the public good in the context of a postindustrial society composed of new opportunities and new institutional forms.

Neoliberalism is largely a political strategy and pragmatic mode of operation rather than a political philosophy with a firm position on the public good. That is both its strength and weakness. The strength of neoliberalism is its ability to compromise and change to accomplish goals. Its weakness is that when faced with an ideological critique, it is incapable of formulating a cogent ideological response. Former president Obama fit squarely within the pragmatic neoliberal orientation, which partly explains his support for the Trans-Pacific Partnership trade deal.

The Self-Reliance School A perspective gaining influence in economically distressed areas and in developing countries is the **self-reliance school**.⁵¹ This school maintains that industrial economic models are irrelevant to the economic needs of poor communities and are often damaging to the spiritual life of people.⁵² Adherents of self-reliance reject the emphasis of Western economies on economic growth and the belief that the quality of life can be measured by material acquisitions. These supporters stress a balanced economy based on the real needs of people, production designed for internal consumption rather than export, productive technologies that are congruent with the culture and background of the population, the use of appropriate and manageable technologies, and a small-scale and decentralized form of economic organization.⁵³ Simply put, proponents of self-reliance postulate that more is less, and less is more. The objective of self-reliance is the creation of a no-poverty society where economic life

is organized around issues of subsistence rather than trade and economic expansion. Accepting a world of finite resources and inherent limitations to economic growth, proponents argue that the true question of social and economic development is not what people think they want or need but what they require for survival. The self-reliance school accepts the need for social welfare programs that ameliorate the dislocations caused by industrialization, but it prefers low-technology and local solutions to social problems. This contradicts the conventional wisdom of the welfare state, which is predicated on a prescribed set of programs on a national scale, administered by large bureaucracies and sophisticated management systems.

Classical Conservatives and the Far Right

Classic Conservatism Former politicians, such as Nelson Rockefeller, Richard Nixon, and Barry Goldwater, represented traditional conservatism, a perspective that is now all but extinct. Replaced by cultural conservatives, few traditional conservatives currently occupy important leadership positions in the Republican Party.

On one level, most conservatives agree on important social policy issues. They are antiunion, oppose governmental regulations, demand lower taxes and less social spending, want local control of public education, oppose extending civil rights legislation, are opposed to gun control, and strongly believe in states' rights. However, beneath this agreement fundamental differences exist among the various conservative factions.

Traditional conservatives were at odds with cultural conservatives on a range of social issues. First, traditional conservatives were strict constitutionalists and believed strongly in the separation of church and state. They viewed prayer and religion as personal choices in which government has no constitutional right to promote. Second, while traditional and cultural conservatives want a weaker federal government, cultural conservatives demand that government promote a religious-based agenda in areas such as abortion, contraception, and gay marriage. Former presidential candidate Rick Santorum stated: "I don't believe in an America where the separation of church and state is absolute."⁵⁴

Third, classical conservatives were more socially liberal than their cultural counterparts. For example, the late Barry Goldwater, a conservative icon



Source: John Beam/Alamy Stock Photo

and former U.S. senator, stated, “I have been, and am still, a traditional conservative, focusing on three general freedoms—economic, social, and political. . . . The conservative movement is founded on the simple tenet that people have the right to live life as they please, as long as they don’t hurt anyone else in the process.”⁵⁵ Following that line of reason, Goldwater’s outspoken support of gays in the military was directly opposed to cultural conservatism. Regarding reproductive freedom, classical conservatives might challenge cultural conservatives on their support for banning abortions.

From the late 1970s onward, old-style conservatives such as Nelson Rockefeller, Barry Goldwater, and William Cohen—who were more concerned with foreign policy than with domestic issues—were replaced by a new breed of cultural conservatives. These cultural conservatives were committed to reversing 50 years of liberal influence in social policy. How the cultural conservatives came to shape social policy warrants elaboration, although it is first important to examine neoconservatives, the forerunners of cultural conservatism.

Neoconservatism Before the 1970s, conservatives were content to merely snipe at welfare programs, reserving their attention for areas more consistent with their traditional concerns such as the economy, defense spending, and foreign affairs. However, by the mid-1970s, conservative intellectuals recognized that their former stance toward social welfare was myopic as welfare was too important to be lightly dismissed. Consequently, **neoconservatives** sought to arrest the growth in governmental welfare programs while simultaneously transferring as much welfare responsibility as possible from government to the private sector.⁵⁶ They faulted government programs for a breakdown in the mutual obligation between groups; the lack of attention to how programs were operated and benefits awarded; the dependency of recipients; and the growth of the welfare industry and its special interest groups, particularly professional associations.⁵⁷ To counter the liberal goals of full employment, national health care, and a guaranteed annual income, neoconservatives maintained that high unemployment was good for the economy, that health care should remain in the private marketplace, and that competitive income structures were critical to productivity. They

argued that income inequality was socially desirable because social policies that promote equality encourage coercion, limit individual freedom, and damage the economy.⁵⁸ By the late 1970s, the neoconservative position began to be usurped by the emerging cultural conservatives.

Cultural and Social Conservatism The neoconservative assault on liberal social policy was soon taken over by a coalition of cultural and social conservatives who raged against governmental intrusion in the marketplace while simultaneously attempting to use the authority of government to advance their objectives in the areas of sexual abstinence, school prayer, abortion, birth control, evolution (i.e., creationism), gun rights, and antigay rights proposals. These conservatives cleverly promoted a dual attitude toward the role of government. Mimicking traditional conservatives, they demanded a laissez-faire approach to economics but steadfastly refused to apply that orientation to social affairs. Instead, they argued for social conformity and a level of governmental intrusion into private affairs that most traditional conservatives would have balked at. Contradicting the traditional conservative support for the separation of church and state, social conservatives opportunistically embraced the rising tide of fundamentalist religion, even to the point of revising history by arguing that the Founding Fathers were opposed to a secular state and were guided by Christian principles.⁵⁹

By the late 1980s, this coalition of economic conservatives, right-wing Christians, and opportunistic politicians had virtually decimated what remained of Republican liberalism. Traditional Republicans had become an endangered species much like liberal Democrats had become before 2016.

Cultural conservatives view the state as the cause rather than the solution to social problems. With the exception of protecting people (police and defense) and property, they argue that the very existence of the state is antithetical to the public good since government interferes with the maximization of individual self-interest. Their stance toward government is adversarial, except when the state is used to further their social agenda. In tandem with this agenda, conservative presidents, such as Reagan, the two Bushes, and Trump, arrested the future growth of the welfare state through tax policy and federal budget deficits that thwarted increased public spending.

After hammering away at social programs, conservatives had accomplished relatively little regarding social insurance and health programs since costs for entitlement programs, such as Social Security and Medicare, continued to soar. Conservatives underestimated three key factors: (1) the resiliency of the welfare state, (2) the continued support (however tenuous) of the middle class, and (3) the difficulty of translating rhetoric into viable reform proposals. Public support for social welfare programs came to fruition in 2017 when a conservative Congress blinked in the attempt to end Obamacare.

Nevertheless, conservatives learned from past mistakes, and instead of toying with incremental policies, they proposed bold new social initiatives that were incorporated into the Contract with America, a document signed by more than 300 House Republicans in 1994.⁶⁰ The crowning victory occurred with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 (see Chapter 11).

Cultural conservatism flourished in the 2016 presidential race. By 2015, the conservative coalition had pushed most Republican presidential candidates into adopting hard-right positions on gay rights, abortion, health care, and even long-resolved issues like contraception. Heated rhetoric followed the pressure to solidify a conservative “street cred.” In the 2016 presidential race, Donald Trump claimed that Mexican immigrants were criminals and rapists; Tom Cotton (R-Ark) likened Obama Secretary of State John Kerry to Pontius Pilate; Ted Cruz’s (R-TX) oft-repeated line was that the president was “the leading state sponsor of terrorism”; and former New York City mayor Rudy Giuliani’s comment, “I do not believe . . . that the president [Obama] loves America. . . . He doesn’t love you. And he doesn’t love me. He wasn’t brought up the way you were brought up and I was brought up through love of this country.”⁶¹

Libertarians reflect another perspective. Specifically, they believe in little or no government regulation. Libertarians basically want the government to stay out of people’s pocketbooks and their bedrooms.

We, the members of the Libertarian Party, challenge the cult of the omnipotent state and defend the rights of the individual. We hold that all individuals . . . have the right to live in whatever manner they choose, so long as they do not forcibly interfere with the equal right of others to live in whatever manner they choose.

We . . . hold that governments . . . must not violate the rights of any individual: namely, (1) the right to life—accordingly we support the prohibition of the initiation of physical force against others; (2) the right to liberty of speech and action—accordingly we oppose all attempts . . . [at] . . . government censorship in any form; and (3) . . . we oppose all government interference with private property⁶²

Libertarians argue that governmental growth occurs at the expense of individual freedom. They also believe that the proper role of government is to provide a police force and a military that has only defensive weapons. Libertarians are highly critical of taxation because it fuels governmental growth. Apart from advocating minimal taxation earmarked for defense and police activities, they oppose the income tax. Because libertarians emphasize individual freedom and personal responsibility, they advocate the decriminalization of narcotics and believe that government should intercede in social affairs only when an individual’s behavior threatens the safety of another. In 2015 Senator Rand Paul (R-KY) was a Republican contender for president running under a libertarian orientation. True libertarians had a problem with Paul, who was against abortion rights, gay marriage, and open borders and for strong defense spending.

Cultural conservatives, populists and libertarians of various ilk banded together in 2009 to form the loosely knit Tea Party. This political movement advocated a rigid interpretation of the U.S. Constitution, especially on issues like gun control. The movement also focused on reducing government spending, eliminating the national debt, cutting social programs, and dramatically reducing taxes. Although not initially a religiously inspired movement, it soon allied itself with social and religious conservatives such as former Alaska governor Sarah Palin and former U.S. congressperson Michele Bachman.⁶³

The Growth of Fringe Groups

America’s fringe groups are on a continuum from armchair patriots to armed militias intent on starting a civil war between the races. The fringe right includes the alt-right, an assortment of extreme conservative or reactionary groups that reject mainstream politics and disseminate their controversial ideas through online media and protests like Charlottesville’s Unite the Right rally that led to the death of Heather Heyer.

Spotlight 1.1

COMMON BELIEFS AMONG SEVERAL RIGHT-WING FRINGE GROUPS

- The existence of a hidden “deep state” that works against conservative elected officials.
- They fear the “great replacement” whereby Whites in majority-White countries are deliberately replaced by non-White immigrants.
- Most fringe groups oppose the United Nations, globalism, and the “New World Order.” They believe that Jews play a major role in globalism through their alleged control of the media and international banking.
- These groups promote White supremacist ideologies that target Blacks, Hispanics, Muslims, and Asians. As such, they oppose immigration from non-White countries.
- Most fringe groups are anti-gay rights.
- They oppose gun control.
- Most fringe groups distrust government while their members have an exaggerated belief in personal freedom.

Discussion Question

1. The rise of extreme fringe groups and their use of historically unprecedented avenues of communication like social media channels have led many to question if there should be a limit to free speech protections. What (if any) limits to free speech ought to be imposed on these groups and their members? Why?

Right-wing extremism has grown in recent years, partly due to social media opening up new channels for hate. While Twitter and Facebook permit certain forms of right-wing messaging, other totally censor-free sites like Gab, 4chan, Parler, Rumble and others have little or no boundaries. Encrypted messaging apps like WhatsApp and Telegram provide anonymity for hate-based bloggers. Individuals can be physically threatened by social media sites that allow doxxing (maliciously publishing private or identifying information about an individual on the Internet).

Far right-wing groups fall under several categories: traditional racist groups (e.g., Ku Klux Klan), “Accelerationists” (e.g., Identity Evropa) who believe that a violent collapse of society through civil war is necessary in order to establish a White ethnostate, antigovernment groups (e.g., Boogaloo Bois and Oath Keepers), “White Pride” groups (e.g., Proud Boys, Aryan Nations), neo-Nazi groups (e.g., Stormfront, Volksfront, and Atomwaffen), and conspiracy-based groups like QAnon. These categories are not discrete since many groups embrace multiple ideologies, such as anti-Semitism, misogyny, and racial superiority theories.

One alt-right group, Proud Boys, was started by Gavin McInnes (co-founder of Vice Media) in 2016.

Although the group represents a range of racial-ethnic backgrounds, the Anti-Defamation League describes it as violent, nationalistic, misogynistic, Islamophobic, antigay, and anti-immigration. Some Proud Boys members tout White supremacist and antisemitic ideologies, which led Facebook and Instagram to ban the group that the Southern Poverty Law Center (SPLC) has labeled as a hate group.⁶⁴

Oath Keepers is a far-right antigovernment militia organization composed of thousands of current and former military, police, and first responders who pledge to fulfill their oath to defend the Constitution. It is one of the largest radical anti-government groups in the United States. While it claims to be defending the Constitution, the organization is based on a set of conspiracy theories about how the federal government is working to destroy the liberties of Americans. Like the Proud Boys, members of the group were indicted on conspiracy charges for the January 6, 2021, storming of the capitol.

Other White supremacist groups include League of the South that advocates establishing a White, Christian ethnostate in the southeastern United States. Still other elements include armed militia-style “Patriot” groups. In 2019, the SPLC identified

181 militia groups that engage in paramilitary training to “protect” American citizens from an impending government crackdown and imprisonment. The 3 Percenters (the name stems from the erroneous belief that only 3 percent of colonists fought against the British) and other national and smaller state-based groups make up the antigovernment militia movement.⁶⁵

Although not a White supremacist movement *per se*, QAnon is a conspiracy theory popular among right-wing extremists and some public supporters of Donald Trump. In 2020, more than 50 QAnon supporters ran for Congress.⁶⁶ Birted in 2016 on 4chan and Reddit, QAnon supporters believe that almost every recent American president (except Trump) has been a puppet of global elite power brokers. They follow the anonymous Q (a supposedly high-ranking government employee) who drops hints on social media. QAnon supporters believe that world governments, the banking system, the Catholic church, the agricultural and pharmaceutical industries, and the media are controlled by a shadowy cabal of international pedophiles, child sex traffickers, child murderers, and Satanic cult worshipers. This cabal will eventually be destroyed by Donald Trump and the “white hats” (a group of government “good guys”). The heart of this operation (which Hillary Clinton and Democratic Party elites were purportedly running) was located in the basement of Washington’s Comet Ping Pong pizzeria. (The affair became known as PizzaGate.) Belief in QAnon led to death threats against the restaurant owner.⁶⁷ QAnon resurfaced in 2020 with new allegations of corruption and abuse and with new identified victims, including Justin Bieber, who was supposedly molested in the pizzeria. The focus of QAnon also shifted from Democratic party elites to powerful people like Bill Gates and celebrities like Ellen DeGeneres, Oprah Winfrey and Chrissy Teigen.⁶⁸ By early 2021, QAnon was further thrust into the national limelight by two representatives elected to Congress—Lauren Boebert and Marjorie Taylor Greene. Taylor Greene was later removed from her committee assignments based on past physical threats against Democrats, her comments that some school shootings were false flag operations (i.e., covert operations by various governments and cabals), and her Islamophobic and antisemitic comments.⁶⁹

At the invitation of former president Donald Trump, members of these right-wing groups and

other Trump supporters emerged on Washington on January 6, 2021, to protest the certification of the electoral college vote. What ensued was an insurrection where hundreds of people stormed Congress and forced frightened elected officials into hiding. This riot led to the death of five people and eventuated in Trump’s second impeachment by the House of Representatives.

Conservatives often point to Antifa (short for antifascists) as the left-wing equivalent of fringe right groups. Antifa is a loose array of left-wing anti-capitalist and antiauthoritarian groups that include anarchists, socialists, and communists, as well as some center-left groups like social democrats. The aim of antifa is to achieve radical social change through nonviolent and (occasionally) violent means (including property damage) rather than by democratic policy reform. According to the SPLC, while individuals loosely affiliated with Antifa are involved in skirmishes and property crimes at demonstrations nationally, the threat of lethal violence is inconsequential compared to the threat posed by far-right extremists.⁷⁰ The Center for Strategic and International Studies found that Antifa played a minor role in violence with the vast majority of looting coming from local opportunists with no affiliation and no political objectives.⁷¹ Much of antifa’s activities are based on digital harassment and most of their demonstrations are nonviolent. Antifa members use counter-protest demonstrations to physically confront far-right extremists when these groups have rallies. Despite some similarities, there is no real equivalence between antifa and White supremacist groups. In particular, White supremacists use or espouse extreme violence to promote their ideology and often physically intimidate people from racial minority groups and other vulnerable groups. While right-wing extremists have murdered hundreds of Americans in acts of domestic terrorism, there are no known antifa-related murders.⁷²

The extremist rhetoric can materialize in mass deaths. On October 28, 2018, Robert Bowers posted an antisemitic message on a message board.⁷³ A few minutes later he opened fire in the Tree of Life synagogue in Pittsburgh. By the time he was apprehended, 11 people were dead and six injured, including several police officers. In 2015, White supremacist Dylann Roof sat in the back pew of Charleston’s Emanuel AME Church before opening fire and killing nine Black churchgoers.

The Welfare Philosophers and Neoconservative Think Tanks

Many early welfare thinkers envisioned a U.S. welfare state based on a European model.⁷⁴ This vision was shared by virtually every social welfare scholar writing in the late 1960s and early 1970s.⁷⁵ In turn, most social workers supported a liberal welfare philosophy grounded in a system of national social programs that would be deployed as more citizens demanded greater services and benefits. This framework was informed by European welfare states, especially the Scandinavian variant that spread health care, housing, income benefits, and employment opportunities equitably across the population.⁷⁶ It also led Richard Titmuss to hope that the welfare state, as an instrument of government, would eventually lead to a “welfare world.”⁷⁷

In contrast, an alternative vision arose that questioned the fundamental nature of welfare and social services. Throughout the 1970s and 1980s, conservatives (especially right-wing **think tanks**, or conservative policy institutes) busily made proposals for welfare reform. In fact, no conservative policy institute could prove its mettle until it produced a plan to clean up “the welfare mess.” The Hoover Institution at Stanford University helped shape the early conservative position on welfare. “There is no inherent reason that Americans should look to government for those goods and services that can be individually acquired,” argued Hoover’s Alvin Rabushka.⁷⁸ Hoover’s Martin Anderson laid out the conservative position on welfare reform: (1) reaffirm the need-only philosophical approach to welfare and state it as national policy; (2) increase efforts to eliminate fraud; (3) establish and enforce a clear work requirement; (4) remove inappropriate beneficiaries from the welfare rolls; (5) enforce support of dependents by biological parents who have the responsibility and are shirking it; (6) improve the efficiency and effectiveness of welfare administration; and (7) shift more responsibility from the federal government to state and local governments and private institutions.⁷⁹ These recommendations helped form the backbone of the 1996 PRWORA (see Chapter 11).

In turn, the Heritage Foundation featured *Out of the Poverty Trap: A Conservative Strategy for Welfare Reform* by Stuart Butler and Anna Kondratas.⁸⁰ Following along the same lines, the Free Congress Research and Education Foundation

proposed reforming welfare through “cultural conservatism”—that is, by reinforcing “traditional values such as delayed gratification, work and saving, commitment to family and to the next generation, education and training, self-improvement, and rejection of crime, drugs, and casual sex.”⁸¹

A handful of other works also served as beachheads for the conservative assault on the welfare state. George Gilder’s *Wealth and Poverty* argued that beneficent welfare programs represented a “moral hazard” that insulated people against risks essential to capitalism and thus contributed to dependency.⁸² Martin Anderson concluded that income calculations should include the cash equivalent of in-kind benefits, such as food stamps, Medicaid, and housing vouchers, thus effectively lowering the poverty rate by 40 percent.⁸³ Taken together, these policy briefs provided a potent critique of welfare programs.

Conclusion

John Judis and Michael Lind argue, “Ultimately American economic policy must meet a single test: Does it tend to raise or depress the incomes of most Americans?”⁸⁴ We would add: “What are the effects of an economic policy on the social health of the nation?” Researchers at the Institute for Innovation in Social Policy have argued that the nation’s quality of life has become unhinged from economic growth. “We really have to begin to reassess this notion that the gross domestic product—the overall growth of the society—necessarily is going to produce improvements in the quality of life.”⁸⁵

A corollary question is “What’s the economy for, anyway?” In other words, do we exist to serve the economy, or should the economy serve us? Economists often discuss the **gross national product** or gross domestic product, productivity, and overall economic growth as if they were true indications of an economic quality of life. This approach avoids examining the beneficiaries of economic growth compared to the growing number of people who are the victims of income inequality. While discussions typically revolve around how to best grow the economy, too little of the economic discourse involves environmental sustainability or quality of life issues. John de Graaf has addressed these issues in *Affluenza* (the film and the book), as have other authors in various forms. (See Spotlight Box 1.2.)

Spotlight 1.2

WHAT'S THE ECONOMY FOR, ANYWAY?

by John de Graaf

In the global economy, it seems *everyone* is dissatisfied and looking for different models. One by one, Latin American countries are moving from Right to Left. On the other hand, in Europe, the parties of social democracy have been losing ground to the Center (Europe's "right-wing" parties would be Centrist or Left in the U.S.), one after another.

All of this frenetic searching begs the fundamental question: What's the economy for, anyway? How much stock can we take in the Dow Jones? Is the gross domestic product the measure (the grosser the better), and stuff the *stuff*, of happiness? Is the good life the *goods* life?

If so, then there's little doubt that the freer-market regimes win big. U.S. per capita GDP is still 30 percent higher than the average in Western Europe, just as it was a generation ago. We've got bigger homes, bigger cars, and more high-definition televisions. On the other hand if we measure success by the happiness, health, fairness and sustainability of economies, the picture looks very different.

I've been doing a little number-crunching lately, comparing data from such sources as the 2007 OECD [Organization for Economic Cooperation and Development] Fact Book, the World Health Organization and the UN [United Nations] Human Development Index, trying to see how countries are doing in real, empirical terms when it comes to health, quality of life, justice and sustainability. The results, I'm afraid, would come as a shock to those who look to the United States as the model of economic success.

Let me do a few of the numbers: compared, for example, to the western European nations, the U.S. ranks *worst* or next-to-worst when it comes to child welfare, health care, poverty, income equality, pollution, CO2 emissions, ecological footprint, personal savings, income and pension security, balance of payments, municipal waste,

development assistance, longevity, infant mortality, child abuse, depression, anxiety, obesity, murder, incarceration, motor vehicle fatalities, and leisure time. We do slightly better in education. Our unemployment rate looks pretty low, unless you count those 2.3 million people we've got behind bars, an incarceration rate 7 to 10 times as high as Europe's.

Since 1970 Europeans have traded a portion of their productivity gains for free time instead of stuff, a trade that pays off in many ways. New studies show that long working hours, the norm in the United States, contribute to poor health, weakened family and community bonds *and* environmental damage. Americans, far less healthy than Europeans, spend twice as much for health care per person. In fact, we spend nearly half the world's *total* health care budget, an amount that will reach 20 percent of our GDP by 2010—with the worst outcomes. Yet all of that spending counts as a *plus* when it comes to GDP. The leisure that Europeans enjoy, the long meals and café conversations, the long walks and bike rides, count only as wasted time, adding not a single point to GDP. *La dolce vita*, by that measure, is for losers.

But which countries come out on *top* in measures of quality of life? It's the northern European nations, those that combine a strong social safety net with shorter working hours, high but progressive tax rates and strong environmental regulations. *The pattern is as clear as can be.*

I have found no one who refutes these figures. They simply explain them away by saying that the U.S. can't be like Europe. Why not?

One argument for why the United States can't even have such things as paid maternity leave—a reality in every country on the globe except the U.S., Swaziland, Lesotho, Liberia, and Papua New Guinea—is that we're so affected by *globalization*. But with its massive domestic market, the U.S. is just about the *least* affected by globalization of all industrial countries.

American conservatives argue that Europeans can't continue to compete in the global economy. But according to the World Economic Forum, over the past few years, four of the six most globally competitive countries have been in Europe. Even American businesses invest five times as much each year in Germany as they do in China and more in Belgium than in India. And they make money doing it.

When all else fails, there's the final appeal: the U.S. may not be very healthy, fair or sustainable, but it's "the land of opportunity," where *anyone* can make it big if they're willing to work hard enough. Yet a recent study finds that Americans actually have only about one-half to one-third as much chance as Europeans of escaping low-income lives and rising to the top.

The steady drone from some European business leaders about the American economic miracle masks what should be obvious—they'd like to join our CEOs in making 400 times as much as their average workers, instead of the miserable 30 to 40 times as much they now make. Their voices speak louder than those of the average European citizen, who enjoys his or her six weeks of vacation, restful meals, family leave, health care, sick pay, free college education, and secure pension plan.

Since Ronald Reagan declared that "government cannot be the solution because government is the problem," indices of American quality of life, fairness, economic security, and environmental

sustainability have all fallen sharply in comparison with those in Europe. The conservative economic revolution has produced a *gush-up* instead of a "trickle-down." For most of us, the "ownership society," emphasizing privatization, deregulation and massive tax cuts for the wealthy, is really a "*you're on your owner ship*" society.

To make America better, our President tells us, we must do even *more* of these things, making tax cuts for the wealthy permanent, for example. But the working definition of insanity is to keep doing the same things hoping for a different result.

If we want to build societies that really work for people, we need to ask, "What's the economy for, anyway?" And then we need to separate the real results from the myths, shed a little of our American hubris, and start looking at how other countries are actually edging us out by providing policies that succeed. That way lies a happier, healthier, more just and sustainable world.

John De Graaf is a documentary filmmaker and co-author (with David Wann, Thomas Naylor, and Vicki Robin) of *Affluenza: The All-Consuming Epidemic* (San Francisco, CA: Berrett-Koehler, 2005).

Discussion Question

1. How can the economy be reformed to better meet people's needs?

As this chapter has demonstrated, social welfare in the United States is characterized by a high degree of diversity rather than a monolithic, highly centralized, and well-coordinated system of programs. Instead, a great variety of organizations provide a wide range of benefits and services to different client populations, leading to what is often perceived as "the welfare mess." Different programs serving different groups through different procedures have created an impenetrable tangle of institutional red tape that is problematic for administrators, human service professionals, and clients.

The complexity of U.S. social welfare policy can be attributed to several factors, some of which are peculiar to the American experience, including the issue of "states' rights." Although the states were responsible for providing social welfare services through much of U.S. history, this changed with Franklin Delano Roosevelt's New Deal, which

ushered in a raft of federal programs. Over subsequent decades, federal social welfare initiatives played a dominant role in the nation's welfare effort. Still, states continued to manage important social welfare programs, such as mental health, corrections, and social services. Over time, the relationship between the federal government and the states changed. From the New Deal of the 1930s through the Great Society of the 1960s, federal welfare programs expanded, forming the American version of the "welfare state." Beginning in the 1980s, the Reagan administration sought to return more of the responsibility for welfare to the states, a process called devolution.⁸⁶ This process was furthered by the Clinton administration with the signing of the PRWORA (see Chapter 11).

A second factor is the relatively open character of U.S. society. Often referred to as a melting pot, the national culture is a protean brew of immigrant

groups that became part of national life.⁸⁷ A staggering influx of Europeans in the late 19th century gave way to waves of Hispanics and Asians a century later.⁸⁸ Historically, social welfare programs played a prominent role in the acculturation of these groups. At the same time, many ethnic groups brought with them their own fraternal and community associations, which not only provide welfare benefits to members of the community but also serve to maintain community norms. Other groups that have exerted important influences on U.S. social welfare are Black Americans, older adults, women, and Native Americans. The very pluralism of U.S. society—a diverse collection of peoples, each with somewhat different needs—contributes to the complexity of social welfare.

The economic system exacerbates the complexity of social welfare. With important exceptions, the U.S. economy is predominantly capitalist, with most goods and services owned, produced, and distributed through the marketplace. In a capitalist economy, people are expected to meet their basic needs through labor force participation. When people are unable to participate fully in the labor market, like older adults or those with disabilities, myriad social programs are deployed to support these groups. Many are governmental programs. Private-sector programs often complement those of the public sector. Within the private sector, two organizational forms are common—nonprofit organizations and for-profit corporations. Often these private-sector organizations coexist, proximate to one another.⁸⁹ For instance, in many communities, family planning services are provided by the public health departments, Planned Parenthoods (a private nonprofit), and by for-profit health maintenance organizations.

Finally, various religious or faith-based organizations strongly influence American social welfare. This is seen most clearly in the range of faith-based agencies that offer social services, such as Jewish Family Services, Lutheran Social Services, Catholic Charities, and the Salvation Army. In many cases, religious-based agencies provide services to groups that would not otherwise receive them. Today many faith-based agencies receive federal funds for various services they provide to the public, such as services for substance abuse, emergency food, homeless services, rehabilitation, and counseling. It is likely that this trend will grow.

In light of reductions in many federal social programs and calls for the private sector to assume

more responsibility for welfare, the prospect of molding the diverse entities involved in American social welfare into one unified whole under the auspices of a central federal authority seems remote. This vision of a unified social welfare system is implicit in the proposals of advocates for nationalized programs that ensure basic goods and services such as food, housing, education, health, and income as a right of citizenship. Although programs of this nature have been integral to the welfare states of northern Europe for decades, there is a serious question as to their plausibility for the United States given the complexity built into its social welfare system.⁹⁰ Given these developments, welfare professionals face a formidable challenge: How can basic goods and services be brought to vulnerable populations within a context of such complexity and uncertainty?

DISCUSSION QUESTIONS

1. American society is growing more diverse on many levels. Which ideologies, schools of political economy, and interest groups within social welfare stand to gain most from this change? Why?
2. Ideology tends to parallel schools of political economy. How would classical conservatives and liberals address current social welfare issues such as health care, long-term care for older adults, and substance abuse? How would neoconservatives and neoliberals diverge from traditional conservatives and liberals on these issues?
3. Which schools of political, social, and economic thought discussed in this chapter would come closest to being classified as moderate? Why?
4. This chapter argues that in large measure social policy dictates social work practice. Do you agree with that premise? Explain your position. Can you think of any instances where social work practice has led to changes in social welfare policy?
5. In your opinion, which schools of economic and political thought are the most compatible with social work practice? What are the incompatibilities in the various schools of thought with macro- and micro-level social work and practice?
6. This chapter describes the U.S. political continuum ranging from liberalism to libertarianism. Access the website of the National Association of Social Workers (www.naswdc.org) and read through the Advocacy and then Policy Issues link. Where would you place the NASW along the U.S. political continuum? Why?
7. The Heritage Foundation (www.heritage.org) and The Urban Institute (www.urban.org) are think tanks that deal with a variety of issues related to

social policy. Scan the topics and a few of the titles from each website. Does either adopt a specific point of view that tends to dominate? If you were looking for a progressive position on an issue, which one would you access? Why?

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