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POVERTY AND THE CHANGING ECONOMY

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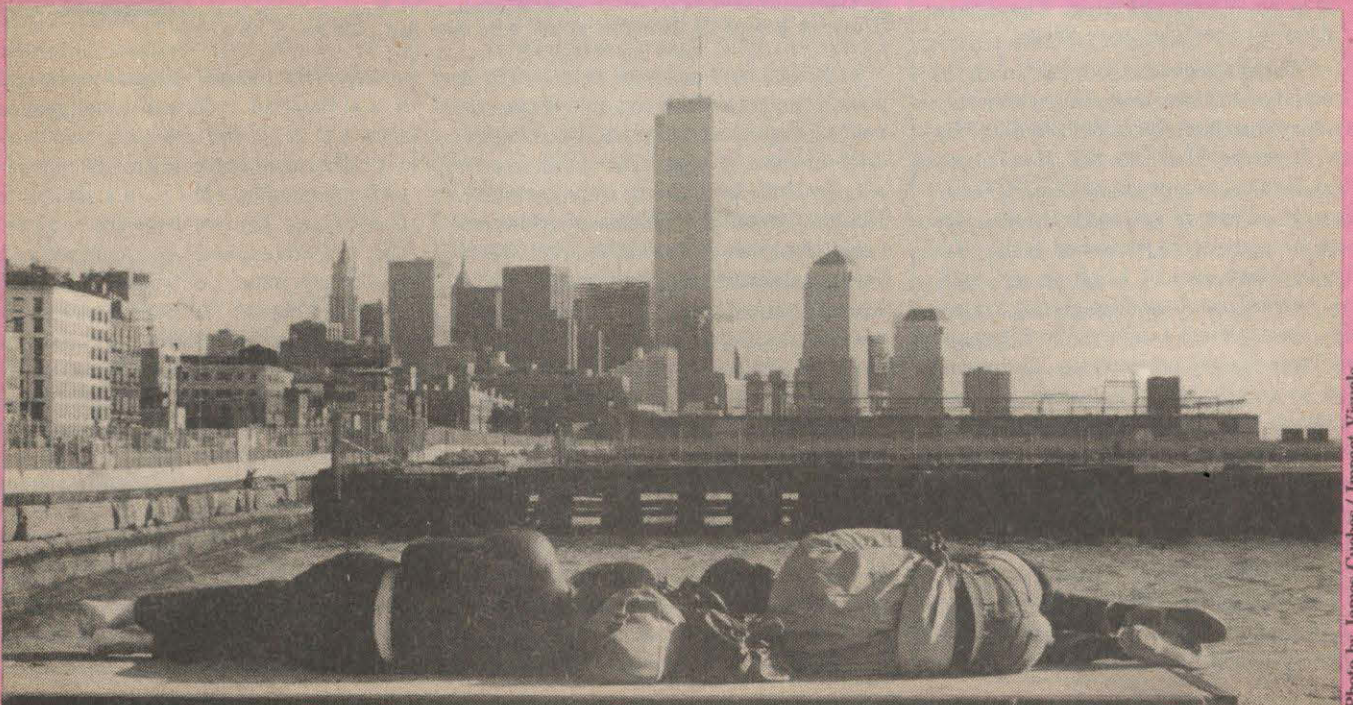


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EDITORIALS

FROM THE OTHER AMERICA TO POVERTY IN THE EIGHTIES

The *Other America*, Michael Harrington's gripping expose of persistent American poverty amidst the growing plenty of the late 1940's and 1950's, challenged the post-war idea that we had all become part of "the affluent society." The book was struck by lightning in 1963, the year after it was published, when Dwight MacDonald's long, celebratory review in the *New Yorker* thrust poverty onto the intellectual and political agenda of the country. The path from *The Other America* to the War on Poverty is fairly direct and well documented. You simply can't pick up an account of the War on Poverty, including conservative attacks like Charles Murray's *Losing Ground*, without being reminded of the extraordinary impact of Harrington's book. Murray concludes the almost obligatory tip-of-the-hat this way:

[Its importance] was in its central message: America was not the single class affluent society . . . but a deeply riven society in which the poor had been left to suffer unnoticed . . . Even if the poor were bound to have been rediscovered in the early 1960s, Harrington was their pamphleteer, *The Other America* their *Common Sense*.

Concerns about the poor culminated in a broad band of new programs whose successes we had hoped to take for granted by now. Medicare, Medicaid, SSI, Head Start, Food Stamps, and expanded AFDC benefits were all born or revived in the 60s. But these concerns were jettisoned in the 70's. The backlash against black power, self-absorbed ethics of the "me-decade," Vietnam, the successes as well as the failures of the Great Society programs — all contributed to the decline of collective concern about the poor. Nothing was more important, however, than the unexpected economic squeeze — symbolized by the first oil shock of 1973 — that the great majority experienced beginning in the early part of the decade.

Declining incomes together with growing housing, medical, and educational costs undercut and ultimately toppled the moral

and political standing of poverty. The demographic crunch caused by women and baby boomers entering the labor force and by renewed immigration produced the fear (and partial reality) of declining mobility, a fear which displaced Great Society-era concerns about poverty.

By the early 70s, grand hopes for national solutions were eclipsed by cynicism, despair, and the increasingly difficult struggles to make ends meet in a time of both inflation and stagnation. And alongside old problems, something new was happening; the old answers no longer made much sense.



"Poverty began to threaten many who had felt safe from its grasp."

Women and children were suddenly poorer than the elderly; minorities remained disproportionately trapped in poverty; and many people labored full time for wages that left them impoverished. Hunger, growing problems of homelessness (alongside skyrocketing real estate values), elevated teen pregnancy and high school drop out rates, increasing joblessness (particularly among young black men), the shamefully low minimum wage, the growing lower class spewed forth by our deunionized service economy — these are key ingredients in the new American poverty for the 70s and 80s. The American economy, internationalized to an unprecedented extent, produced many new jobs after 1970, but most of them were low level service jobs that didn't pay adequate wages. It was the nature of the jobs themselves, not the lack of jobs, that was causing

much of the new poverty. Poverty was no longer just "their" problem, but began to threaten many who had felt safe from its grasp.

Increasing vulnerability and glaring poverty are propelling a new mood, and provide an opening for a socialist reexamination of American society. The year 1987 marks the twenty-fifth anniversary of Michael Harrington's book *The Other America*, and provides a special opportunity to publicly ask: "Why, after twenty-five years, are poverty and inequality increasing in America? And what must we do to reverse these trends?" For a quarter of a century after *The Other America* — and three years after Ronald Reagan declared that it was "morning in America" — the divisions exposed by Harrington are more disturbing and dangerous than ever.

We of the democratic left, as scholars and activists, must seize this opportunity to examine the causes and costs of both the "new" and the "old" poverty in America, to expose the contours and challenge the legitimacy of growing inequality. We need to continue to resist the anti-government rhetoric and activism that have char-

acterized the Reagan years, as we also offer a new vision of a more just and generous society.

The broad reach of American poverty and vulnerability offer both problems and possibilities. The problems are more obvious, and are explored and analyzed in the rest of this issue. But we also have an opportunity, for the first time in several decades, to unite the vast majority of men and women, blacks and whites, and blue, new, and white collar workers around pressing, mutual concerns of economic security and well being.

—Jan Rosenberg

Jan Rosenberg, a sociologist at Long Island University in Brooklyn, is working with the anti-poverty initiatives of DSA and was a guest editor for this special issue of Democratic Left.

Photo by David Vita/ Impact Visuals

New Alliances Between the Middle Class and the Poor

by Steve Max

The changing economy has brought the interests of a large segment of the poor and the lower middle class closer together and created the basis for issue and electoral alliances that were not possible in past decades. To realize the potential, however, progressives and socialists must first shed some misconceptions about the poor, and then consider the changes in middle-class work and family life.

Many people have a mental image of the poor as being minorities and living in families headed by single women who don't work. (I am using the Census Bureau definition of poverty, which is now an income of less than \$11,000 a year for a family of four.) In fact, the majority are white, don't live in single female-headed families and nearly two-thirds of the heads of poor households work. Low wages, not bad work attitudes, are the major cause of poverty. Moreover, poverty is actually becoming slightly less feminized than it was a decade ago. According to Robert Greenstein of the Center For Budget Priorities, "People in non-elderly female-headed families with children account for less than 28 percent of the increase in poverty since 1978...some 47 percent occurred in families headed by a non-elderly married couple or a non-elderly male."

New Problems

Regardless of race or sex, the lower-middle class faces problems similar to ones long felt by the working poor. An editorial in the *New Republic* summed it up:

This is a splendid time to be a computer engineer, a stockbroker, an entrepreneur, a boutique proprietor. It's not a bad time to be a real estate broker, a lawyer, a tenured professor. But a single parent, a graduate of high school or even a non-elite university, a young family looking for an affordable home, anyone dependent on social welfare programs or wage earner in the lower



Photo by Jim West / Impact Visuals

Many mothers have lost the option of working outside the home.

end of the service economy is not doing so well.

In the 1960s and early 1970s the trend was different. During the Eisenhower administration, real average family income rose by 30 percent, and again by another 30 percent during the eight-year Kennedy-Johnson administration. It grew through Nixon's first term, so that between 1947 and 1973, real family income not only doubled every three years but set a new record. This meant that many families could own homes, move to the suburbs, learn to cook over charcoal, buy cars, and, most important, send their children to college.

In 1973, the rise ended, income started down, and inequality began to grow. The Joint Economic Committee of Congress said, "... Since 1973, a dramatic reversal has taken place in the economic fortunes of most American families. The middle-income family lost 6 percent of its income during the eleven-year period from 1973 to 1984." Families with children are seeing

their standard of living go down faster than other families. One reason for falling family income is that, as economists Barry Bluestone and Bennet Harrison have pointed out, 44 percent of all new jobs created between 1979 and 1985 paid less than \$7,400 a year.

As family income falls, more married women with children leave home to go to work. Back in 1955, 60 percent of all families had a father who worked outside the home and a mother who was a full-time homemaker. Today fewer than 20 percent of all families are like that. Progressive organizations have long been concerned with the right of women to enter the workforce without discrimination, but there is more to the problem. Many mothers of small children don't want to work outside the home, but have lost that option. Seventy percent of all working mothers now have school-age children. In 1960 it was only 42.5 percent. The most telling fact is that the number of working women with children under the

age of three is rising fastest of all, making child care a national problem greater than it has ever been. It is no longer an issue for low-income people alone. *Business Week* now speaks of the "day care crisis of the middle class."

Other problems are starting to rise out of the new economy. One is that part-time work is now the trend. Recently three want ads from one company appeared in a Chicago paper. One said "Mail Clerk," the next said "Temporary Mail Clerk," and the third, the one on the cutting edge of the new economy, said "Long Term Temporary." Exactly what is a long-term temporary if not a permanent employee who gets no benefits? Over the last decade there has been a 25 percent increase in the use of part-time or temporary workers. It's the Kelly Girl era. Mostly women are involved. One firm reports saving \$2.50 an hour on every temporary secretary it hires. The pay is lower, there are no raises, no vacations, no sick leave, no pensions, no maternity leave. Indeed, middle-class jobs are looking more and more like those held by the working poor. We are seeing more and

more middle-class families without adequate health insurance or pensions, day care, family leave policy or access to higher education—all things taken for granted in the countries of Western Europe that have strong labor parties or social democratic governments.

Profamily Agenda

We should take some leadership in this area. The dream of the factory workers of the older generation was that their children would work in air-conditioned offices. This has happened, although doing it for half the pay wasn't in the dream. Women want to work, but not be forced back to work with an infant at home. From these issues emerge the outlines of a new national family agenda for this generation. It comes from the needs of people who work in service and technical jobs and live in two wage-earner families or families headed by women. It involves some traditional issues but encompasses necessities of life in the new economy. Day care, maternity and paternity leave, preschool education, life and health insurance, pensions, health care for children, parents, and grandparents, flexible hours, job sharing, housing, and, of course, wages top the list. These are all things that members of the older generation either didn't need, got through the union, or could afford to buy. Many of today's families do need them, don't get them, and can't afford them.

Around the country, there is a new wave of interest in a profamily tax system, a profamily work place and child care. Here is a partial list of issues, affecting families with children that are being fought for, or have recently been won, at the local or national levels:

- * The new federal tax law nearly doubled the personal exemption. State tax laws should reflect this. State child-care tax credits can also be instituted.

- * The family leave act (H.R. 925) would provide a maximum of 18 months of unpaid leave to men and women for childbirth, adoption or the prolonged sickness of a child or elderly parent. A worker's health benefits would be continued during this time and the right to return to the job guaranteed. Weaker versions have been introduced in about 26 states. Currently there is little organized effort to support this legislation and business forces will kill it if progressives don't rally behind it quickly.

- * The newly introduced Kennedy-Waxman bill requires that all employers

provide minimum health benefits for all workers. The cost to the employee is limited to 20 percent of the total cost. Workers earning under 125 percent of the poverty level would pay nothing. Some local organizations are attempting to get public bodies (school boards for example) to refuse to give contracts to employers who don't provide health coverage.

- * The long overdue minimum wage legislation also belongs in the profamily workplace category.

Local efforts to increase the availability of day care are now in progress, some of them quite controversial. A partial list includes tax breaks for businesses providing employee day care; requirements that developers include day-care facilities in new buildings as a condition for getting building permits; establishing state or municipal insurance programs to service day-care facilities; establishing the position of city or state child-care services coordinator; lengthening the school year, and making public facilities available for preschool and latchkey programs. In addition, a child-care coalition, spearheaded by the Children's Defense Fund, is preparing comprehensive national legislation.

What is unusual about 1980s America is that although in other times and other places the left led in addressing these problems, here it was the right wing that first realized that the growing dislocation of family life was of vital concern to many millions of people. After several years, mainstream liberalism began to look in that direction. But, although Jesse Jackson's Operation PUSH and many other leading elements in the black community have long seen family and education issues as being of paramount importance, the white left has been oddly aloof. To the extent there is active engagement, the tendency is to cut the issues as narrowly as possible. Labels such as poor people's issues, third-world people's issues, women's issues, or labor issues, focus on what divides people rather than on what unites us. Yet clearly, there is something new in the wind which all parts of the political spectrum sense and are trying, in different ways, to address. For the democratic left it is that a portion of those essential connections spanning racial, ethnic, gender and some, but not all, class divisions, those unifying links that often exist only in the heads of ideologues, can now be made real through programmatic and electoral organizing on a wide range of family related issues.

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The Crisis of the Ghetto Underclass and the Liberal Retreat

by William Julius Wilson

In the mid-1960's, urban analysts began to speak of a new dimension to the urban crisis. They had discovered a large subpopulation of low-income families and individuals whose behavior contrasted sharply with that of the general population. Despite a high rate of poverty in ghetto neighborhoods throughout the first half of the twentieth century, rates of inner-city joblessness, teenage pregnancies, out-of-wedlock births, female-headed families, welfare dependency, and serious crime were significantly lower than in later years and did not reach catastrophic proportions until the mid-1970's.

These increasing rates of social dislocation signified changes in the social organization of inner-city communities. Blacks in Harlem and in other ghetto neighborhoods did not hesitate to sleep in parks, on fire escapes, and on rooftops during hot summer nights in the 1930s, 1940s, and 1950s and whites frequently visited inner-city taverns and nightclubs. There was crime, to be sure, but it had not reached the point where people were fearful of walking the streets at night, despite the overwhelming poverty. There was joblessness, but it was nowhere near the proportions of unemployment and labor-force nonparticipation that have gripped ghetto communities since 1970. There were single-parent families, but they were a small minority of all black families and tended to be incorporated within extended family networks and to be headed not by unwed teenagers and young adult women, but by middle-aged women who usually were widowed, separated, or divorced. There were welfare recipients, but only a very small percentage of the families could be said to be welfare dependent. In short, unlike the present period, inner-city communities prior to 1950 exhibited the features of social organization — including a sense of community, positive neighborhood identification, and explicit norms and sanctions against aberrant behavior.

Although liberal urban analysts in the mid-1960s hardly provided an adequate explanation of changes in the social organization of inner-city communities, they forcefully and candidly discussed the rise of social dislocations among the ghetto underclass. Their discussions of the experiences of inequality were closely tied to the structure of inequality.

While most of the work was impressionistic — based in ethnography or field research — one study attempted to provide a more historical analysis. This was the Moynihan Report on the Negro Family, which drew on decennial census statistics on changing family structure by race.

However, the controversy surrounding the Moynihan Report had the effect of curtailing serious research on minority problems in the inner city for over a decade, as liberal scholars shied away from researching behavior construed as unflattering or stigmatizing to particular racial minorities. Thus, when liberal scholars re-

“Liberals can no longer afford to debate whether concepts such as ‘underclass’ should even be used, to look for data to deny the existence of an underclass, or to rely heavily on the easy explanation of racism.”

turned to study these problems in the early 1980s, they were dumbfounded by the magnitude of the changes that had taken place. From the perspective of liberal social scientists, policymakers, and others, the picture seemed more confused than ever.

However, if liberals lack a clear view of the recent social changes in the inner city, the perspective among informed conservatives has crystallized around a set of arguments that have received increasing public attention. In seeking to avoid the intellectual-political challenges posed by the growth of an underclass, liberals have made difficult matters worse. Four basic approaches characterize their perspectives/formulations.

Liberal Retreat

One approach is to avoid describing any behavior (such as violent crime, teen pregnancy, and out-of-wedlock births) that might be construed as unflattering or stigmatizing to ghetto residents. Fears of fueling racist arguments or being charged with “racism” or “blaming the victim” kept liberals at a distance.

A second liberal approach to the subject of underclass and urban social problems is to refuse to even use terms such as “underclass.” However, the real problem is not the term “underclass” or some similar designation, but the fact that the term has received more systematic treatment from conservatives who tend to focus almost exclusively on individual characteristics than from liberals who would more likely relate these characteristics to the broader problems of society.

Regardless of which term is used, one cannot deny that there is a heterogeneous grouping of inner-city families and indi-

viduals whose collective behavior contrasts sharply with that of mainstream America and even with that of inner-city blacks in the 1930s, 40s, and 50s.

The increasing isolation of lower class urban blacks is crucial to these changes. Vertical integration of different segments of the urban black population in the 1930s, 40s, and 50s has given way to increasing separation along class lines, leaving the lower class more stuck and isolated than ever. Today's ghetto neighborhoods are populated almost exclusively by the most disadvantaged, marginal segments of black urbanites. Included in this group are individuals who lack training and skills and either experience long-term unemploy-

ment or are not a part of the labor force, individuals who are engaged in street criminal activity and other forms of aberrant behavior, and families who experience long-term spells of poverty and/or welfare dependency. These are the populations to which I refer when I speak of the "underclass."

A third liberal approach is to emphasize or embrace selective evidence that denies the very existence of an urban underclass. In the late 60s arguments proclaiming the strengths and virtues of black communities and families replaced those that described their break-up. Such arguments highlighted racial unity as it was in fact dwindling. By emphasizing the racial dimensions, they ignored the disproportionate impact of economic shifts on the deteriorating condition of poor blacks.

More recently some liberals have been quick to site research that indicates that only a small proportion of Americans in poverty and on welfare are persistently poor and persistently on welfare. But more recent studies based on the same national data set seriously challenge these findings by showing that, due to an inappropriate methodology, these findings were based on underestimations of the average length of spells of poverty and welfare.

Finally, a fourth approach is to acknowledge the rise in inner-city social dislocations while emphasizing racism as the explanation of these changes.

The problem is that proponents of the contemporary racism thesis fail to distinguish between the past and present effects of racism on the lives of different segments of the black population. This is unfortunate, because once the effects of historic racism are recognized, it becomes easier to assess the importance of current racism in relation to nonracial factors such as economic class position and modern economic trends.

However, some liberals know that "racism is too easy an explanation" because, in the words of Michael Harrington, it implies "that the social and economic disorganization faced by black Americans was the result of the psychological state of mind of white America, a kind of deliberate and racist ill will." In Harrington's more complex version, racism is seen not as a state of mind but as "an occupational hierarchy rooted in history and institutionalized in the labor market." And it is argued that this economic structure of racism will become even more oppressive in the future because massive economic trends in the economy — the technological revolution, the internationalization of capital, and the world di-

vision of labor — will have an adverse effect in areas where blacks have made the most significant gains.

The problem with this argument is not the association between economic shifts and the deteriorating economic position of some blacks, which I feel to be true and should be emphasized, but that all of this is discussed in terms of an "economic structure of racism." In other words, complex problems in the American and world-wide economies that ostensibly have little or nothing to do with race, problems that fall heavily on much of the black population but require solutions that confront the broader issues of economic organization, are not made more understandable by associating them directly or indirectly with "racism." Indeed, because this term has been used so indiscriminately, has so many different definitions, and is often relied on to cover up lack of information or knowledge of complex issues, it frequently weakens rather than enhances arguments concerning race. Indiscriminate use of this term in any analysis of contemporary racial problems immediately signals that the arguments typify worn out themes, and make, by comparison, conservative writers more interesting because they seem, on the surface at least, to have some fresh ideas.

Thus, instead of talking vaguely about an economic structure of racism, it would be less ambiguous and more effective to state simply that a racial division of labor has been created due to decades, even centuries, of discrimination and prejudice; and that because those in the low-wage sector of the economy are more adversely affected by impersonal economic shifts in advanced industrial society, the racial division of labor is reinforced. One does not have to "trot out" the concept of "racism" to demonstrate, for example, that blacks have been severely hurt by deindustrialization because of their heavy concentration in the automobile, rubber, steel, and other smokestack industries. In sum, the liberal perspective on the ghetto underclass and inner-city social dislocations is less persuasive and influential in public discourse today because many of those who represent the traditional liberal views on social issues have failed to address straightforwardly the rise of social pathologies in the ghetto.

Conservative Challenge

These four typical approaches have rendered liberal arguments ineffective as they have enhanced those of conservatives, despite the serious problems of interpretation and analysis that plague the conserva-

tive perspective.

In the 1960s, before the civil rights revolution ran its course, and before the Great Society Programs began to wind down, conservative arguments were successfully beaten back by forceful liberal critics who blamed society for the plight of the ghetto underclass and who called for progressive social reforms to improve their economic and social chances in life. Conservative students of urban poverty worked in an intimidating atmosphere, and those who dared to write or speak out on the subject received the full brunt of the liberal onslaught.

But in the aftermath of the Moynihan controversy liberals became increasingly reluctant to research, write about, or publicly discuss inner-city social dislocations following the virulent attacks against Moynihan. Indeed, by 1970 it was clear to any sensitive observer that if there was to be research on the ghetto underclass that would not be subjected to ideological criticism, it would be research conducted by minority scholars on the strengths, not the weaknesses, of inner-city families and communities. After 1970, for a period of several years, the deteriorating social and economic conditions of the ghetto underclass were not addressed by the liberal community as scholars backed away from research on the topic, policymakers were silent, and civil rights leaders were preoccupied with the affirmative action agenda of the black middle class.

By 1980, however, the problems of inner-city social dislocations had reached such catastrophic proportions that liberals were forced to readdress the question of the ghetto underclass, but this time their reactions were confused and defensive. The extraordinary rise in inner-city social dislocations following the passage of the most sweeping antidiscrimination and antipov-erty legislation in the nation's history could not be explained by the 1960 explanations of ghetto-specific behavior. And since liberals had ignored these problems throughout most of the 1970s, they had no alternative explanations to advance and were sadly ill-prepared to confront a new and forceful challenge from conservative thinkers. The result was a diffused and confused reaction typified by the four responses that I discussed previously.

Widely read neoconservative books such as *Thinking About Crime, Wealth and Poverty, Civil Rights: Rhetoric or Reality, Losing Ground*, and *Beyond Entitlement* present a range of now familiar arguments on the negative effects of liberal



Photo by Mel Rosenthal / Impact Visuals

social policy on the behavior and values of the ghetto underclass. They say in effect that liberal changes in the criminal justice system have decreased the sanctions against aberrant behavior and thereby contributed to the rise of serious inner-city crime since 1965; affirmative action pressures are linked with the deteriorating plight of the underclass because, while they increase the demand for highly qualified minority members, they decrease the demand for the less qualified due to the cost, particularly at times of discharge and promotion; and the Great Society and other social welfare programs have been self-defeating because they have made people less self-reliant, promoted joblessness, and contributed to the rise of out-of-wedlock births and female-headed families. Thus, unlike their liberal counterparts, conservatives have attempted to explain the sharp rise in the rates of social dislocation among the ghetto underclass and their arguments, which strike many as new and refreshing, have dominated public discourse on this subject for the last several years. But there are signs that this is beginning to change. There are signs of a liberal revival. And the spark for this revival, I believe, is Charles Murray's provocative book, *Losing*

Ground, published in 1984.

"Lit a Fire"

Losing Ground initially drew rave reviews in a variety of newspapers and periodicals partly because Murray seemed to have marshalled an impressive array of statistics to support his arguments. But critics from liberal quarters have awakened and have responded with powerful criticisms that have devastated the central core of Murray's thesis. For example, whereas Murray maintains that the availability of food stamps and increases in AFDC payments (Aid for Families with Dependent Children) have had a negative effect on poor black family formation and work incentives, liberal critics have appropriately pointed out that the real value of these two combined programs increased only from 1960 to 1972, after that their real value declined sharply because states neglected to adjust AFDC benefit levels to inflation. Thus if welfare incentives lead to black joblessness and family dissolution, as Murray argues, "these trends should have reversed themselves in the 1970s, when the relative advantage of work over welfare increased sharply." They did not, of course; black joblessness, female headed families, and il-

legitimacy soared during the 1970s.

Whereas Murray also contends that despite substantial increases in spending on social programs, the poverty rate failed to drop from 1968 to 1980 — thus, indicating that these programs were not successful, liberal critics argue that Murray "neglects the key facts that contradict his message," namely that the unemployment rate in 1980 was twice that of 1968. When unemployment increases, poverty also rises. And if it had not been for the benefit programs that Murray attacks, the poverty rate would have risen further still.

The Murray book has indeed "lit a fire" under liberals; and if these and other responses are any indication, we could be seeing the beginnings of a major revival in the liberal approach to the ghetto underclass phenomenon. But the responses are still largely in reaction to what conservative thinkers are saying.

If the liberal perspective on the ghetto underclass is to regain the influence it has lost since the 1960s, it will be necessary to do more than simply react to what conservative scholars and policymakers are saying. Liberals will also have to propose thoughtful explanations of the rise in inner-city social dislocations. Such explanations should emphasize the dynamic interplay between ghetto-specific cultural characteristics and social and economic opportunities. This would necessitate taking into account not only the effects of changes in American economic organization, but the effects of demographic changes and changes in the laws and policies of the government as well. In this connection, the relationships between joblessness and other social dislocations (crime, teenage pregnancy, welfare dependency, etc.), and joblessness and social orientation among different age groups would receive special attention.

But first, liberals will have to change the way they have tended to approach this subject in recent years. They can no longer afford to be timid in addressing these problems, to debate whether or not concepts such as the "underclass" should even be used, to look for data to deny the very existence of an underclass, or, finally, to rely heavily on the easy explanation of racism. ●

William Julius Wilson teaches sociology at the University of Chicago. This essay was excerpted and abridged from William Julius Wilson's The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (University of Chicago Press, 1987).

Health Care for the Poor

by Paul Starr

A few fundamental facts stand out about the past two decades of national experience in providing health care for the poor: First, we have vastly enlarged our commitment of public expenditures. Second, the health of the poor, as of Americans generally, has significantly improved. Third, despite increased expenditure, we have failed to provide public or private health coverage for between one-tenth and one-sixth of all Americans, including roughly one-quarter of those below the poverty line. And fourth, medical costs have gobbled up an increasing share (now about 40 percent) of the antipoverty budget and welfare medical costs tilt more toward hospitals and nursing homes rather than ambulatory and community health services.

To grasp the implications of those trends, we need to see them in their wider political and historical context.

Some Encumbrances of History

In all Western societies three principal frameworks have developed for state intervention in health care: public health, social insurance, and public assistance. In the United States, health care for the poor, insofar as it became a governmental function, remained within the third framework — public assistance.

Encumbrance 1: the welfare piggyback. The antipoverty programs of the sixties were characterized by continuities as well as breaks with earlier thought and practice. For Medicaid, the largest health program for the poor, the continuity is deep and the root of much trouble.

In 1965, while Medicare shifted health care for the aged into the framework of social insurance, Medicaid kept health care for the poor within the framework of public assistance. The former brought universality; the latter, means-testing and the limitation of benefits to those categories of the poor thought to be helpless and deserving:

the blind and the disabled, the aged (insofar as Medicare did not protect them), and single mothers with dependent children. The categorical limitations generally bar from Medicaid most two-parent families and single adults unless they are aged or disabled. Moreover, the criteria for means-testing are set by the states, and many states set eligibility cutoffs well below the poverty line.

The histories of Medicare and Medicaid have been largely governed by

continually reminds the public of the cost of Medicaid, the tax subsidy is generally free from public understanding, much less scrutiny.

Encumbrance 3: political distortions. Despite myths and stereotypes about Black families being the main Medicaid beneficiaries, two thirds of Medicaid expenditures go to the aged and disabled. In addition, the majority of AFDC families are white.

Encumbrance 4: the legacy of political

“The politics of the budgetary process continually reminds the public of the cost of Medicaid.”

this original choice — I am tempted to call it the original sin of American health policy — to piggyback Medicare on Social Security and Medicaid on the Welfare system. Medicare enjoys the political protection created by a span of eligibility that includes the middle class; Medicaid suffers from the political vulnerability created by identification with welfare and the poor. The hospital benefits of Medicare are additionally protected by financing that comes from an earmarked payroll tax, whereas Medicaid must compete for general revenues — at not only the federal but also the state level. That Medicaid is a federal-state program leads also to its greater regional variations and inequities. We have no reason to be surprised about Medicaid's sundry omissions, inequities, and vulnerabilities to cutbacks: they were all there from the beginning.

Encumbrance 2: fiscal illusions. In recent years the total cost to the federal government of the tax exemption of employer contributions to health insurance has actually exceeded the federal contribution to Medicaid. The tax subsidy is highly regressive as a result of three factors: the higher one's income, (1) the more likely one receives health insurance via employment, (2) the more generous those benefits, and (3) the greater the value of any tax exemption. But while the politics of the budgetary process at both the state and national levels

accommodation. By emphasizing these fiscal illusions and political distortions I do not mean to minimize the objective basis for concern: the enormous rise in real costs. But escalating costs are firmly rooted in the original accommodation to the demands of the health care industry. The years of struggle with the AMA over national health insurance and Medicare left their advocates wary of further antagonizing the profession. As a direct result of these struggles, Medicare had no fee schedules; the government paid according to what was usual, customary, and reasonable in a particular community. Doctors were not obligated to take what Medicare paid; they could charge more. (Medicaid was different, of course; states could and did restrict physician's fees, and the beneficiaries' access to physicians was restricted accordingly.) Both Medicare and Medicaid agreed to pay hospitals on the basis of their costs. Why? Because, says Wilbur Cohen simply, that is the way the American Hospital Association wanted it.

The major new health care programs of the War on Poverty and Great Society may be divided roughly into two types: (1) those that provided services directly to the poor (and were intended to strengthen communities and to provide job and leadership opportunities as well as to improve health), and (2) those that provided financing for health care (and were intended to

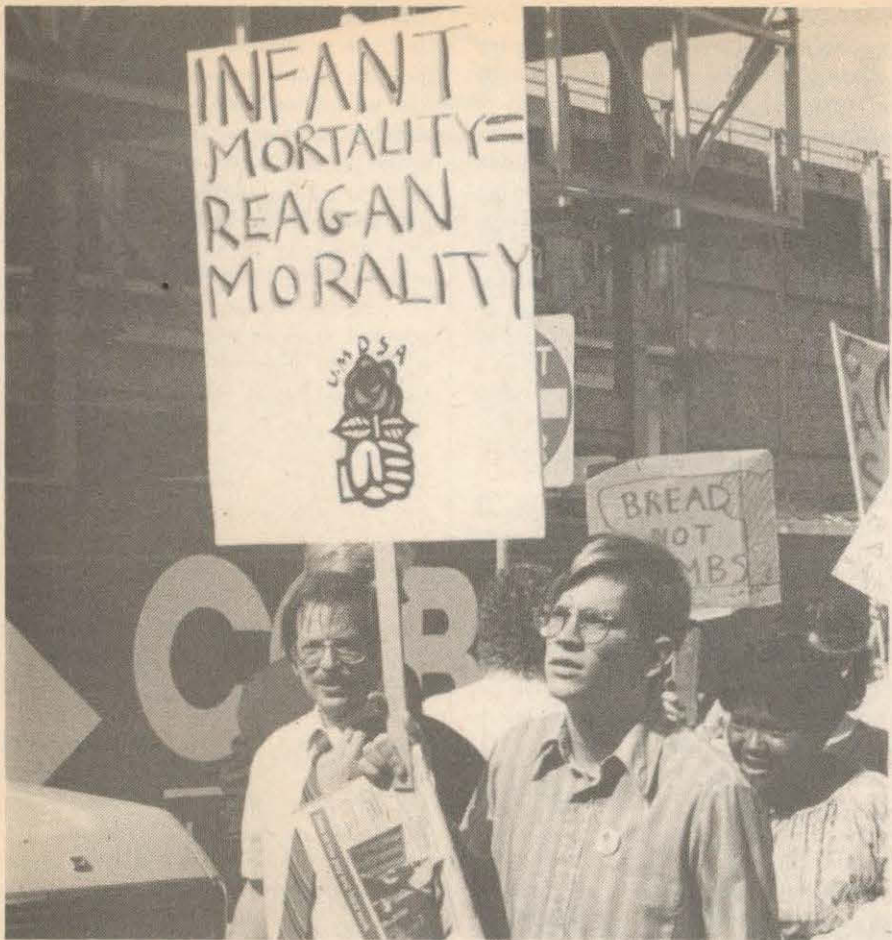


Photo by Jim West / Impact Visuals

New evidence that programs make a difference has little effect on policy.

bring the aged and the poor into the mainstream of American medicine). The former emphasized public and community organization; the latter, public payment for private service. From an ideological standpoint, the service programs such as the community health centers were the key initiatives. From a budgetary standpoint, the core efforts were the programs that financed private services. Medicaid and Medicare coincided with the War on Poverty, but their design does not reflect the distinctive participatory ideals of the period.

Community health centers were at the heart of the War on Poverty's health reform ideas. But contrary to early expectation, late 60s plans for 1000 community health centers to serve 25 million people fizzled. By 1970 there were only 125 centers serving only 1 1/2 million people. Although they had a decidedly positive impact, these health centers never received the acclaim or policy support given to health maintenance organizations (HMOs), the other great success in health care innovation. The answer is clearly ideological. If health centers exemplify the ideological distinctive-

ness of the War on Poverty, the failure to capitalize on their achievements illustrates the ideological repudiation of the War on Poverty.

Escalating Costs

The growth in Medicaid expenditures continued unabated, but its sources changed. In the program's first years, while welfare rolls were expanding, increases in expenditures came mainly from the rising number of beneficiaries. (Enrollment peaked in '76 at about 23.5 million people.) By the mid 70s, however, most of the expenditure growth was coming from higher unit prices, particularly in hospitals and nursing homes. Much of the late 70s and 80s reductions in both AFDC and Medicaid fell upon children. In Medicaid, the expenditure drift toward hospitals and nursing homes has effectively taken money away from primary and preventative health care, the kind of services provided by community health centers and used by poor female-headed households.

Cutbacks in many social programs, including Medicaid, occurred while the pov-

erty rate was rising. Hence, Medicaid now covers a smaller proportion of the poor than it did in the early 1970s.

Several studies suggest that the population of the uninsured poor has grown significantly in recent years, particularly since there was no offsetting expansion of private insurance. A 1982 Harris survey found that 25 percent of those below the poverty line, 29 percent of the unemployed, and 9 percent of all persons were without coverage.

The Impact

How have expanded health policies and continually rising costs affected the nation's health? Public health data available in the early seventies seemed to show no significant increase in life expectancy or reduction in mortality rates since the mid-1950s. The evidence looks different today, partly because the facts are different. Although life expectancy failed to increase in the decade before 1965, it began to improve around 1968 — and by 1980 average life expectancy at birth grew by four years.

Infant mortality rates are a particularly instructive case: they were virtually unchanged in the decade before 1965 but were reduced by half between 1968 and 1980. Because we do not have good data on mortality rates by income, the experience of the poor is not precisely known. But if we take blacks' experience as a proxy, we see parallel declines in infant mortality rates, although the racial differences remain. The reduction in infant mortality comes not from increases in birthweights (a strong predictor of complications) but rather from the improved survival of infants born at low birthweight. If improvements in nutrition or other social and economic factors were the chief cause of lower infant mortality, they would have done so by improving birthweights. But average birthweights have scarcely changed; the cause for greater survival is medical intervention — specifically, such innovations as the improved treatment of respiratory distress syndrome in premature infants, the development of neonatal intensive care units, and the surgical repair of birth defects. In this area public spending for both medical research and medical care has unquestionably paid off.

Other evidence supports a more generous view of the effectiveness of medical care. Studies of the impact of programs such as health centers, whose effects are concentrated in specific communities, have borne out the proposition that medical care makes a difference. The irony is that the

changing evidence has so little effect on public policy. In the 1960s and 1970s, while we were expanding health coverage, the evidence suggested that it was making no difference; now that we have evidence it does, we are cutting back.

Structural Reform

While barring any major extension of health coverage to the uninsured, the fiscal crisis of the past decade has opened up Medicare and Medicaid to organizational and economic reforms. And this development is likely to bring longlasting changes in health care for the poor. The biggest change has come in the financing of hospitals. In 1983 Congress threw out cost-based reimbursement from Medicare and introduced prospective payment to hospitals by diagnostic related groups (DRGs) — a fee-per-case system as opposed to fee-for-service, aimed at giving hospitals an incentive to reduce costs per admission. The new system gradually phases in a national rate, thereby ending higher subsidies to high-cost regions. The DRGs are widely perceived as the most radical step in reforming Medicare since its passage.

The initial evidence about the impact of prospective payment on costs is favorable, although possibly fortuitous and transitory. And the new payment method has some features that suggest long-run dangers. It encourages "revenue maximization" strategies by hospitals (including the manipulation of diagnostic coding — so called DRG creep — to put patients into high-yield categories.).

Responses

Financing for health services for the poor comes not only from public sources and the out-of-pocket payments the poor make but also from cross-subsidies within the health care system. Hospitals perform much uncompensated care — that is, charity plus bad debts — whose cost is shifted primarily to the privately insured. Furthermore, when government programs like Medicaid reimburse providers below their costs, the providers also shift costs to other payers. The ability of providers to shift costs depends on the absence of price competition in the system. However, as price competition intensifies, it makes it more difficult to transfer the costs of treating the poor and stiffens the resistance of hospital managers to admitting patients who have no health coverage.

One response to this problem is to

adopt legislation that effectively mandates cross-subsidies in hospital care — for example, by taxing all hospital discharges and returning the funds to hospitals in proportion to their charity care. Under this kind of arrangement the insured pay a tax for health care for the poor that they do not see as clearly as they would an increase in income or property taxes. Politically, these measures are easier to enact than any extension of health insurance coverage financed out of general tax revenues, but by just subsidizing providers, they buttress a costly and inadequate system. They suffer from the same tilt toward hospital care that has made other programs inordinately expensive.

The main alternative to this approach is increasing coverage of the uninsured tenth for the full range of ambulatory and hospital services under arrangements that promise more prudent use of public finance than the open-ended, cost-based, fee-for-service reimbursement methods that the medical profession and the hospital industry have fought so hard to establish.

The immediate prospect, however, is bleak. The rise of for-profit hospitals and entrepreneurial managers erodes whatever commitment to community service the hospitals once had. In the current climate hospitals "de-market" the poor by making them feel unwelcome and out of place and by closing services such as emergency

rooms that lead them to the hospital. Or they try to exclude the poor by locating facilities in areas where few poor people live, an approach favored by the proprietary hospital chains. These developments in the private sector, combined with cutbacks in public programs, suggest that it may prove difficult even to sustain the degree of equity in health care we have achieved, much less to increase it.

But there is no reason to accept this prospect as an economic or political necessity. Many observers are convinced that the United States cannot afford or agree upon any plan for universal health insurance protection, such as that of most major Western nations. Our world groans under many intractable problems, but I am convinced that this ought not to be one of them. Decent health care for the poor is not a fiscal impossibility, nor a political impossibility, unless we become utterly resigned to a kind of national incompetence in public policy. ●

Paul Starr teaches sociology at Princeton University, and is the author of the Pulitzer Prize-winning The Social Transformation of American Medicine. This essay was excerpted and abridged from Fighting Poverty: What Works and What Doesn't, edited by Sheldon H. Danziger and Daniel H. Weinberg (Harvard University Press).



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DSACTION

Edited by Guy Molyneux

UPCOMING

● **DSA Poverty Project.** Today, American poverty is more visible and more deeply rooted in the structures of our society than it was when Michael Harrington's *The Other America* was first published. De-industrialization; the proliferation of low-wage jobs; deliberately maintained high unemployment rates; a minimum wage so low that it leaves a family of four \$4,000 below the poverty line; the absence of a national commitment to provide child care, health care, or low-income housing — all are factors in developing an increasingly two-tier society.

It is within this context that DSA has committed itself to making anti-poverty work a priority for the next year. Sherri Levine has been hired to assist DSA locals in developing anti-poverty projects, and coordinate national work. We feel we have an important message to communicate: That poverty and economic vulnerability are realities for a broad segment of the population, that the roots of poverty are structural in nature, and that only a radical economic agenda and increased governmental responsibility can adequately address poverty in America. By stressing the systemic nature of poverty, we will also expose the myths and misconceptions which attempt to link widespread poverty with individual and cultural deficiencies or with too permissive and generous a welfare state.

In addition to literature outlining a socialist analysis of poverty, the national office will produce and distribute issue-specific pieces. A speaker's bureau (including Barbara Ehrenreich, Michael Harrington, Frances Fox Piven, and many others) and a syllabus for an eight-week course on "Poverty and the Changing Economy" have been developed to facilitate locals' anti-poverty work. Other materials are now in the development stage.

We expect that the anniversary of *The Other America* will give Mike Harrington a particularly good opportunity to take our message to the public. For example, Senator Edward Kennedy is sponsoring a day-long hearing on poverty on September

15th in Washington, D.C., at which Harrington will be one of the primary speakers. He will testify as to what has changed since 1962 and what hasn't, and will emphasize the need for long-term structural solutions as the means for eradicating poverty.

On the grassroots level, anti-poverty work will enable locals to initiate and/or strengthen coalitions with women's, minority, labor, and community organizations. By engaging in cooperation with national and local groups already involved in anti-poverty organizing, DSA will have an opportunity to learn from and aid ongoing anti-poverty work, and to share and develop our perspectives on the structural nature of poverty.

Planning for projects is already underway in locals across the country. Project ideas include community-based hearings before city legislators, with testimony provided by those affected by poverty; educational forums, using the DSA

public commitment to fighting poverty. DSA locals will be involved in community-based coalitions organizing events for the 17th.

Please contact Sherri at the national DSA office if you are interested in working with us on our anti-poverty work.

● **Summer Youth Conference.** The 1987 Youth Section summer conference will run from August 20-23, Thursday evening through Sunday afternoon, at Cleveland State University. The program will include discussions of campus organizing, skills training sessions, and setting priorities for the coming academic year. Panels and workshops will cover topics such as poverty in the US, Central America, Southern Africa, Reproductive Rights, Labor and the Economy, the '88 Elections and the Rainbow Coalition, and more. Past speakers at Youth Section conferences include Noam Chomsky, Manning Marable, Michael Har-



New staffers Lacefield, Aljuwani, McBride, and Levine.

speaker's bureau as a tool; "mini-schools" on poverty and the changing economy; day-long workshops on specific aspects of poverty; teach-ins at universities and college campuses; and participation in a fall national mobilization to restore a decent minimum wage.

One way DSA will engage in anti-poverty coalitions is to participate in the scheduled National Day of Awareness on Poverty on November 17th. Under the title "Justice For All," a broad coalition of religious organizations, labor unions, community groups, and people from the academic community are organizing a day to publicize the widespread poverty in our midst. Teach-ins, community hearings, religious services, vigils, and a national pledge are some of the activities planned to rekindle a

rington, Barbara Ehrenreich, Irving Howe, and Frances Fox Piven. Inquiries about the conference program, or about travel subsidies, should be directed to the DSA Youth Section at our New York office. Join our activists from more than 35 campuses as we chart a course for the year ahead!

REPORTS

● **Staff changes.** This spring and summer are witnessing some significant changes in the DSA office. A number of valued comrades are moving on, and we are welcoming several new people to our staff.

Our two directors, Political Director Jim Shoch and Organizational Director Guy

continued on page 13

ON THE LEFT

by HARRY FLEISCHMAN

California

Lee Halterman, of Rep. Ron Delums' staff, spoke to the East Bay local on "The New Political Terrain: Progressive Prospects for the Democratic Party in '88" . . . DSA backed the strong campaign by Harry Britt for Congress in San Francisco, in which he ran a close second. Other progressive campaigns backed by DSA were those of Wilson Riles, Jr., Chappelle Hayes, Cassie Lopez and Ignacio de la Fuente for Oakland city council . . . In San Diego a May Day celebration in honor of Nick Nichols was held . . . San Francisco organized for the April 25th march . . . San Antonio had events in celebration of International Women's Day, showed two feminist feature films, held an event on "Women, Men and Pornography," and organized an International Workers Day commemoration . . . Sacramento Valley is working with the Latino Commission on the Luisa Morena Immigration Defense Campaign for assertive defense of workers' rights.

District of Columbia/Maryland

Following the successful April 25th Peace Mobilization, DC DSA held a reception and party addressed by Michael Harrington and Mike Urquhart of the American Federation of Government Employees Local 12. Urquhart is co-chair of the Washington Area Labor Committee on Central America . . . The local's April membership meeting discussed work with the Rainbow Coalition . . . A DSA Mid-Atlantic Retreat was held June 26-28 at the Claggett Center in Buckeystown, Maryland. Workshops included Housing, Using the Media, Strengthening DSA Locals, Analyzing the Economy, and DSA Parenting . . . Rachel Edds, a Baltimore city planner, spoke to Baltimore DSA in April on "Changes and Trends in Employment and Jobs in Baltimore" . . . Howard County DSA heard two returned Peace Corps volunteers discuss "Which Way Africa?" at its April meeting.

Illinois

The Thomas-Debs awards of Chicago DSA were presented to Jac-

quelyne D. Grimshaw and Heather Booth at the local's annual dinner on May 9th. Grimshaw, director of Chicago's Inter-Governmental Affairs Department, was hailed for her work in building reform coalitions, and Booth, head of the Midwest Academy, was praised for her work in inspiring and training thousands of new peace and justice activists. The main speaker was Lynn Williams, president of the United Steel Workers of America.

Kentucky

Central Kentucky DSA reports that they are working to insure that the Kentucky National Guard will not be forced to go to Honduras, and is considering a project around the National Guards' high school recruitment . . . *Socialist Movie Nite* in April featured Luis Bunuel's "The Discreet Charm of the Bourgeoisie."

Massachusetts

Boston DSAers held an April Forum on "Conragate and Central American Politics" featuring Martin Diskin, an MIT anthropologist . . . A new study group was organized to discuss socialist perspectives on the American economy . . . The Socialist Women's Brunch group held a meeting on "Socialization and the Schools: Sex Role Stereotyping and the Hidden Political Curriculum" . . . The Feminist Action Committee is exploring the possibility of doing work at "Women's Lunch Place," a facility that provides breakfast, lunch, and companionship to homeless women.

Michigan

The Ann Arbor City Council, stimulated by the Pay Equity Coalition in which DSAers Greg Scott and Jeff Epton were initiators, commissioned an evaluation of comparable worth in the pay structure for city workers . . . Ann Arbor SOCPAC, DSA's political action committee, endorsed Anne Marie Coleman, Jeff Epton, Rich Layman, and Kathy Edgren for city council, and backed Pete Murdock for Ypsilanti mayor and Dan Hoffman for city council there. The result was Democratic control of the city council with the election of Coleman and re-election of Edgren and Epton. Both Murdock and Hoffman also won their campaigns. Congratulations and good work! . . . Thousands of activists gathered in Detroit March 29 to protest the Reagan policies toward Central America and South Africa. Detroit and Ann Arbor DSAers were among the throng which heard Detroit Council

member Maryann Mahaffey, Bishop Thomas Gumbleton, and DSA's own Ed Asner send a message — as UAW Vice President Marc Stepp put it — to "that bunch of cowboys in the White House."

New York

The DSA presence in Congress has just doubled. Rep. Major Owens (D-NY) joined DSA in February. The "socialist caucus," heretofore consisting of Ron Delums (D-CA), will now be able to second motions . . . Albany DSA presented its Eugene V. Debs award to Frank J. Barbaro, chair of the Assembly Labor Committee, at its Debs Dinner April 11 . . . Ithaca DSA held its monthly brunch May 10, focusing on DSA's Poverty Project, aimed at exposing and attacking myths about poverty in the United States . . . DSAers are involved in "More Than the News," Ithaca's weekly alternative news show on Channel 13, and the Coors boycott . . . Nassau DSA held its Memorial Day Picnic in Syosset, and the local participated in a conference on Central America at Our Lady of Loretto Church in Hempstead . . . Cesar Chavez, president of the United Farm Workers, spoke in April at the SUNY Stony Brook auditorium under DSA sponsorship . . . DSA held a Regional Leadership School in New York City June 6-7, 1987. Topics covered included: Pointing Towards 1988: The New American Political Terrain; Racism, the Rainbow and the Challenge of Jesse Jackson; and War on Poverty II: Locals and the DSA Poverty Project . . . New York City DSA has established a Housing Task Force, which has joined the Housing Justice Campaign, a broad coalition pressuring the city to provide housing for low and moderate income people . . . The local held its annual convention May 9 at John Jay College . . . David Garrow, Pulitzer Prize winning author of "Bearing the Cross," spoke to N.Y. DSA April 21 on "Martin Luther King and the Movement for a Just Foreign Policy" . . . Dorothee Solle, West German theologian and peace activist, spoke to the Religion and Socialism branch on Fidel Castro's new book on Marxism and Christianity.

Ohio

Skip Oliver, political coordinator of the Black Swamp DSA, spoke April 2 in Bowling Green on his recent trip to Nicaragua . . . Barbara Ehrenreich spoke in Toledo May 30 at the annual meeting of the American Civil Liberties Union of Northwest Ohio.

DSACTION

Oregon

State Representative Margaret Carter spoke to Portland DSA in March on "Women and Minorities: What's in Oregon's Economic Comeback for Us?" . . . Portland DSA held a wine and cheese fundraiser May 1 to back the Women's Rights Coalition . . . Portland DSA's annual convention heard Jim Shoch, DSA's national political director, and Joe Cortwright, staffer for the Joint Legislative Trade and Economic Development Committee.

Pennsylvania

Bucknell University DSA helped organize a rally of 800 workers and students backing the 241 members of United Paperworkers Local 1318 locked out by the International Paper Company plant near Lewisburg. Jack Spooner, of Central Pa. DSA in Harrisburg, said the major hostage scandal is not what is happening in Lebanon but "what is happening here in Lewisburg. You're being held hostage by corporate greed" . . . Spooner also spoke at Bucknell University April 24 on the situation in Central America . . . Harrisburg DSAers heard Louise O'Meara and Sean McLaughlin, members of a workers' cooperative in Belfast, Northern Ireland, speak on the Irish struggle . . . Philadelphia DSA worked hard on the successful re-election campaign of David Cohen to the City Council. Cohen led the successful fight for a Jobs With Peace referendum in 1983, and for deletion of a proposed cap on business taxes in 1984 . . . The Philadelphia DSA Feminist Issues Committee heard Professor Carole Joffe of Bryn Mawr College on "The Regulation of Sexuality: Experiences of Family Planning Workers." Other speakers at the forum included Elizabeth Terry of the National Abortion Rights Action League and Sandy Sherman of the National Child Nutrition Project . . . The Penn DSA forum heard Prof. Russ Kleinbach speak on "Nicaragua: An Experiment in Democratic Socialism?" . . . Pittsburgh DSA endorsed the successful referendum for election by district rather than at large, which would assure black representation on the Council . . . The local held its 7th International Dinner May 2, and its annual summer picnic will be held July 5 at the Firelane Shelter, Frick Park . . . The Pennsylvania Jobs With Peace Campaign is backing a Pennsylvania Economic Adjustment Act, identifying unstable, declining or failing industries, and setting up Alternative Use Committees to plan con-

version to save jobs . . . Chair Bob Millar of Reading-Berks DSA is running for Berks County Commissioner in the Democratic primary . . . William Hinton, author of two books on China, spoke to Reading-Berks DSA in April on current conditions in the People's Republic of China . . . DSAers mourn the loss of a valued member, 66-year-old Catharine L. Krause, vice chair of the Berks County Democratic Party.

Tennessee

Nashville DSA joined church groups, the Rainbow Coalition, and other civic groups to participate in Central America Week in March. Events included a showing of "Las Nicas," followed by a lecture by Jane Fleischman on "The Role of Women in Shaping Nicaragua's Constitution;" a Central America dinner keynoted by Victor Rubio, representative of the FDR in El Salvador; and worship services in memory of the 8th Anniversary of the murder of Archbishop Oscar Romero in El Salvador.

REPORTS

continued from page 11

Molyneux, are both leaving staff. Jim begins pursuit of a PhD in political science at M.I.T. in September, while Guy braves the job market. The NEC decided this was an appropriate time to review and restructure the staff, and created three director positions.

Patrick Laceyfield has been hired as Organizational Director, responsible for administration, fundraising, and general political development. Patrick originally hails from Arkansas, is a longtime peace activist, and has been a member since 1974. He has just finished two years as administrative director of a health care and rural development project of the Catholic Church in El Salvador, and is co-author of *El Salvador: Central America in the New Cold War*. He lives in Brooklyn with his wife Linnea Capps, a physician.

Afro-American Commission Chair Shakoor Aljuwani has been hired for the new position of Field Director/Anti-Racist Organizer. Shakoor will be responsible for visiting and servicing locals, building DSA's general anti-racist work (particularly its connections to the Rainbow Coalition), and strengthening the role of people of color in the organization. Shakoor has been active for many years in New York black and labor politics, working most recently for the Workers Defense League.

(The third director position — Publications/Education Director — is still open. Anyone interested should send a resume to DSA, 15 Dutch St., Room 500, New York, NY 10038. Women and people of color are especially encouraged to apply.)

Youth Organizer Bill Spencer finished his two-year term in June, and a new organizer has now come on board. Elissa McBride, a 1987 graduate of Carleton College in Minnesota, will be carrying the DSA Youth Section banner. Elissa's impressive range of organizing experience includes work on Central America, Southern Africa, electoral politics, reproductive rights, disarmament, and educational reform. In addition to her agitational activities, she also made time to oversee Carleton's Women's Awareness House, do extensive academic work on both agricultural policy and pay equity legislation, and play on the Women's Rugby team.

Two special projects staffpeople — Jo-Ann Mort, who ran the Democratic Alternatives project, and Anti-intervention Organizer Matthew Countryman — also completed their terms. Jo-Ann has joined the staff of the Amalgamated Clothing and Textile Workers Union, while Matthew is working for the Youth Project. On the plus side for us, Youth Section activist Sherri Levine has joined us to run the DSA Poverty Project. Sherri previously worked for the Cleveland Abortion Rights Action League. Finally, Jane Welna, Lisa Baum, Sandra Salamanca, and Miriam Peskowitz have all left staff in the last few months. Coming on board are administrative assistant Phil Steinberg and receptionist Barbara Farrow.

Thanks and farewell to those departing, and good luck to all those who are joining the ranks of professional socialists.

● **April 25th Mobilization.** The April 25 Marches and rallies in D.C. and San Francisco played an important role in focusing popular opposition to Reagan's policies in Central America and Southern Africa. Attendance in D.C. was cut by bad weather, but close to 100,000 people braved the elements to march and rally. Most impressive was the fact that perhaps one third of the participants were trade unionists defying AFL-CIO head Lane Kirkland's attempts to sabotage the demonstration. In San Francisco, 35-50,000 marchers turned out to indicate their opposition to U.S. foreign policy.

The DSA contingent in Washington included some 300 marchers with posters and banners flying. Our presence was significant and noted. Still more DSAers

marched with other groups, including many DSA Youth Section members who marched with the Student Contingent. The 50-person DSA contingent in San Francisco was small but spirited. Congratulations to DSA Anti-Intervention Coordinator Matthew Countryman for his excellent work in connection with the East Coast march and to West Coast staffer Miriam Peskowitz for her work on our behalf on the San Francisco march.

The marches have helped lay the groundwork for next fall's battle against further aid to the contras, a fight we have an excellent chance of winning this time given the new Congress and the continuing fallout from the Iran-Contra scandal. La Luta Continua!

● **Nicaraguan Student Tour.** During late March and April, the DSA Youth Section sponsored a Nicaraguan Student Tour. Traveling separately over the course of three weeks, Josefina Bonilla and Jorge Cuadra spoke on nearly 60 campuses from California and Texas to Maine and Michigan.

Josefina and Jorge are both in their final year of medical school and work with the National Union of Nicaraguan Students (UNEN), an independent organization of college students. The purpose of their tour was to discuss with American college students the role of students and higher education in the Sandinista revolution. They emphasized the role of young people in national literacy and health campaigns. They also sought to explain the relationship of UNEN and other mass organizations to the government — particularly their decision to support the Sandinistas while maintaining the independence necessary to criticize educational and other government policies of importance to young people. The spring tour was a resounding success everywhere it went, and we are grateful to Jorge and Josefina for their openness and their endurance.

● **Lexington Regional Meeting.** On March 28-29 a regional DSA meeting was held in Lexington, Kentucky to discuss "Oppression in our Midst: Racism/Sexism Today." From all accounts, the event was a big success. The conference was well attended, and the diversity with respect to age, sex, and color was very good. Many longtime Central Kentucky activists were present, along with 20 DSA members from outside the Lexington local. Congratulations to the local on a job well done.

Contributors to DSACTION: Sherri Levine, Miriam Peskowitz, and Jim Shoch.

TAKING SIDES

THE EDUCATION OF A MILITANT MIND

Michael Harrington

Author of *The New American Poverty*

TOWARD A SOCIALIST THEORY OF RACISM

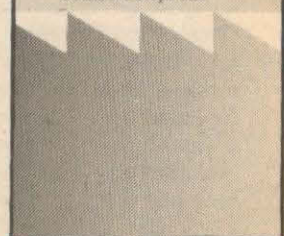
by Cornel West



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The Transition from Capitalism to Socialism

John D. Stephens



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Shaping the Welfare Debate

Can the Left Accept Workfare?

by Margaret Weir

The American welfare system is notoriously hard to reform. In the 1970s Nixon and Carter both put forward ambitious plans for welfare reform, only to watch them unravel in Congress. The Reagan administration has sought to avoid the political morass that seems to accompany comprehensive welfare reform, contenting itself with rhetorical assaults on welfare recipients and budget cuts. Yet Reagan has encouraged an array of state-level experiments combining work and welfare, which have fueled renewed interest in welfare reform. In contrast to the efforts to overhaul welfare under Nixon and Carter, the current debate displays such surprising agreement among liberals and conservatives that Senator Daniel Patrick Moynihan likened it to a "rare alignment of the planets."

The current bipartisan enthusiasm for welfare reform raises a variety of questions for the left. Are the proposals for combining work and welfare one more instance of liberal capitulation to conservatives, who have long favored requiring work in exchange for welfare? Or are the state-level experiments producing a genuine hybrid that could provide a starting point for overhauling the welfare system in more positive ways?

A look at the state-level programs reveals that they are more than liberal capitulation: liberals have exacted a price for their support. Although the new programs vary considerably, they offer an array of supportive services that distinguish them from the strictly punitive workfare models of the past. Programs now in place or being contemplated by the largest states provide such essential services as child-care subsidies, transportation costs, and health benefits for program participants. Moreover, they extend these benefits for a transitional period after participants have left the program. Combined with counseling and remedial education, these services have enabled some welfare recipients to

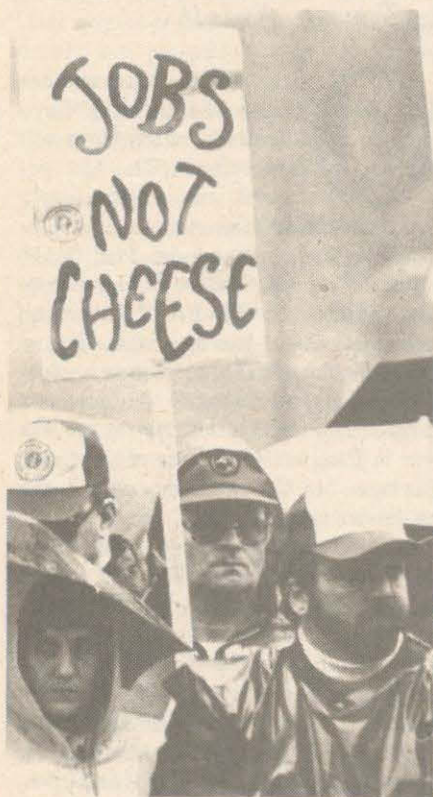


Photo by Jim West / Impact Visuals

become self-supporting, as well-publicized accounts of individual success stories in Massachusetts and California attest.

The move to workfare has also had some positive political repercussions. Programs such as Massachusetts's Employment and Training Choices have helped to undermine Reagan's "welfare queen" imagery. An alternative picture is emerging, of women who want to be self-supporting and are willing to work when basic supportive services make it possible. Workfare experiments have also brought to light the substantial disincentives to work inherent in the welfare system. Critics of the current system have long pointed to the loss of health insurance as a major disincentive to leaving welfare. Anxious to produce good results, many of the state-level programs or proposals have had to deal with this problem by providing transitional medical insurance.

Do such changes in the debate over welfare mean that workfare programs can

provide the basis for building a viable system of economic security? It seems unlikely given the rationale underlying workfare. Workfare programs — even the most generous of them — are ultimately premised on a culture of poverty argument. The problem they aim to solve is at the level of the individual, whose attitudes are seen as the chief barrier to self-sufficiency; these programs simply ignore the possibility that "the welfare problem" is in part the product of broader economic problems. Because they fail to address the connection between dependency and the national economy, workfare programs will at best yield marginal benefits and at worst, punish the poor for economic circumstances over which they have no control.

This blindness to the links between economic and social problems has characterized U.S. policy since the foundations of social welfare were laid during the New Deal. The original 1935 report of the Committee on Economic Security, charged with creating national policies to ensure social and economic security, called public-employment projects an essential complement to the system of income security it advocated. But, to avoid controversy, this recommendation was omitted from the Social Security bill that eventually emerged from the report.

The federal government's failure to commit itself to full employment during the 1930s was repeated throughout the post-war period. With the Employment Act of 1946 and again with the Humphrey Hawkins Act of 1978, the federal government lent only symbolic support to full employment. Meanwhile, it launched a variety of "jobs programs" that did little to alleviate persistently high levels of structural unemployment. The failure to endorse full employment has made it far easier to interpret economic problems as social problems in the United States. This tendency has been exacerbated by America's new international economic vulnerability. Even the modest jobs programs and Keynesian macroeconomic management in place during the 1960s and 1970s are now deemed eco-

nomically unfeasible, and full employment is simply off the agenda for liberals and conservatives, both practically and rhetorically.

Against this background even the most generous and well-intentioned workfare programs are inherently limited. In states like Massachusetts, in which the local economy is thriving and participation in ET is voluntary, these programs will be at their best. But even under the most favorable circumstances, workfare is no substitute for economic policies guaranteeing full employment. Because workfare programs serve a clientele of poor and disproportionately minority citizens, there is little incentive for politicians and administrators to go beyond the minimum necessary to claim that program participants are becoming employed. And, when the economy is faltering, the logic of workfare dictates that program participants will take the blame if they cannot find work. Because the policy has no basis for interpreting joblessness other than individual failure, even relatively generous workfare programs may easily substitute punishment for training or employment.

Even if programs succeeded in minimizing punitive features and expanding supportive services, they are likely to be politically unstable. Other low-income workers will surely resent the promises to extend supportive services to public-assistance recipients after they have jobs. All low-wage families need day care and medical insurance, and it seems unfair to restrict such benefits to those who have been on public assistance. Generous workfare programs may thus exacerbate political conflict among those at the bottom of the economic ladder.

Do these serious flaws in the workfare approach mean that the left should simply denounce these programs? Probably not. The convergence on workfare has made one thing clear: the themes of self-sufficiency and responsibility have a powerful appeal for a majority of Americans. While the worst of the workfare programs should be denounced, the left cannot simply ignore the wide support these programs are attracting. The challenge is to figure out how to use the themes they invoke to support policies that help people become truly self-sufficient but that also incorporate principles of fairness and a commitment to economic security.

The most promising approach would emphasize the economic issues that many liberals have abandoned, particularly full

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The Poor Under Attack

by Teresa Amott

Once again policymakers across the country have turned their attention to welfare reform. The last go-round was in the early 1970's, when the Nixon administration proposed the Family Assistance Plan (FAP) and the National Welfare Rights Movement mobilized to "Zap FAP." This round began more than a year ago, when Reagan turned his domestic staff loose in a wide-ranging review of the family, the state, and welfare. The direction of this review was clear in Reagan's 1986 State of the Union Message: "In the welfare culture, the breakdown of the family, the most basic support system, has reached crisis proportions — in female and child poverty, child abandonment, horrible crimes and deteriorating schools."

Since then, nearly every Democratic and Republican policymaker — including governors, legislators, and human-service bureaucrats — has put forward ideas for reforming the Aid to Families with Dependent Children program. The selling of welfare reform is complete with Madison Avenue names, among them Massachusetts' ET, Illinois' Project Chance, New Jersey's REACH, California's GAIN, Missouri's Learnfare, Kennedy's JEDI, and the National Governors' Association's "Making America Work."

The present welfare-reform environment is defined by a union between mainstream liberals and conservatives forming a consensus around a few key issues:

- * Paid work is preferable to "dependence" on the state. The major goal of welfare reform must be to make paid work more attractive than welfare.

Note: This article draws heavily on "The Retreat from Welfare," Dollars and Sense, June 1987 and on the statements made by welfare recipients and welfare rights organizers at a meeting in Boston sponsored by Women for Economic Justice on June 5-7 of this year.

- * Welfare recipients need a combination of assistance and coercion to move into paid work. Liberals tend to stress the assistance, conservatives the coercion.

- * The stability of the family — defined as married couple families — is threatened by the welfare system. Welfare reform must "strengthen the family."

- * More rigorous enforcement of existing child support orders and uniformity in child support should be an important element of welfare reform.

- * Programs to "end dependency" should center around a contract between the welfare recipient and the state, spelling out the obligations of the client to try to get off the rolls and the obligations of the state to assist her in that effort.

Operating within this consensus, many states have proposed some form of mandatory workfare, where recipients are placed in public or private nonprofit agencies to work for their benefits, but do not receive a paycheck. Liberal proposals offer a few carrots like training and childcare subsidies along with a work-requirement stick.

Only Massachusetts and Maine currently offer voluntary programs. All other proposed and functioning programs require some AFDC recipients to participate or lose their benefits. The experience at the state level so far shows that the threat of losing benefits (known in welfare circles as "sanctioning") is very real. In New York City's misnamed Employment Opportunity Program, more than 8,000 families were sanctioned in one six-month period alone.

Although it is difficult to tell what shape any Federal legislation will take, it appears that Congress will pass a version of a House Bill (HR 1720) which requires AFDC recipients to seek work or training in order to qualify for benefits and provides some money to states to pay for child care and training programs. (Liberal organizations such as the Children's Defense Fund have endorsed HR 1720.)

Behind the flashy names and differences in the programs, welfare reform comes down to forcing recipients into the labor market. As such, it should be seen as

part of an intensifying war on the poor, on women who choose to raise children alone, and on people of color.

A recent White House report on the family called the AFDC program "an enabler that permits women to live without job or husband." If women can live without a job, that's a problem for employers, particularly employers who depend on women's cheap labor now that the baby boom has ended and immigration reform has attempted to close the borders to undocumented workers. Forcing welfare recipients into the labor force solves this problem for capital.

None of the state proposals provides for meaningful job creation, and some are bald-faced in their relationship to employers' needs. For instance, New Jersey's REACH plan requires employment or training for mothers of children as young as two. REACH even provides jobs: new casinos in the Atlantic City area have agreed to employ 1,500 graduates of the plan. Just in case there is any doubt as to whose interests welfare reform is serving in New Jersey, REACH will be administered by Private Industry Councils (PICs) made up of local employers.

The changing family structure is also important, both to the ideology of welfare reform and to the shape of the proposals. When women have the option of public economic support, they have increased bargaining power in marriage and the freedom to choose to live without men. Prayer and sermons have not been enough to halt the movement toward new family forms, and conservatives have made welfare the scapegoat. Not wishing to appear anti-family, liberals too have incorporated some of this rhetoric into their critiques of AFDC.

At the political level, welfare reform is the opening skirmish in the upcoming presidential election. For Republicans, an attack on welfare is an attack on the role of government in redistributing income to the poor. In transforming welfare from an income support to a jobs program, conservatives have dealt a blow to the idea that government should play a role in income distribution.

For Democrats, welfare reform is an opportunity to demonstrate that they are efficient state managers and that they have ideas beyond throwing money at problems. This new image, they hope, will sweep them into office in 1988. Democratic governors have also linked their welfare proposals to the buzzword "competitiveness." For instance, a background paper prepared

for the National Governors' Association stated that "a poor, undereducated, untrained, dependent population cannot contribute to a state's economic growth."

Racism also plays an important role in the debate. Much welfare reform targets the long-term welfare mother — welfare reform's code word for black — and rests on the recently restored underclass ideology. Of course, punitive programs that have as their targets people of color arouse considerably less opposition among the white political majority.

What should be the role of the left in this environment? First, the left should attack the emerging consensus and put forward an alternative understanding.

* Women on welfare already work, doing the hardest work of all — raising children without sufficient economic resources. If we value children, all women (not just upper-income women) must have the choice of spending their time parenting. This requires some version of a guaranteed annual income, set at a level high enough to ensure a decent standard of living.

* Paid work is not a ticket out of poverty for women supporting children and for people of color unless unionization, pay equity, and Affirmative Action are also on the agenda. Programs that provide transitional support services such as childcare and Medicaid extensions ignore the need for universal, permanent childcare and health care plans.

* Contracts between welfare recipients and the state are unacceptable under the current imbalance of power. As the saying goes, when the lion lies down with

the lamb, the lamb won't get much sleep.

* Child support enforcement presumes that fathers have income. Particularly for black men, who have been increasingly marginalized by the labor market, this assumption is incorrect. Furthermore, child support represents a private solution, tying women's wellbeing to that of individual fathers. A social response to changing family forms would sever that connection, guaranteeing a decent standard of living to all, regardless of family form.

Second, and most important, the left needs to play a role in facilitating a voice for low-income people in the debate on welfare reform. Proposals at the state and national levels have emerged so quickly that liberal advocates for the poor have been forced to mobilize in a rush of opposition. However, advocacy cannot substitute for a broad-based movement of low-income people — AFDC mothers and other low-income workers together — mobilized and speaking on their own behalf. This kind of base building takes time and resources. The left must apply its resources — from people to dollars, from Xerox machines to meeting places — to that effort. Welfare reform provides a strategic opening to the left which we should not ignore. ●

Teresa Amott teaches economics at the University of Massachusetts in Boston, is a member of the editorial collective of Dollars and Sense, and works with the Economic Literacy Project, a group of left feminist economists affiliated with Women for Economic Justice, a multiracial, community-based organization in Boston.



Hoboken, New Jersey

Photo by Katherine Turczan

Paying for Welfare Reform

by Lynn C. Burbridge

The debate over welfare reform has progressed relatively little in the past twenty years. Do welfare recipients want to work? Should programs be developed to enable or require them to do so? What kind of programs should they be? Employment and training programs for welfare recipients have existed since the mid-1960s, although their success has been limited. Some of them were ill-conceived, all have been subject to frequent policy changes, and more importantly, despite the rhetoric, there has never been a serious financial commitment to them. There is little reason to believe that this will change.

In order to be worthwhile, work-welfare programs must do one of two things: they must provide sufficient funds for intensive, long-term training that will enable welfare recipients to find high-wage, stable jobs, or they must provide long-term, guaranteed support services (day care and medical benefits) that will make low-wage employment tenable. None of the states is doing this, and it is unlikely they will be able to without federal support. Some states are better than others in the training and support services they offer, but quick job placement and short-term services are the norm. (For example, no state extends medical benefits past 15 months following receipt of a job.) As it is, most states only serve 40 to 60 percent of those eligible for participation in work-welfare programs (excluding those who are exempt for participation, as much as two-thirds of the welfare caseload.)

In spite of the attention given to these programs, significant federal support is unlikely. Proposals made to Congress have varied from President Reagan's mandatory workfare proposal (that would require recipients to "work off" their grants) to more moderate suggestions for providing matching federal funds to states for implementing training programs, with limited daycare and medical benefits to job finders. Most proposals would reduce federal matching rates for state-run programs, further di-



Photo by Steve Cagan / Impact Visuals

“There has never been a serious commitment to employment and training programs for welfare recipients. There is little reason to believe this will change.”

minishing funding for employment and training. (Since 1981, funds for the Work Incentive Program, which had provided most of the training for welfare recipients, has declined by more than 50 percent.) The most significant changes in these programs are the result of efforts by states, with little federal aid. States that have contributed considerable monetary support to their programs — such as California and Massachusetts — still can only expect limited results without more resources.

None of this is surprising, given what we already know about these programs. The research industry has examined and re-examined the ability of employment and

training programs to increase the earnings and rate of employment of welfare recipients in the past two decades. A brief summary of these findings points to the necessary policy response. (There are also macroeconomic policy options that can possibly affect the employment and earnings of this group by increasing the number and availability of high-wage jobs, but space does not permit a discussion of these.)

First, welfare recipients have indicated in study after study that they indeed do want to work and participate in employment and training programs. They have, however, expressed skepticism about programs that place them in “make

work" jobs or that have them working at lower wages than a regular employee, both legitimate grievances.

Second, research indicates that work-welfare programs do not provide upward mobility for those already in the labor market. They have helped many enter the labor market for the first time. Higher incomes under these programs, in fact, were found to have resulted from increased hours worked, rather than increased wages. Because of this, these programs are sometimes described as screening and credentialing agencies for the low-wage labor market. Further, while increasing earnings for some, none of these programs has reduced welfare dependency and most clients remain too poor to discontinue receiving benefits. There is also the concern that in aggregate one person's gain in employment is another person's loss: the person who finds a job takes it from another who takes the latter's place on the welfare rolls. This is likely to occur if there are only a fixed number of jobs available, program participation resulting in a reshuffling of those with and without jobs.

Nevertheless, recent studies show that, although recidivism is high, most welfare recipients leave the welfare rolls on their own after two years either to remarry or because of a job. It is only those who remain on the rolls past two years (about a quarter of all recipients) that get enmeshed in the system for an interminably long time.

Given this high turnover and research results suggesting small gains from previous work programs, there is some question whether work-welfare programs have been of any value. Certainly from an economic viewpoint their impact has been small. The programs are expensive to run and have a modest impact on welfare costs. (Grant sizes may be reduced somewhat for participants but this translates into a welfare savings of a few percentage points.)

More importantly, they have done little to reduce the poverty that causes welfare dependency. Most program participants — particularly those long-term recipients with little education and labor-market experience — end up in low-wage jobs that may ultimately leave them worse off than welfare, when factoring in the cost of daycare and the loss of medical coverage. So from the point of view of the recipient, as well as society, the advantages of these programs have been limited.

In light of research results, some useful changes in the current system have been proposed. For example, there is interest in targeting efforts on long-term recipients,

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than welfare.”*

those least likely to leave the rolls on their own and those most likely to benefit from the programs (since they are most likely to have little labor market experience). There is also more interest in providing daycare and extending medical benefits so that the low-wage jobs available to recipients will be more attractive. In a few states there is increased interest in trying to secure high-wage employment for recipients. Finally, some states — such as Massachusetts, Tennessee, and Vermont — are emphasizing voluntary participation to increase the credibility of these programs to a welfare population that has grown cynical after the failure of earlier programs mandated “for their own good.”

All of these changes are well and good. But without a serious financial commitment to training and support services, they will not come close to addressing the problem. Targeting resources on long-term recipients will provide a more efficient use of existing funds since this group has most to gain from these programs. But this target group also needs more intensive services, particularly long-term remedial education. Short-term recipients may also have frequent spells of welfare receipt, given the problems they experience surviving in the low-wage labor market. Without support services to provide a cushion for the working poor or long-term training to increase their earnings, the size of the welfare caseload may change little although there may be considerable turnover.

Nevertheless, welfare dependency is not desirable either. It provides recipients only limited resources, in return for which they lose considerable privacy and whatever marketability they may have in the labor market to begin with. It creates a population of harassed and beleaguered individuals — many of whom are minorities — who even in good economic times have problems entering the labor market. Further, the indications are that welfare recipients do not like being on welfare and would prefer working. Employment and training programs targeted on this group can fill a real need.

Employment and training programs

that do not involve a real commitment of resources, on the other hand, may in fact be harmful if they raise the expectations of recipients and do not deliver. The purpose of these programs should be to benefit recipients, not simply to assure an anti-welfare American public that something is being done to reduce costs. Forcing recipients to jump through work-welfare hoops to justify receipt of a grant (or to discourage applying for one) will only add to dejection and despair, and will do nothing to end dependency. ●

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Workfare

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employment and an increase in the minimum wage. Instead of the often inadequate job-placement programs attached to workfare, we need policies that provide job training and placement for all people, not just for welfare mothers. And, as important as employment is, the workfare notion that all problems can be solved with jobs — even good jobs — must be resisted. Single women raising children shoulder a heavy burden that employment alone cannot relieve. A child-support system that required the absent parent (usually male) to contribute to the support of the children and provided minimum payments would belatedly acknowledge the changes in family structures whose costs women have largely borne alone. Likewise, a variety of family policies such as publicly subsidized child care and parental leaves must be made available to all Americans.

Both employment policy and family policy incorporate themes of self-sufficiency and economic security in ways that are politically attractive. And they do so without replicating the authoritarian impulse of workfare or placing the burden for economic and social change on the poor. Moreover, policies in these areas can be designed to extend benefits to the middle and working classes, not just to the poor, thereby reducing the isolation of the poor that workfare reinforces.

The debate over welfare reform challenges the left to go beyond critiques of the work requirements. It presents the challenge of creating and promoting a more compassionate and just path to economic security and social responsibility. ●

Margaret Weir is a professor of government at Harvard University.

The Elderly Poor Down and Out on Easy Street

by Richard Margolis

Early on in his pioneering treatise on the American poor (*Poverty*, 1904) sociologist Robert Hunter singled out elderly poor people as "the most numerous of all" and noted that they were "insufficiently cared for in all cities — with the exception of Boston." He deplored the "derision" — we might call it "ageism" — with which citizens often treated their older compatriots. Aged women "who frequent the poorest furnished rooms," Hunter complained, were called such "bitter names" as "scrubs" and "harpies."

By the time Michael Harrington directed public attention to poverty again in *The Other America* (1962), the nomenclature had changed more noticeably than had social conditions — and this despite the flow of social security dollars into elderly pockets. People may "talk of the 'golden years' and of 'senior citizens,'" Harrington scoffed in a chapter reserved for the aged. "But these are euphemisms to ease the conscience of the callous." At bottom, "America tends to make its people miserable when they become old." They are "plagued by ill health; they do not have enough money; they are socially isolated." He estimated that in 1960 more than half of all older Americans were poor.

We have traveled a decent distance since Harrington wrote his jeremiad, and in the process, we may even have peeled a few calluses off our collective conscience. Social security benefits have become more bountiful; Medicare and Medicaid now help the elderly meet their health care bills; and a program enacted in 1972, Supplemental Security Income (SSI), guarantees a modest level of sustenance to the aged and handicapped poor.

That such measures have paid off handsomely seems self evident. Millions now find it possible to reach a stage and status in life that can be described without irony as the "golden years." If relatively

few older citizens attain riches, many enjoy incomes adequate to their needs, and the number of those now living below the poverty line has dropped to 14 percent.

Much of this, moreover, has been accomplished in ways that assure due dignity to our elders. The major support programs for the aged entail few of the humiliations, the "means-testiness," commonly associated with social welfare endeavors in America. To grasp the difference, one need only compare the relative open-handedness of social security, a universal entitlement, with the niggling paranoia of SSI, a federal charity for the elderly poor. It isn't any wonder that only half the people eligible for SSI benefits actually apply. As the late Wilbur Cohen liked to tell us, "A program aimed exclusively at the poor is likely to be a poor program."

The record, in short, suggests that our social policies vis-a-vis old age merit two cheers — one for the rescue and another for

the considerateness. The third cheer remains stifled; it awaits our resolve to finish the job.

Generational Conflict

In the meantime, not many Americans seem to be cheering at all, and quite a few are grumbling. Especially fretful are those younger citizens who feel bilked by an older generation they perceive to be living on Easy Street. If the resentments arise mainly from a misreading of the elderly condition overall, they are nonetheless real and widespread, and they threaten to erode everyone's comfortable sense of shared outcomes.

The reigning assumption now is adversarial, with envy replacing derision in our lexicon of attitudes toward the aged. Today's young tend to see today's old not as victims but as most-favored beneficiaries who maintain luxurious life-styles by regu-



"Poverty, decrepitude, wretchedness and despair. What's with you?"

larly sacking the federal treasury. If the bitter names presently being hurled at gray heads are less contemptuous than those in Hunter's time, they appear at least as dangerous to our social health. Rather than mere scrubs and harpies, alas, we hear of authentic leeches and sybarites.

The press has taken up the spurious cry, with liberal voices competing decibel for decibel with conservative ones. A story in the *Washington Post* (Dec. 17, 1985) mirrors perfectly both the animus and its source, as can be guessed from the five-alarm headline: "The Coming Conflict as We Soak the Young to Enrich the Old." Reporter Paul Taylor wastes no time sounding the tocsin. "In the new America," he warns,

the old are being enriched at the expense of the young, the present is being financed with tax money expropriated from the future and one of the legacies children appear to be inheriting from their parents is a diminished standard of living.

Claiming to speak for everyone under 65, the pundits express all manner of misgivings. They feel out-gunned, out-subsidied, and outnumbered. Here is what the conservative *Forbes* magazine has to say about "The Old Folks": "The myth is that they're sunk in poverty. The reality is that they're living well. The trouble is, there are too many of them — God bless 'em."

What such writers usually turn out to be deploring is not the elderly *per se* but the federal programs that support them, particularly those like Medicare and social security that benefit all older Americans and not just the poor. For liberals and conservatives alike, the question reasonably comes down to whether we must subsidize the rich in order to rescue the poor, and although very likely the answer is yes, most of the smart money nowadays is saying no.

The writer Philip Longman has argued for the negative side as persuasively as anyone. In an *Atlantic Monthly* essay called "Justice Between Generations" (June 1985), Longman compares the peculiar logic of federal entitlements with its common-sense opposite. "A rich father," he reminds us, "is not likely to receive payments from his children merely because he has reached his sixty-fifth birthday. In contrast, almost all federal benefits to the elderly are distributed with no consideration of need."

Longman, like most critics of old-age policies, rushes to the defense of children, whom he justly fears we have been short-

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changing. He notes, for instance, that poverty-stricken children outnumber poverty-stricken elders by nearly four to one, and he sees old-age benefits as "an intolerable burden on the young." His chief solution, of course, is means-testing, which he phrases in oddly socialist-like rhythms: "Giving to each according to his circumstances rather than his age...."

Rare Success

There is something perverse — dare one say mean-spirited? — about such criticisms. They transform public policy into a zero-sum game in which one generation wins while the others lose. Is that really the best we can do in the world's richest nation? Don't we have the resources, not to mention the responsibility, to look out for all our dependent compatriots regardless of age?

In the case of the elderly, as it happens, we have behaved with more than customary wisdom. What the critics see as a major problem — too much affluence! — has in fact been a respectable if incomplete solution to two centuries of unrequited want. Instead of wringing our hands, we should be celebrating our rare success and then recommitting ourselves to the unfinished task.

That task is defined by the large number of elderly poor still abandoned in our society. The following are some pertinent facts about the group we have been assured no longer exists.

Federal tabulations put the total of elderly poor today at about four million, and if we include those with only slightly higher incomes — up to 125 percent of the poverty line — the total jumps to six million. In other words, for all the talk of inequities between generations, one of every five older Americans still lives in poverty.

Certain groups suffer more than others. For instance, nearly three-quarters of the elderly poor are women, and two thirds of those are widows. The official poverty rate for older women is twice the rate for older men.

Minorities, too, carry disproportionate burdens. The black elderly poverty rate is 32 percent, three times that for whites. Of course, older persons who are both female and non-white bear the heaviest load of all. An astonishing 36 percent of all older, black women in America are poor.

In all, some ten million older Americans (one of every three) remain either poor or in daily jeopardy of becoming so. Amid the illusion that all boats rise with the tide, they have been left at the bottom.

Thus, a radical revision of *Forbes'* conceit concerning "The Old Folks" is in order. The myth is that they are swimming in affluence. The reality is that many are still sunk in poverty. The trouble is, we keep denying the truth — God bless us. ●

Richard J. Margolis is writing a book on "Risking Old Age in America," to be published by Pantheon in 1988.

Homelessness: The Tip of the Iceberg

by Tom Robbins

Nothing so clearly puts the lie to the myth of economic recovery as the shame of homelessness in our cities. During a period that corresponds almost exactly to the implementation of Reaganomics, the number of homeless people nationwide has soared. The tally now stands at three million according to homeless advocates — although Reagan's housing department insists that the figure is "only" 250,000. Yet even this figure is a tremendous jump from as few as 100,000 in 1979. In New York City, where the problem of homelessness is one of the most serious, the count has quadrupled in the past four years. The National Conference of Mayors reports that cities around the country experienced a 20-25 percent growth in homelessness in 1986 alone.

But homelessness is actually no more than the most visible part of an endemic crisis in housing. This crisis might disturb only a few — those uneasy about the Dickensian appearance of our city streets — but for what it tells us about how many Americans are faring in their battle for affordable shelter. The disturbing fact about the nation's growing homelessness is that many of those now falling off the bottom rung of the housing ladder are those who would have been affordably sheltered a decade ago. Millions of others, including many with full time jobs, are clinging tenuously to the bottom of the ladder, but we should not expect them to hold on. At the bottom level, we face a crisis of homelessness, but at only a slightly higher income level, there's a crisis of housing affecting much of the traditional working class.

The Crisis

Over the last decade or so, the presumption about what percentage of their income families can be expected to pay for shelter has risen from the traditional 25 percent to 30 percent. This is also the amount which all families fortunate enough to obtain subsidized housing must now pay.

In New York, two-thirds of the city's renters give over 30 percent of their income to the landlord and a full third of them spend one-half for rent. So the simple truth is that most homeless people are on the streets because they can't afford to put a roof over their heads, and a far larger number of Americans is steadily losing ground in the race to pay for shelter.

This state of affairs is dramatically reflected in the faces of those now living in city shelters. The old stereotype of the skid row derelict has been replaced by unemployed teenagers, families with children, and people with mental handicaps who have been tossed out of the nation's institutions without adequate support. The National Coalition for the Homeless says that veterans make up 30 percent of all homeless individuals, another 30 percent is families with children, and another 30 percent includes those suffering some mental disability. Most surprising, however, is the fact that 20 percent of the homeless poor are unemployed.

The statistics have not yet registered with national housing policy-makers. Reagan's lieutenants at HUD continue to speak of homelessness as a mental health problem and not as a housing crisis. In truth, they cannot do otherwise. The thrust of the administration's policies has been to withdraw the federal government from the role it has played for 50 years in providing subsidized shelter.

Since 1981, subsidized housing programs have been cut by over 75 percent; funding has declined from \$32 billion to \$7.5 billion. Virtually no new public housing is being built anywhere in the country. Waiting lists for existing units are decades long. In fact, two-thirds of U.S. cities have closed their waiting lists altogether. New York City, which has the country's oldest and largest public housing system (and probably the best managed as well) estimates that it will take over 15 years to accommodate the 200,000 households signed up. And that number does not adequately reflect real demand. Authorities report that if new



The housing crisis is affecting much of the traditional working class.

Photo by Ellen Stubb

construction programs ever got underway, the number of applicants would double or triple because most people in need of subsidized housing have simply given up asking.

While housing subsidies for the poor have declined precipitously, the federal government has increased subsidies for the middle and upper classes. According to the National Low Income Housing Coalition which has fought this trend, the IRS allowed an unprecedented \$42 billion to be deducted from taxes last year in the form of mortgage deductions. While tax code changes will close some housing loopholes for the wealthy, they will not do away with the "subsidy" paid by the majority of Americans for the housing practices of a rich minority. At the same time, the administration is currently seeking to eliminate the role of the Federal Housing Administration in providing and underwriting mortgages that would produce affordable units. New regulations would also limit the ability of quasi-public agencies to trade those mortgages.

The worst consequences of the changes in federal policy are yet to come because of the time-lag between the appropriation of funds and the completion of a project. Even as Reagan was shutting off the spigot of low-cost housing, those projects funded in earlier years were still being produced. Senators fresh from votes to end funding for new housing posed merrily at ribbon-cutting ceremonies for projects funded years before. The first year of the Reagan Administration saw more such ground-breakings than any time in the previous dozen years. Should a new pro-housing administration come to power in 1989, the housing crunch would still not be eased for at least three to five years while projects are planned and carried out.

"Urban revitalization" has not been a boon for the "housing need" either. The argument that the private sector is best equipped to solve the housing crisis has been proven wrong. Cities like New York have suffered massive losses in affordable units due to owner abandonment and arson during the 1970s (New York still loses as many as 23,000 affordable units yearly). Gentrification nationwide has claimed nearly 50 percent of the single-room-occupancy dwellings that had sheltered many of those in the streets today. New and rehabilitated units are invariably at the top end of the cost scale, well out of reach of those who need them most.

In the late 1970s, many working class communities fought fierce battles to force banks to end "red lining" practices (barring

investment in low- and moderate-income communities). Yet, by the time banks began to make loans and mortgages available again in the early 1980s, the projects had become unaffordable. Revitalization has also created a dynamic that threatens even habitable low-cost apartments. Owners seeking to cash in on higher profits from new and better-heeled housing customers oust their older and lower income tenants. The few housing programs designed to help border-line communities hold on have been sorely inadequate.

The Future

State and local governments regularly complain that they are helpless in the face of a federal housing default. But this may not be completely true. Although the most important goal remains creating meaningful federal programs, states such as Massachusetts and New York have, in the meantime, allocated sizable resources to low-cost housing. Part of the answer is to use the boom in luxury and commercial construction to help subsidize affordable units. Boston, San Francisco, and Hartford have all implemented "linkage" programs under which builders of costly (and profitable) new projects are obligated to create set numbers of affordable units.

Grassroots organizing is another strategy. In the East New York section of Brooklyn, a coalition of local churches mobilized by the Industrial Areas Foundation has already built 1000 new rowhouse-style homes, affordable to families earning as little as \$16,000 a year. Their project, known as Nehemiah, combined church contributions with city and state funds and mortgage insurance. Another 4000 units are in preparation. In many cities, the only low-cost housing developed over the past decade has been in buildings rescued by local grassroots, nonprofit organizations — buildings which in many cases had been abandoned by private owners and had reverted to municipalities for tax nonpayment. Many groups used a complicated mix of employment programs, grants, and "sweat equity" (their own unpaid labor) to rehabilitate buildings. They also used CETA funds to put unemployed local residents to work until the Reagan Administration killed that program.

If new federal programs are developed under the next administration, they will hopefully avoid pitfalls of the past, most of which were created by government efforts to accommodate the construction and finance industries. Creating massive debt through bonds and borrowing undermines the financial viability of a housing project.

Ultimately, the low-income renters are left holding the bag. Instead, straight cash financing of housing would create permanently affordable units with no potential threat to the occupants.

The housing crisis in the United States can be resolved. But it will require reviving the role of the federal government. It will also require privileging poor and low-income Americans over banks and builders. Without this commitment, the plight of the homeless will not change, and hundreds of thousands more will become citizen nomads in their own cities. ●

Tom Robbins is a New York City writer who has covered low-income housing.

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