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THE FUTURE OF WELFARE PROGRAMS IN THE UNITED STATES: FOUR APPROACHES\*

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ABSTRACT

There are many theories which attempt to explain why the United States has become a welfare state. Four main approaches can be distinguished which focus on 1) the maintenance of social order; 2) welfare as empowerment; 3) welfare as an expression of egalitarianism; and 4) welfare as contributing to economic growth.

Similarly, there are many predictions about the likely future of the welfare state. They can be related to the four approaches which analyze the welfare state's historical origins and current function. The aim of this article is to clarify the debate about the future by relating the different predictions to these alternative approaches.

Introduction

The combination of an economic recession, the start of a new decade, and a national political turn-around has provoked a great number of analyses and predictions concerning the likely future of the welfare state. Its threatened demise under the onslaught of budget-cutting legislatures seems to have brought about a belated realization; namely, the United States has indeed become a welfare state, if an uneasy one, but it may not be able to afford this luxury much longer. In the face of economic stagnation, most analysts predict cutbacks in government services, with the central question being whether the response of those affected will be "turmoil" or "acquiescence" (Miller, 1980). By contrast, some suggest that instead of fiscal retrenchment only a new round of increased governmental expenditures, supported by a coalition of far-sighted businessmen and the poor, will prove feasible (Sweezy, 1979). Others accept the inevitability of cutbacks, but suggest trade-offs may be made, whereby a decrease in direct welfare services is offset by an increase in overall employment or non-monetary benefits (the New Republic, 1979).

As with all predictions, only time will tell for sure which ones are correct. However, it is possible to make a preliminary assessment by evaluating their

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assumptions. These predictions generally are not arbitrary, but are based on analyses of how the welfare state has come about historically and what it currently is. By examining their historical bases, one can judge the likely accuracy of the predictions. This article will delineate four different theories of the origin and expansion of the welfare state. Subsequently, I will show how predictions about the future of the welfare state are related to these four approaches. Ultimately, the correctness of each historical analysis might be evaluated to assess the likelihood of the future developing in that particular way. Such an evaluation is a task beyond the scope of this article. Its aim is to clarify the debate about the future by relating the different predictions to alternative historical analyses of the welfare state.

### Approaches to the Welfare State

Four approaches to welfare and the concept of the welfare state can be distinguished.

- 1) The "social order" approach interprets welfare as the minimum largesse which the ruling strata of society must extend to maintain social order. By doing so they strengthen their own position vis-a-vis the ruled.
- 2) The "empowerment" model sees welfare not as something granted at the discretion of the ruling strata, but as concessions won by the beneficiaries in the course of a structural conflict. These benefits contribute further to the strength of the recipients.
- 3) The "equality" approach suggests that state welfare activities are an expression of egalitarianism and reflect a society-wide commitment to some form of equality.
- 4) Finally, the "economic growth" model focuses on the contribution of state welfare activities to economic growth, rather than seeing them as a voluntary or forced drain on economic resources.

Each of these four approaches will be discussed in detail below in the following format. First, the main structure of the argument will be developed; then I will briefly suggest what might constitute a test of the accuracy of each approach, and what it defines as the main problem of the welfare state. Finally, by way of example, each approach will be used to interpret various aspects of housing policy.

#### Approach No. 1: The maintenance of social order

One important political philosophy of the state has conceived of the state as "night watchman" (Briggs, 1961:221), in which laissez faire is the general rule and the state act as the ultimate guarantor of social order. This includes the state's establishment of the judiciary, its foreign diplomacy, and defense. It also includes the provision of certain benefits to the poor to abate any threat they may pose to the

health and security of the upper classes or the stability of the social order. However, this assistance is not seen as having any direct economic purpose; it simply imposes a certain cost on the economy.

This perspective has been advocated by conservative ideologies as representing the proper role of the state and of a welfare system. However, it has also been put forth as a historical description of the origin of the state welfare activities. Whether going back to the Elizabethan Poor Laws or merely to the beginning of the Industrial Revolution, the role of the state in this perspective is seen as one of cleaning up after the ravages of economic dislocation, or minimizing the danger of a rebellious lower class.

The by now classic statement of this position is Piven and Cloward's oft-cited argument that "relief arrangements are initiated or expanded during the occasional outbreaks of civil disorder...and are then abolished or contracted when political stability is restored... Relief policies are cyclical--liberal or restrictive depending on the problems of regulation in the larger society with which government must contend" (Piven and Cloward, 1971:xiii).

A similar point is made by Edwards (1972) who, after analyzing the persistence of inequality in the face of many programs ostensibly aimed to eradicate it concludes:

...the welfare system cannot be viewed as a meaningful attack on inequality. Historically, it has never played that role. From the English Poor Laws of the sixteenth century to the Family Assistance Plan, welfare programs have simply kept the poor from becoming too poor, that is, from becoming rebelliously poor..." (Edwards, 1972:251).

The main problem for the state, in this perspective, is to determine how much intervention might be too little, insufficient to stabilize social order; or too much, constituting unnecessary expense or threatening the work incentive.

This approach provides the basis for certain inferences, whose accuracy could be used to assess the validity of the approach. These inferences relate mostly to the level of expenditures for welfare programs and its relation to social unrest. However, social unrest is difficult to measure other than by the activities of protest groups, etc., demanding more benefits. This makes this approach sometimes hard to distinguish from the second one, the "empowerment" approach. Regardless of what benefits are granted, it can be claimed either that a) they were demands won by the beneficiaries (the empowerment approach) or b) they constituted "repressive tolerance" and were the minimum necessary to maintain social order. This issue will be taken up again later.

As an example of this approach, the origin of governmental housing policy has been interpreted as an attempt to alleviate the overcrowding which caused epidemics to occur. Other programs are seen as seeking to destroy areas which could be used as sources of power by poor people. An early example is the urban renewal executed in 19th century Paris by Hausmann which was concerned precisely with considerations

of military strategy. More recent strategies of ghetto dispersal through urban renewal have also been interpreted as attempts to dilute potential political strength. This perspective sees the shifts in policies between public housing, urban renewal, subsidized construction, or consumer subsidies as manifestations of the technical problem of finding the correct mechanism. For instance, Harvey (1977) suggests that policies continually change because opposition invariably develops to any program.

#### Approach No. 2: Empowerment of the poor

In this approach the state is seen as a set of institutions concerned with maintaining the existing economic system on behalf of a relatively small set of people. However, the state is not all-powerful and is forced, occasionally, to give in to the demands of other groups. Welfare programs are seen as increasing the power of the poor who are the beneficiaries. Since dominant groups generally do not give up real power voluntarily, the extension of such benefits to the poor can, in this view, only come about as a result of active demands on their own behalf.

The anti-poverty programs in the 1960's serve as a multi-faceted example here. Some aspects can be seen as benefits achieved by the poor through their own efforts, rather than as ameliorative attempts by a conscience-stricken nation. At the same time, the true value of these programs can be considered to lie in the focus they provided for the organizing of the poor. The resulting organizations, such as the National Welfare Rights Organization, were subsequently able to obtain even more benefits (Piven and Cloward, 1977).

Within this perspective there are at least two tendencies, which sometimes overlap. One is the Marxist approach, the other is more pluralist, at least in the short run. In the Marxist view the state is the executive of the bourgeoisie (acting with more or less independence) and all current welfare programs are essentially concessions by the bourgeoisie to ensure continued smooth operation of its dominance. In this sense these reforms have a dulling effect on the antagonisms in society and therefore delay the chance for a coming to power of the working class. This does not differ from the analysis as discussed under the "social order" approach. However, at the same time these expanded welfare programs may have an unforeseen effect. Concrete programs are often the only type of socialism that people can understand; thus they may offer a vision of an alternative to capitalism. Additionally, these programs raise expectations and demands which may ultimately pose an insurmountable problem for the capitalist state, and create a revolutionary situation (George and Wilding, 1976:1-2-103).

Most organizers of the poor within the Community Action Program or the National Welfare Rights Organization espoused, publicly at least, a more pluralist view. Their notion was that the poor were effectively disenfranchised in a political system which operates through interest groups. By becoming organized, the poor would become able to participate in the new format of American politics.

As with the first approach, this one gives rise to the inference that welfare services will be expanded when the level of political activism among potential

beneficiaries is greatest. In order to assess the accuracy of the inference and distinguish it from the similar one in the social order approach, it is essential to determine to what extent the new benefits which are granted actually reflect the demands.

Using this approach to analyze, for example, current housing policy, one could interpret the Community Reinvestment Act as a result of communities' anti-redlining campaigns. Similarly, the shift from urban renewal to rehabilitation could be interpreted as due to the organized resistance of those affected. A few other programs, such as the increasing concern with displacement, might be claimed as victories for the poor. More importantly, however, organizing efforts around housing issues could be seen as a contribution to the development of stronger organizations of the poor.

### Approach No. 3: The idea of equality

The third approach is heavily informed by the notion of equality. T.H. Marshall and Gunnar Myrdal give the clearest exposition of the relationship between equality and the welfare state. Marshall (1950) describes the development of citizenship as first including civil rights, then political rights, and finally, social rights. The last refers to the right to welfare or well-being, regardless of an individual's economic market value. Marshall relates this right to industrial development, arguing that the relationship between status groups in society changed when productive capacities were expanded and money incomes rose. This lessened some of the differences between groups and opened up access to the same types of goods to everyone. This social integration in turn changed the attitude towards welfare from one concerned with abating the obvious dangers and nuisances of destitution, to one that questioned inequality itself.

This mixture of intellectual reasons (the idea of equality) and institutional ones (changes in the economy) also appears in Myrdal (1960). He discusses the welfare state in the general context of state planning. In a democracy, he states, the power of the majority is effectuated through the state apparatus; however, in individual dealings most people remain subject to the control of the relatively small group who have the most economic power. The tendency is, therefore, for state intervention to grow, and for it to be egalitarian in nature. Thus, the joint commitments to democracy and equality presumably contribute to the development of the welfare state.

Among institutional reasons, Myrdal concentrates on two factors. One is the erosion of the free market, in which competition prevented any one actor from having undue influence. This erosion compelled the state to intervene. Second, the idea of state intervention was generally accepted during crises such as wars. These temporary interventions often became fixed features that remained even after the original motivation had disappeared.

In this view then, state welfare activities can either be seen as the result of the use of the state apparatus by the democratic majority, as Myrdal argues, or as the result of humanitarian or liberal motives on the part of an elite. In either

case, the key point is that welfare programs are considered as the rational implementation of a commitment to equality. While there is no direct economic purpose to this action, it is considered equitable to use some of the economic surplus to rectify inequalities which are at least partially caused by the economic system.

This approach represents the most frequent public justification for welfare activities by the state and appears in the United States as early as the Declaration of Independence and the Constitution. Progressivism in the early part of this century was an influential embodiment of this approach, as were the public pronouncements accompanying the War on Poverty. Within these historical movements the notion of equality might mean a presumed equality of legal rights, an equalization of opportunities, or a striving for equal outcomes by differentiated treatment. These distinctions could be used to differentiate further various proponents of the equality approach; however, this issue will not be developed here.

The main problem for the welfare state in this approach is to control the level of services so that it grows no faster than the economy as a whole. A second set of problems relates to the implementation of welfare programs. These programs function in a market economy, where rewards are presumably based on productive capacity; in welfare programs, however, benefits are supposed to be divorced from an individual's market value. This gives rise to problems regarding pricing of services, the issue of in-kind versus cash benefits, stigmatization, and the equity achieved in the distribution of services.

Unlike the first approach, which related expanded welfare activities to social unrest, this perspective suggests that welfare programs will expand when needs increase and decline when needs decrease. Alternatively, the exigencies of financing these programs might suggest that they will expand during periods of economic growth and decline when growth declines. Other tests of whether this perspective is indeed the one informing welfare policy would be measurements of the extent to which inequality is indeed reduced by these programs, and who exactly the beneficiaries are. Of course, this is limited to the extent that outcomes do not always reflect goals or motivations.

In housing policy this approach is reflected in the Housing Act of 1949 which affirms the right of every citizen to decent, safe, and sanitary housing. A commitment to equal opportunity in housing and mortgage lending also fits in with this approach. Advocacy of housing allowances for the consumers of housing is similarly appropriate, since the stigma associated with living in known publicly subsidized housing is obviously anti-egalitarian.

In many ways this perspective has provided the background for most work in the field of housing policy. As Peter Marcuse states:

In the field of housing the view that government policies are addressed to meeting real housing needs or solving housing problems had pervaded the mainstream of professional literature for the past 30 years. On this basis efforts are made to determine the nature and scope of housing needs, their

origins, the mechanisms by which they must be dealt with. Evaluations gauge the results of housing programs against the goal of providing adequate housing for all, and recommendations proposed to better achieve that goal are thought to contribute to improved housing policy (Marcuse, 1978:21).

In other words, policies, like urban renewal, are described and analyzed in terms of their presumed contributions to better housing conditions. When these are obviously lacking, this is seen as a problem of inadequate operational knowledge or subversion by other interests.

#### Approach No. 4: Welfare as economic motor

In the previous perspectives, state welfare activities were essentially considered to be a burden on the economy, to be financed out of the economic surplus. In contrast, the fourth approach suggests that these state actions are in fact generators of economic surplus. Welfare programs are seen here as an outlet for the economic surplus which is generated, as a source of profits themselves, but even more importantly, as ultimately contributing to the productive potential of industry. Although Keynesian economics obviously begins to move in this direction, it still regards state intervention as a temporary measure to maintain aggregate demand, not as a continuous essential feature of economic growth.

The most detailed work on this subject has been done by O'Connor (1973). In his view, expansion of the state budget has three main sources. The first is the socialization of private costs of production, or the increased role of the state in sponsoring technological advances, education, and economic infrastructure improvements. Second, the social costs of private production, such as pollution, urban sprawl, and economic dislocation, have also increased. Third, there is a greater need to stabilize the economic order. As the economy becomes more oligopolistic, the myth of free enterprise becomes harder to sustain and requires more expenditures for the legitimization of corporation hegemony. Technological change also increases structural unemployment and thus necessitates more subsistence payments. However, these can be structured so as to encourage retraining or relocation. According to O'Connor, the main beneficiaries of this expansion are the oligopolistic industries, large unions, and government workers. Social expenditures should be on the rise to the extent that these sectors are able to influence state policy. However, there may also be tendencies to cut back on those programs which contribute least, or less directly, to ultimate productivity increases.

This approach is reflected, for instance, in the call for national economic planning. People such as Land Kirkland, president of the United Auto Workers, and Felix Rohatyn, of New York's Municipal Assistance Corporation, favor governmental intervention, rather than laissez-faire, to bring about renewed economic growth.

Applied to housing, this perspective has been used primarily by the left in analyzing the conjunctural and growth-generating function of housing policy. This encompasses many of the subsidy programs for new housing. Well-known by now is the analysis of urban renewal as opening the way for an expansion of the corporate and

commercial functions of the central city (Castells, 1979). Similarly, and unlike the "empowerment" approach, this approach would interpret the Community Reinvestment Act and the increased availability of rehabilitation subsidies as instruments of gentrification, rather than as a reflection of residents' empowerment.

### The future

The extent to which anything particular should be expected to happen during the 1980's depends on how severe one thinks the fiscal crisis of the welfare state is. If the current situation is seen as no more problematic than anything previously, then there is no reason to predict any dramatic changes. Whichever approach one believes to be an accurate description will continue to be so, and the welfare state will continue to operate along familiar lines. After all, many of the problems and solutions of 1970 are still with us unresolved and unimplemented: concern with fraud and effectiveness; the negative income tax; work requirements and training programs; poverty and poor education. If we muddled along since 1970, why not muddle along until 1990?

According to this "there is no crisis" view, demands for federalization will continue, and will continue to be stymied by the issue of federal versus local control. Efficiency and accountability will remain popular as concepts, with little certainty about how to measure or achieve either. Some highly visible cutbacks may have to be made in response to taxpayers' revolts, but most areas of government intervention will remain untouched and continue to expand. If this view is correct, predicting is not a very interesting activity.

However, if one believes that there is a crisis which demands a substantial commitment to some solution, then the future becomes more important and interesting. What people think should happen to the welfare state is not nearly as interesting as what people think will happen. What will happen depends on which of the four approaches described most accurately reflects reality, or will gain strong support. The remainder of this paper will take each approach in turn and describe, on the basis of various predictions, what would happen during the '80s if that particular approach were the correct description of reality. In other words, what is likely to happen if welfare state activities are indeed dominated by a "social order" perspective? What if the "empowerment" perspective is the most accurate one? This analysis is based on the United States; specific responses and proposed measures will differ in other countries, based upon their particular situation, strengths and weaknesses. Similarly, if the situation in the 1980's in the United States changes drastically, because of a major war, for instance, or major new oil discoveries, emphases and specifics will certainly change.

#### 1. The Future: the maintenance of social order

In this perspective, there are two main problems for government during the present fiscal crisis. One is how to make cutbacks in a wide variety of programs

and services without risking too much social unrest. The other side of that is how to convince recalcitrant taxpayers and their representatives of the need for a continued minimum of welfare services.

Expectations vary as to how severe a cutback will take place. At one extreme the cutbacks are painted as a total surrendering by those in power of even the pretense of rehabilitating or integrating the poor. The latter would simply be left to their own devices, administered and controlled by social service managers. This is reflected in expressions such as "the pariah city" (Hill 1976:42), "the city as reservation (Long, 1971), and "the city as sandbox" (Sternlieb, 1971). However, these seem to be "straw man" scenarios, rather than serious predictions.

Less extremely one would expect selective cutbacks to take place where they are least likely to generate opposition, such as in health care; some expansion might even take place in those services more directly aimed at quieting discontent, such as unemployment compensation (Miller, 1980). To increase further the selectivity of benefits, users charges are likely to be introduced in more and more areas (Burnham, 1980). Free or subsidized services have long been criticized by neo-classical welfare economists as wasteful. Pricing them would prevent over-consumption and allow a better assessment of relative preferences. Free or subsidized services, especially if available to everybody (such as public transportation) constitute a hidden state subsidy to many who don't need it nor need it to be pacified; thus it is a waste of governmental resources. Ultimately, this approach predicts a redefinition of the role of the state with regard to legitimization and socialization. The family will be expected to take over (or take back) many of the socialization and caring functions it has relinquished. This will be the justification behind cutbacks in daycare, youth programs, care for the elderly, etc.

Again, the main problem for the state, according to this approach, will be to find a happy medium between too much austerity, risking riots or more, and too little, risking taxpayer discontent as well as more economic trouble ahead. However, since the latter is less disastrous in the short run, there will be strong tendencies to err on that side, rather than risk extensive unrest.

## 2. The future: empowerment of the poor

Few of those who believe that the expansion of welfare results from citizens' pressure from below foresee much progress along these lines during the 80's. Some anticipate a decade of "crisis and turmoil" (Miller, 1980) in response to cutbacks in services and payments. The political balancing act which government has to engage in, as described in the previous section, will at times provide opportunity for small gains. At the same time, the political organizing associated with the turmoil may lay a basis for subsequent more lasting advances.

Changes of a less dramatic nature are depicted by Milton Kotler (1979), although here there is a thin line between prediction and wishful thinking. He believes that many neighborhood and community organizations have now reached a sufficient level of independence from local government, effectiveness of operation, and internal democracy,

that they could take over from government extensive service delivery responsibilities. In his view this would be compatible with a budget-cutting mood, because these grass-roots organizations are presumably more efficient than government, better able to elicit private money and volunteer effort, and better at selecting appropriate levels and targets of services. "If neighborhood and community organizations are not brought into the process of service delivery and development during this period of budgetary tax restraint, there will be an erosion of economic well-being. Neighborhood and community organizations with their proven governing ability have a timely responsibility to fill the gap and sustain the general economic and social level of the American people" (Kotler, 1979:43).

Along somewhat similar lines, Castells has predicted that people will more and more "opt out of inflation" by forming their own cooperatives for food, housing, child and health care, etc., substituting non-monetary exchange wherever possible (Castells, 1979). Thus, both Kotler and Castells anticipate forms of self-help and community control to expand, rather than contract in the face of the fiscal crisis.

There are other trends which reflect the possibility of increased benefits through people's action, even in the face of cutbacks. For instance, political or community control over plant closings and relocations seems likely to grow. Along with this sensitivity to investment issues, union members and municipal employees are likely to demand a more socially responsible and beneficial policy regarding their pension fund investments (Percy, 1980).

Another field in which similar changes are likely to occur is that of housing. The pressures of escalating energy and maintenance costs make private low-income rental housing more and more a thing of the past, as in many Western European countries it already is. Community organizations are increasingly in the position to take over the ownership and/or management of such housing. Alternatively, since elimination of the profit factor alone does not make this housing economically viable, it may become publicly owned (Stone, 1980). In either case there are more chances for an increase in control and benefits for the residents than under private ownership.

In sum, this perspective sees welfare services during the '80s under severe attack. However, the retrenchment will also generate resistance which may be channeled not only to hold on to what currently exists but also to advance in new directions.

### 3. The future: the idea of equality

As with the empowerment approach, those who see the welfare state as a reflection of ever-increasing equality anticipate severe problems due to budgetary constraints. However, while some anticipate that cutbacks will generate protests and perhaps some "empowerment" for those most affected, few predict a continuation of welfare state activities along liberal lines. Liberals more than any other political grouping have been divided now that a choice seemingly must be made between economic growth and the pursuit of equality. The normative liberal tendency is likely to be forced into alignment with one of the other three approaches. This is already evident

in the growth of the "new-conservatives", centered around such ex-liberals as Irving Kristol, Nathan Glazer and Daniel Patrick Moynihan.

The equality approach has always set much stock by legal guarantees of rights, which can often be extended without any budgetary consequences. It is possible that this tool will be used more and more to replace monetary benefits. Examples would be the extension of workplace democracy, ERA, environmental restrictions, citizen participation, accountability of public employees, etc. Just as during the 1950's American labor unions gave up power claims in exchange for wage increases, European unions have already begun to demand workplace democracy in exchange for wage restraint (Logue, 1979). With appropriate modifications for the American situation, a similar development could be expected in the United States.

Even those who continue to call themselves "liberals" accept the need for cutbacks. For instance, an editorial in *The New Republic* argues that liberals should be willing to accept reductions in social programs such as legal services and the deductibility of mortgage interest, as well as the abolition of the minimum wage. However, in exchange there should be a guaranteed minimum income and a full-employment policy. Other measures which are seen as promoting equality without overburdening the budget are the elimination of price supports and trade barriers, the expansion of health and environmental regulations, and making the health industry competitive (*The New Republic*, 1979). Again, this is more a normative statement than a prediction; there are few hopeful liberals.

The assumed goal of welfare policy in this approach is some form of equality or equal opportunity. Lenkowsky notes that as equality of opportunity became established through the satisfaction of basic needs, liberals shifted their goal to equality of outcomes (Lenkowsky, 1979). Regardless of the truth of any part of Lenkowsky's observation, it suggests that liberals may make use of the flexibility of the concept of equality by defining it so it encompasses whatever happens.

#### 4. The future: Welfare as economic motor

Within this perspective the existence of an economic crisis is fully accepted. However, wholesale budget reductions are not seen as the answer; the approach is closer to the old "spending yourself out of a recession", but with a new twist.

Sweezy notes that sharp reductions and the repression needed to contain the subsequent unrest would be too costly for many members of the upper (middle) class. Neither would they solve the problem of over-accumulation, which would reappear as soon as full employment is approached again. Rather than cutbacks, some form of increased consumption is necessary. Sweezy anticipates a possible alliance between the working class and far-sighted parts of the ruling class, similar to the coalition which produced the New Deal (Sweezy, 1979). During the election campaign, John Anderson and George Bush were representatives of this approach, while Reagan fits more into the "social order" approach. The Reagan-Bush presidency has of course emphasized the latter and retitled it "supply-side economics," which assumes that the economy will rebound automatically as soon as the state reduces its burden of taxation. It remains to be seen whether a high level of state expenditures is not inevitable to accomplish the desired "reindustrialization".

Now, if state expenditures are to be more consciously harnessed for economic growth, they will have to be effectively and efficiently used. This "rationalization" affects the nature of the expenditures and their overall management. The key words relating to the nature of the expenditures are "triage" (or "creaming") and "leverage". Triage means that expenditures and programs will be aimed where they can be expected to have the greatest pay-off, rather than where human needs may be greatest. Thus, job training for the cyclically unemployed, with obsolete skills, is more likely than training for the hard-core unemployed; and subsidies for new construction or housing rehabilitation are more likely in areas with a chance at gentrification than in the central ghetto. The latter example also points to the importance of leverage; state expenditures will be made where they have the greatest chance of providing an incentive to private investments.

In terms of the management and control over state activities there seems to be a trend towards increased private sector involvement. Some of this is expressed in the notion of "partnership" which has become so popular in development projects. For instance, CETA programs which involve placement in non-public jobs have recently been placed under the authority of local Private Industry Councils, made up of business representatives. An even more striking imposition of corporate methods and controls has occurred in New York City and Chicago. In the wake of fiscal crises emergency control boards dominated by banks and other businesses were given extensive authority over city expenditures in New York, and the school system in Chicago. Another example is the "rationalization" of social services (Patry, 1978), i.e., the attempt to bring scientific management to the human services.

Probably the most complete version of corporate management of social programs is offered by City Venture Corporation, a profit-making subsidiary of Control Data Corporation and some others. City Venture acts as a combination urban renewal agency, developer, and management company. It realizes large-scale commercial, industrial, and social service projects in depressed areas, combining government grants and private investment. Its philosophy is that there is money to be made in poor neighborhoods, but that government does not have the capability to put together large enough projects to make the social investments pay off (City Venture, 1979).

### Conclusion

There is near-universal agreement that the problem of stagflation is the crucial one to solve for the 1980's, and that it cannot be ignored, not even by liberals or the left. For instance, Milton Kotler, executive director of the National Association of Neighborhoods, writes: "It would be a mistake to exempt our neighborhood and community organizations (even some in low- and moderate-income and minority communities) entirely from the growing consensus for budgetary and tax restraint" (Kotler, 1979:38). Similarly, leftist planner John Mollenkopf says: "Neighborhood activists must rise above the junior version of porkbarrel liberalism which the last several decades of government policy have frequently led them to adopt. They must also take taxation, consumption, and inflation issues far more seriously by developing programs which respond to working people's real needs in these areas" (Mollenkopf, 1979:25). Other writers' positions in this respect have been noted above.

As a second point of agreement, all four perspectives discussed foresee that the more cutbacks are made, the more likelihood there will be of protest and activity along the lines of the empowerment approach. Given that situation, a much safer course for capitalism is to follow the "economic motor" approach, with liberal doses of "equality" verbiage as justification. This combination deals much more constructively with the question of legitimation than the "social order" approach by offering both economic growth and increased equality, as opposed to repression. However, whether the selective rendering of benefits under the "economic motor" approach will be adequate is an open question. It may merely represent the latest version of Keynesian economics, no more able to keep the system going than the first one was.

The mixture of elements from each of the approaches which we are likely to see in the years ahead, points out that while these approaches can stand on their own analytically, none provides a complete working model of society. Which model best describes the dominant trend shifts over time and with the policy areas studied. Therefore, the debates between adherents of the different approaches often have a hollow ring to them: their arguments are usually based on different periods or different subjects. When this is not so, evidence is usually presented for one case only--the United States, for instance--making conclusions hard to prove or disprove. Nevertheless, if properly specified by time and subject the debate is useful for showing how certain aspects of the welfare state developed. Ideally, this can then be used as the basis for predictions about the future. For this to occur, however, there must be agreement on the terms of the debate. The four alternative approaches presented here should help clarify that debate.

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