Volume 19
Issue 1 *March*

Article 1

March 1992

Journal of Sociology & Social Welfare Vol. 19, No. 1 (March 1992)

Journal of Sociology & Social Welfare

VOLUME XIX
NUMBER 1
March, 1992

The JOURNAL OF SOCIOLOGY AND SOCIAL WELFARE is edited and published at the SCHOOL OF SOCIAL WORK, WESTERN MICHIGAN UNIVERSITY, Kalamazoo, MI 49008.

It is sponsored jointly by Western Michigan University, the College of Health and Human Services, and School of Social Work.

JOURNAL OF SOCIOLOGY AND SOCIAL WELFARE

Volume XIX   March, 1992   Number 1

SPECIAL ISSUE
ON
*THE REAGAN LEGACY
AND THE AMERICAN WELFARE STATE*

Edited by
James Midgley
with
Howard Karger and David Stoesz

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Introduction: American Social Policy and the Reagan Legacy

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With the retirement of Ronald Reagan from active political life; the long term effects of his policies and programs need to be addressed. This introduction to the special issue on The Reagan Legacy and the American Welfare State *draws on the findings of the various contributors to provide an overview of the impact of Reagan administration's policies on various facets of the welfare state, and an assessment of their likely longer term effects.*

At the time that Ronald Reagan's second presidential term of office expired, there was much speculation about whether his presidency had produced a lasting legacy that would shape the character of American society for years to come. Unlike its predecessors, the Reagan administration set out to produce a significant and enduring alteration to prevailing institutions and it is for this reason that the notion of revolution was frequently used to characterize the administration, especially in its early days. Indeed, this was an analogy that the Reaganites not only encouraged but cultivated.

Although other Republican presidents had expressed opposition to New Deal social policies, none had previously mounted such a concerted and vigorous attack on state welfare programs. Inspired by radical right wing teachings, the Reagan administration declared its opposition to state sponsorship of the human services, believing that needs and problems should be addressed through individual initiative, the market, the family and voluntary effort. These ideas had, of course, been articulated before but they had not been as resolutely implemented. The massive tax cuts and budgetary reductions of the early 1980s, the incessant propagandistic attacks on the social services and their beneficiaries, and the introduction of so-called

welfare reform legislation in 1988 formed the vanguard of the Reagan antiwelfare campaign.

Just how revolutionary these initiatives were, is of course open to interpretation. While those on the radical left, such as Piven and Cloward (1982) view the Reagan era as the incarnation of a new class war, writers associated with the right wing Cato Institute (Boaz, 1988) have berated the Reagan administration for its failures to secure meaningful, long term changes. Although these very different assessments may have the ironic effect of placing the Reagan presidency in a moderate position along the ideological spectrum, most traditional Republicans, Democratic liberals and social democrats would reject the imputation of moderation. For them, Reaganism was a radical movement that sought to introduce profound changes.

Significant changes were indeed introduced. The exacerbation of inequalities of income and wealth; the reductions in social expenditures and the retrenchment of human service programs; deregulation and the weakening of the labor movement; the consolidation of the 'underclass' phenomenon as a permanent feature of urban life; the huge, deliberately fostered budget deficit; the appointment of a conservative higher judiciary, and various other developments are seen by those at the political center as comprising a radical departure from accepted practices. Although there is disagreement about whether a true revolution has taken place, few analysts believe that these events are transient in their effects.

The Scope of This Issue

Revolutions do produce legacies and it if there was a Reagan revolution it should be possible to assess its long term impact. Despite the notorious unreliability of social science prediction, it is the social scientist's task to extrapolate the present and to speculate about the future course of current events. The significance of the Reagan era for the American welfare state presents a challenge to social scientists concerned with issues of social policy. When this special issue of the *Journal of Sociology and Social Welfare* was being prepared, two years had passed since Ronald Reagan returned to his ranch in California to prepare

his memoirs. The time is ripe for an assessment of the Reagan legacy and its impact on social policy.

The issue has brought together a group of scholars who have extensive knowledge of the American Welfare State. They are well qualified to review the Reagan years and to assess the effects of the Reagan legacy. Although they are drawn largely from schools of social work, they have different interests which facilitate a multi-sectoral assessment of the impact of the Reagan era. They are, therefore, able to offer an incisive examination of the effects of the Reagan administration's policies on the constituent components of the welfare state including income maintenance, health care, housing, social work, and urban policy. They have also assessed the broader effects of these policies on incomes, inequality and poverty, and the position of women and people of color. In addition, the issue begins with an overview of the Reagan era and its ideological character.

The issue is concerned with social policy and not with the many other effects of the Reagan administration on American society. Although it is true that social policy cannot be readily divorced from political, economic, judicial and cultural trends or from international events, it is not possible to embrace these complex realities within the limitations of a collection of this kind. Nevertheless, while the various authors contributing to this volume focus on the welfare state, they are aware of these wider influences and allude to them.

Social science commentaries of this kind cannot be value free. Although objective analysis remains a desired goal in the social sciences, investigators who seek to transcend simple descriptions of social phenomena must interpret their findings and inevitably, such interpretations require perspectives that frame conclusions. Such perspectives, in turn, rely on theoretical models that draw on underlying ideological, cultural and social traditions. For this reason, social scientists are readily identified by their theoretical leanings. Indeed, it has been argued that the integrity of social science research is safeguarded by the declaration rather than obfuscation of preferences. The idea that interpretations of any complex social event are objective in the conventional sense of the word has long since been negated.

Admittedly, none of the contributors to this volume are apologists for the Reagan administration's social policies but this does not mean that their normative position is invalidated by partisanship. On the contrary, their perspective facilitates an interpretation of the impact of the Reagan years which will be readily understood and amenable to challenge by those committed to alternative points of view. And, as will be seen, their accounts offer a lively, interesting and yet reasoned assessment of the Reagan legacy.

The Impact of Reaganism and its Legacy

The authors of the articles in this issue have reached similar conclusions. Although they have focused on different sectors of the welfare state, they agree that the Reagan administration set out deliberately to alter prevailing New Deal social policies. They also generally agree that while significant changes were introduced, they fell short of what the radical right desired. Nevertheless, most of the authors take the normative position that these changes were damaging to the welfare of the great majority of American citizens. Low income groups were, of course, the most severely affected but even the middle class did not fare particularly well despite the Reagan administration's promises. In addition, the polarization of society, the business scandals which sent several prominent Wall Street and lesser known Savings and Loans tycoons to prison, and the budget deficit itself all generated wider social diswelfares.

The special issue begins with an introductory article by *James Midgley* which seeks to examine the historical and ideological factors leading to Ronald Reagan's election in 1980. He shows that Reagan was not just another Republican candidate who fought a successful presidential campaign but an anointed, carefully chosen leader, who radical right wing activists believed, would lead the nation out of the international humiliation, domestic economic stagnation, and pervasive moral decline into which it had allegedly fallen in the 1970s. This required more than faith alone. Armed with the dogma of New Right thinking, and a tenacious commitment to succeed, the Reaganite activists set about, almost conspiratorially, to achieve their goals. The article examines the ideological threads which were woven into

a complex political agenda to comprise the basis of Reaganism. Midgley contends that the remarkable achievement of the radical right in the 1980s was its ability to combine economic libertarianism, cultural traditionalism and authoritarian populism and, in so doing, to appeal to a broad constituency. These ideological themes also informed the Reagan administration's social policies and although not implemented to the extent intended, they have had a major impact on the American welfare state.

Robert Plotnick focuses on the changes which took place in incomes and standards of living during the Reagan years. He argues that despite some gains, the record of economic well-being in the 1980s belied the Reagan administration's claim that Americans would be better off if tax rates were cut and if the welfare state was scaled back. Although the standard of living rose, income inequality increased and the incidence of poverty was about the same as in 1980. These developments were the result of policy decisions made by the Reagan administration. Reductions in transfer payments fostered an increase in inequality as well as an increase in poverty; however, this was offset by changes in tax policy. In addition, broader social and economic factors widened income differentials and failed to reduce the incidence of poverty despite economic growth.

The article by *Howard Jacob Karger* deals with the impact of the Reagan administration policies on income maintenance programs. The article shows how the massive budget cuts of the early 1980s, major modifications to the tax system and the welfare reform initiative of 1988 all undermined the principles on which income maintenance programs for the poor were based. Although an attempt was also made to privatize the nation's social security system through the introduction of individualized retirement accounts, this did not succeed. Karger concludes that while income maintenance programs at the core of the welfare state ideal survived, the present situation is far from satisfactory. The huge budget shortfall, the recent deficit reduction agreement and the absence of a 'peace dividend' do not auger well for those who hope for an expansion of income maintenance programs.

Health care issues are examined by *Terri Combs-Orme* and *Bernard Guyer* in the following article. Combs-Orme and Guyer

point out that because of the extensive private health care system in the United States, health conditions are not as susceptible to changes in public policy as they are in other Western countries where state involvement in health care is extensive. However, there are two groups—the elderly and young children—who are most directly affected by government health care policy and it is on these groups that they focus their attention. The authors point out that although the Reagan administration attempted to introduce major changes in health care services for these groups, these were opposed by Congress and did not have as serious an effect as was predicted. Nevertheless, changes in health care funding and administrative arrangements have had a negative impact on the needy, and, in addition, it is clear that these effects have been exacerbated by the Reagan administration's wider social and economic policies which have contributed negatively to the health conditions of low income groups.

Mimi Abramovitz is concerned with the impact of the Reagan administration's programs and politics on women and minority groups. She argues that the growth of the welfare state was accompanied by the emergence of informal accords with the trade union, civil rights and women's movements which were compatible with the needs of political stability and profitable production. However, by the 1970s, as new contradictions made welfare state programs less useful to the needs of capitalism, these accords ceased to be functional and had to be undermined. A primary task of the Reagan administration was to undo the class, race and gender accords which had characterized the welfare state and brought positive benefits to many.

In the next article, *Beth Rubin, James Wright* and *Joel Devine* discuss the effects of the Reagan era on housing, especially for low income families. They argue that the exacerbation of income inequality, the role of tax incentives for the wealthy and the middle class, the increase in gentrification and condo conversion have resulted in a major squeeze on housing for low income groups with the result that many have become 'unhoused'. The absence of proper budgetary allocations for housing and of carefully formulated social policies designed

to resolve these difficulties, have perpetuated the disgraceful problem of homelessness which, they believe, will worsen as time goes by.

David Stoesz argues that the Reagan era coincided with a major shift in the American urban scene from the drab industrial city to its glittering, post-industrial successor. It also coincided with a sharp decline in industrial employment and an increase in poverty, marginalization and the growth of the urban underclass. The Reagan administration's oblique but successful urban policies decimated categorical grants to cities for community and urban development and exacerbated the flight of capital from the rustbowl to the sunbelt. In the absence of alternative policies, the legacy of deindustrialization, the creation and maintenance of a permanent underclass and the exacerbation of urban blight is likely to be perpetuated with serious consequences not only for those who live in America's large cities but for the nation as a whole.

In the concluding article, *Karen Haynes* and *James Mickelson* discus the impact of the Reagan administration's policies on social work services and on the social work profession. The authors argue that a priority item on the Reaganite social policy agenda was the creation of a charity model of welfare in which well-meaning volunteers provide services to the deserving poor and by which for-profit enterprises cater to the middle and upper class. By slashing human service budgets this model was vigorously institutionalized creating a huge problem of unmet need. Although social work has not responded adequately to the problems created during the Reagan era, the profession can meet the challenge by becoming more involved in advocacy on behalf of the poor and needy.

As can be seen, the articles in this special issue are wide ranging and deal with many different facets of the American welfare state. However, the overall conclusions of the authors are similar. Most believe that while significant changes were made during the Reagan years, the welfare state remains intact. However, they also believe that the welfarist tradition of the New Deal has suffered greatly as a result of the Reagan era. In other words, while the Reagan presidency's drive to abolish the legacy of the New Deal failed, it did not fail miserably.

The authors also believe that it is unlikely that any significant effort will be made in the foreseeable future to reconstruct the welfare state. Most analysts recognize that the huge federal budget deficit has preempted any major injection of new resources. Popular opposition to taxation, so carefully cultivated by both Ronald Reagan and George Bush in their campaigns, further exacerbates the problem. The successful representation of planning as a failed ideological tool of socialism will perpetuate the fragmented, haphazard and incremental approach which has long characterized American social policy. The deliberate and propagandistic exploitation of anti-welfarist attitudes which have been an integral element in American popular culture, present a further impediment to serious reform.

Nor does George Bush's current popularity auger well for an improvement in the situation. At the time of writing, the President had secured widespread support for his military initiative in the Persian Gulf and it is likely that this will serve him well in his next electoral campaign. Despite the rhetoric of a "kinder, gentler America" which pervaded his administration's coming to office, the President's budget (which was introduced in Congress early in 1991) contained proposals which, if implemented, will have negative implications for social programs. The apparent absence of a serious Democratic opponent for the next presidential race as well as the lack of workable and politically acceptable welfare alternatives among liberal Democrats also poses a major problem for the proponents of the welfare state.

Generally, the outlook for the American welfare state may not be hopeless but neither can it be described as hopeful. Under these conditions, the most optimistic normative scenario seems to be the preservation of the *status quo*. While this state of affairs may be conducive to despair, it should foster resolve. The creation of the welfare state was the result of complex political strategies promoted and implemented by political beings. Its weakening during the Reagan years was also the result of deliberate political action. These historical realities suggest that political resolve combined with a concerted political effort can be activated for its renewal.

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Society, Social Policy and the Ideology of Reaganism

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The complex historical and ideological themes which formed the basis for Reaganism in the 1980s are based on economic individualism, traditionalism and authoritarian populism. By creating an ideological formation which appealled to a wide constituency, right-wing activists sought to reverse the centrist consensus liberalism of the New Deal. These ideas also informed the Reagan administration's social policies and, although not implemented as intended, have had a major impact on the American welfare state.

When Ronald Reagan entered the White House in January, 1981, many believed that the tradition of centrist, consensus liberalism which had governed political affairs in the United States for decades would be dismantled. In his election campaign, Reagan dramatically confronted the liberal tradition, and caught the mood of a disillusioned electorate amenable to new, simple, homespun messages. Once in office, his administration implemented radical right wing policies with ruthless resolve. Although the Reaganite agenda was not implemented as intended, it had a major impact on the nation's legacy of consensus politics.

Many political commentators contend that Ronald Reagan came to power as a result of an orchestrated reaction against establishment centrist politics (Blumenthal, 1986; Kymlicka and Matthews, 1988; Himmelstein, 1990). They view the Reagan victory not as a discreet historical event, but as the culmination of a long and, some would argue, conspiratorial period of struggle in which radical right wing activists sought to reverse the dominance of centrist liberalism and its pervasive influence on economic, cultural, judicial and social affairs. Ironically, the struggle against liberalism originated at the time that Reagan's erstwhile hero, Franklin Roosevelt established the New Deal

and at a time when Reagan, as he himself admits, was a "near hopeless hemophiliac liberal" (Reagan and Hubler, 1981, p. 18).

Although Ronald Reagan's success may be attributed to many factors, an examination of the ideology of Reaganism is required if the the Reagan era is to be properly understood. At the heart of the Reagan phenomenon is a skillful blending of ideological themes that catered to a broad spectrum of the electorate and attracted support from very different constituencies. Economic libertarianism, cultural traditionalism and authoritarian populism were effectively coalesced to appeal simultaneously to urbane Wall Street stockbrokers, fanatical fundamentalist Christians, mainstream middle class suburban Americans and rural Southerners. As an ideology, Reaganism offered a credible alternative to the apparently depleted traditions of centrist liberalism. It also successfully challenged the dominant welfarist ideology of the New Deal.

Reaganism's Historical Origins

As an activist program of social and economic reform, Roosevelt's New Deal lasted for a relatively short time. But, seen in terms of its broader effects, the New Deal exerted a profound influence that lasted for decades. Following earlier and more dramatic changes in Europe, the New Deal legitimized the institutionalization of statism and welfarism in American society. Although the New Deal failed to create a highly centralized and comprehensive European style welfare state, it secured support for the notion that the state is a central social institution responsible not only for defense and law and order but for economic planning and the promotion of growth, the enhancement of welfare and the regulation of many facets of everyday life.

The New Deal also brought about a major political realignment in American politics. Under Roosevelt, the Democrats ceased to be a predominantly Southern party drawing support from the cities and from urban workers, ethnic voters and a large section of the middle class. Re-emerging as a force for progressive liberalism, the Democratic party also succeeded in building a coalition between liberal politicians, the labor movement, intellectuals, professionals and the business sector.

Above all, the New Deal institutionalized a culture of pragmatic, centrist liberalism that many believed heralded the end of ideology. Unlike most of Europe, where ideological differences between the major political parties were unambiguous and readily identified with class and other sectional interests, the New Deal facilitated a convergence in American politics in which the two major parties adopted similar centrist policies and forged a consensus around major economic, social and political issues. This convergence was reflected in the policies of successive Republican and Democratic administrations.

These developments led many analysts to conclude that the end of ideology had been definitively reached. In a much cited work, political scientist Daniel Bell claimed that ideology, had "come to a dead end" (1962, p. 393). In his attempt to formulate a generalized sociological construction of the social world, the celebrated Harvard sociologist Talcott Parsons (1951) conceived of American society as a well-regulated, homeostatic system characterized by consensus rather than conflict. Most analysts agreed and also took the view that radical movements on both the right and left were aberrations in the smooth functioning new world of mainstream consensus liberalism. For example, Richard Hofstadter (1963) argued that organizations such as the John Birch Society, Christian Crusade and supporters of McCarthyism were little more than disaffected groups on the social fringe struggling to deal with their status anxieties.

Those on the radical right took a different view. For them, consensus politics was not a mainstream phenomenon but the product of an insidious, left-leaning liberal establishment that had successfully penetrated both political parties to exert a powerful hegemonic control over the nation. Determined to challenge its dominance, the radical right schemed, organized and planned in the hope of forming an effective counterestablishment capable of fermenting a counterrevolution to the New Deal and its allegedly perfidious influence (Blumenthal, 1986).

Some analysts place the origins of the radical right's counterrevolution in the mid-1960s, after the failure of Barry Goldwater's presidential campaign. But its roots are much older. Indeed, the lineage of right wing struggle against the centrist legacy of the New Deal is a long one. It can be traced back to

Hoover himself, the embittered former president whose wealth and name supported a policy research institute which has vigorously propagated radical right ideas, and served as a a model for numerous other right wing think tanks. It can be traced to the eccentric activities of Albert Jay Nock and his prophetic faith in a 'Remnant' that would one day rise up and overthrow the New Deal and its attendant evils. It can be traced back to the publications of works such as *The Road to Serfdom* in 1944, and *The Conservative Mind* in 1953 by then obscure authors Friedrich Hayek and Russell Kirk, and the founding of *National Review* in 1955.

The Reagan victory can also be traced to the failures of the radical right to exercise real political power during the liberal post-New Deal years, including those when Republican presidents were in office. Despite its fanatical vigor, the McCarthy campaign of the 1950s fizzled and while considerable resources were mobilized, the attempt to send a right wing candidate to the White House in 1964 ended in embarrassing defeat. Although Richard Nixon had appropriate credentials, he betrayed the radical right because of his apparent accommodation with communism, his moderate stance on many domestic issues and, of course, the Watergate fiasco. His selection of Gerald Ford as his successor, and Ford's subsequent nomination of Nelson Rockefeller as Vice President dismayed right wing radicals. As Richard Viguerie, one of their most dedicated activists reports, "For many of us, it was the last straw" (1980, p. 28). While Ford represented the comprising, consensus politics that had dominated Washington's political establishment for decades, Rockefeller's Eastern establishment background and his opposition to Goldwater in 1964 personified everything that was wrong with mainstream Republicanism. As Viguerie notes, the radical right did not lack money or enthusiasm, nor did it lack ideas and ideologues; what it lacked was a leader who could appeal to the electorate and convince citizens of the need for radical change. The leader who emerged to fill this vacuum was Ronald Reagan.

Reagan dates his own conversion from New Deal liberalism to his early days in Hollywood when he came to believe that the film industry was riddled with communists whom liberals refused to oppose. By the 1960s, he had not only become a dedicated anticommunist but an opponent of the very policies

Roosevelt had introduced. In 1962, he formally changed party affiliation to join the Republicans and in 1964 he campaigned aggressively for Goldwater. Polonberg (1988) points out that Reagan's speeches at this time were characterized by a virulent antiwelfarism which castigated the welfare state as "the most dangerous enemy known to man," and ridiculed unemployment insurance as a state sponsored "prepaid vacation plan for freeloaders."

During the 1970s, radical right wing forces gathered around Reagan. Disillusioned with traditional republican leaders, they had considerable resources at their command. Far right business tycoons such as William Simon and Charles Wick poured millions of dollars into the campaign. The candidate also had a clearly articulated ideology with specific programs for action. Beginning with William Buckley and the creation of National Review in the 1950s, the intellectual base for radical right wing ideas had been carefully articulated. With the help of right wing think tanks, and numerous journals and magazines, these ideas were presented as a plausible program for action. Effective coalitions were built with electorally significant movements such as the fundamentalist Christian right, and with the support of highly organized campaigners such as Viguerie and Weyrich, the stage was set for a Reagan victory in 1980. In addition, salutary lessons had been learned from the campaign for the Republican nomination in 1976.

Jimmy Carter was an ideal opponent. Despite his effective use of populist electoral strategies in the 1976 presidential race, Carter was caught in a web of circumstances that favored the Reaganite strategy. The economic difficulties of the 1970s were presented as the result of liberal mismanagement, heavy taxes and an overgenerous welfare system and not as a consequence of global difficulties stemming from the rapid oil price increases or from deindustrustrialization and other international economic events. An increase in permissiveness, moral relativism and individual choice which had characterized the 1960s was depicted not as the consequence of inevitable social change in an advanced industrial society but of the failure of liberalism to maintain social order and support traditional values. The foreign policy debacle of Iran was successfully portrayed

as the result of liberal weakness and placatory concessions to the nation's enemies. Exploiting these problems, Ronald Reagan successfully caricatured Carter and his troubles as a manifestation of failed liberalism and he victoriously secured the White House.

The Ideology of Reaganism

If events in the 1970s served the radical right's campaign efforts, the message they presented is equally important in understanding Ronald Reagan's electoral appeal. Juxtaposing their new, easily comprehensible and aggressive ideology against the teachings of mainstream liberalism, the radical right secured widespread voter support. While notions of self-doubt, a recognition of the complexity of issues, and the toleration of diverse views have long been central ingredients in traditional liberal thought, these became electoral liabilities. In the context of serious economic difficulties, increased moral relativism and declining international influence, the ideals of liberalism appeared ineffectual and incapable of dealing with the problems of the time. Reaganism, on the other hand, offered simple, commonsensical and vigorous solutions. Reagan's aggressive posturing on international issues, his dogmatic assertion that tax cuts and welfare reductions would resolve economic problems, and his promise of better times were effectively packaged.

However, behind the media messages lay a serious and deadly effective constellation of ideological beliefs which had been successfully forged into a unitary system through years of intellectual experimentation. These were cleverly synthesized to comprise the new ideology of Reaganism which had considerable appeal. At least three themes can be identified within this complex ideology: these are economic individualism, cultural traditionalism and authoritarian populism.

The Role of Economic Individualism

The New Deal legitimized state intervention in economic, social, cultural and other spheres of life and exemplified a concerted attempt at economic regulation and planning. Using Keynesian techniques, post-New Deal administrations intervened directly to manage the economy. The prosperity of the 1950s

and 1960s suggested that interventionism was not only desirable but effective. A few dissenters, such as Hayek and the minority free-market wing of the Department of Economics at the University of Chicago (where Milton Friedman's ideas were cultivated) were relegated to the fringe of the discipline.

Keynesian doctrine first appeared to be in serious difficulty in the early 1970s when the phenomenon of stagflation became endemic. Recessionary tendencies had previously been amenable to demand stimulus, but now recession and soaring inflation combined to present a new and apparently insoluble problem. Faced with stagnation, escalating energy costs, increasing trade union activism, falling productivity, de-industrialization and capital flight, Keynesianism seemed impotent. Suddenly, the advocacy of radical economic individualism seemed plausible.

Friedman was the first of the radical economic individualists to gain national attention. His *Capitalism and Freedom* (1962) was written in lay language and despite claims to positivist objectivity, it offered an attractive ideological formulation which was highly compatible with American traditional culture. Friedman worked closely with Goldwater to develop a radical right alternative economic strategy and by the mid-1970s, his ideas had formed the basis for various economic individualist theses.

The most important of these was Arthur Laffer's supply-side economic theory which contended that large reductions in taxation would stimulate economic activity and, as a result of higher output, generate higher fiscal revenues. Supply-side teachings caught Reagan's imagination and provided formal justification for his instinctive desire to slash taxes. And it was in the name of supply-side economics that massive budgetary cuts and tax reductions were introduced early in the president's first term.

The ideological bases for monetarism, supply-side economics and similar formulations are grounded in classical individualist thought and, as such, offer little that is new. They have, however, been implemented with considerable effect. In the United States, supply-side ideas resulted in the massive de-regulation of broadcasting, communications and the energy sector. They also resulted in substantial budgetary reductions particularly to state welfare programs. And, as Phillips (1990)

reports, they produced a substantive re-distribution of income in favor of the wealthy.

However, the promised results of the aggressive adoption of economic individualism have not been realized. Tax and budgetary reductions have not spurred prosperity but have resulted in a mammoth deficit and in the increased immiserization of the poor. Contrary to the belief that de-regulation would facilitate greater competition, monopolization continues apace. Privatization of state human service programs has not magically solved pressing social problems but merely provided new avenues for entrepreneurship. Also, the radical right's dogmatic adherence to economic individualism has not reduced state power. Instead, the Reagan years have shown that the very considerable resources of the state can be used to promote the sectional interests of the powerful rather than the general welfare of the population.

The Importance of Traditionalism

A second theme in the ideology of Reaganism is cultural traditionalism. Conservatives have always valued tradition and order and this impulse was successfully integrated into the Reaganite campaign. A primary stimulus for the radical right's obsession with order was the counterculture of the 1960s. The rise of campus and other revolutionary groups, an increase in labor activism, the urban riots, the popularization of narcotics, increased sexual freedom and mass opposition to the Vietnam War appalled conservatives and appeared to threaten the fundamental values of American society. While the Johnson administration was hardly subversive of established authority, its liberalism bore the brunt of the traditionalist backlash.

Transitionalist reaction to permissiveness and diversity came from several quarters. As may be expected, it galvanized fundamentalist opinion which eagerly supported Reagan. The promise of order also had considerable appeal to 'middle Americans' in the suburbs and rural communities who viewed campus idiosyncrasies, urban violence and loud rock music alike with increasing alarm. But of equal significance was the reaction of a group of intellectuals, loosely known as the Neo-conservatives,

who provided the theoretical basis for the traditionalist component of Reaganite ideology.

Although Irving Kristol and Norman Podhoretz are most frequently identified as the movement's leaders, numerous other writers and academicians including Robert Nisbett, Michael Novak, George Gilder, Peter Berger and others have been associated with Neo-conservative thinking and with their leading journals *Commentary* and *Public Interest*.

Central to the Neo-conservative's critique lies an abhorrence of liberalism's acceptance of modernity and permissiveness. Kristol regards the rampant individualism of the modern age as a primary cause of societal ills. By placing individual rights above those of duty and responsibility to the wider community, the values of society are dangerously weakened with the result that nihilism replaces order and undermines organically binding institutions. This has resulted in an increase in crime, violence, and other social problems and in the demise of the traditional family with a concomitant increase in welfare dependency. Instead of counteracting these trends by seeking to impose traditional values, the modern state has licensed permissiveness, and thus undermined vital social institutions.

These ideas have been articulated with particular reference to welfare and family policy in the writings of George Gilder (1973, 1980) and Charles Murray (1984), both of whom claimed that the liberal New Deal and its welfare programs had undermined the traditional family and its responsibility to care for its members. The rise of feminism had further exacerbated the problem, creating fatherless, rootless families unable to utilize their own resources to contribute to the good of the community. Similarly, the increase in permissiveness had encouraged illegitimacy and welfare dependency.

The Neo-conservative's rejection of moral relativism and their emphasis on the revitalization of traditional values had electoral resonance. The Reagan campaign aligned closely with the fundamentalist Christian right and although Carter had previously claimed to be a born again Christian, his support of liberal causes such as abortion caused massive defections of his fundamentalist followers. Concentrating their electoral effort on

those constituencies that were most amenable to traditionalist appeal, the Reaganites scored notable gains.

There were some attempts to translate traditionalist ideas into legislative action during the Reagan years. Although the introduction of the Family Life Support Bill in the administration's early years was a major traditionalist legislative initiative, it failed miserably. If enacted, it would have restricted abortion, prohibited legal aid in cases of divorce, abortion and homosexual rights, required an emphasis on traditional American family values in the classroom and prohibited teaching materials that "denigrates the role of women as it has been traditionally understood" (Jorstad, 1987, p. 18). Nevertheless, it appears that the traditionalist struggle against abortion, pornography and accessible contraception, which is today being waged in the streets by highly committed groups of right-wing and fundamentalist activists, is making some headway.

The Appeal of Authoritarian Populism

American politics has relied extensively on populist ideological strategies and Ronald Reagan's use of these techniques were not, therefore, novel. Indeed, Jimmy Carter had shown in the 1976 campaign that he was a dexterous manipulator of populist sentiment. But Reagan played the populist card with greater effectiveness not only in terms of electoral technique but in terms of ideological content.

Analysts of populism (Wiles, 1969; Canovan, 1981) have contended that populism has greatest appeal in times of social stress. Effective populist political strategies seek to exploit feelings of discontent by juxtaposing the interests of ordinary people against those of the cause of discontent. During the Reagan campaign, the liberal establishment and its big government, were effectively presented as the cause of social ills.

A major focus of the Reaganite populist campaign was the economic difficulties of the time. While most politicians recognized the complexities of the situation and supported efforts to formulate intricate solutions, ordinary people became increasingly perplexed. The presentation of a simple diagnosis of the situation, and of straightforward remedies in terms that were readily comprehensible was highly successful. Instead of

attributing economic woes to complex international and domestic developments, the Reaganites blamed indifference, high taxes, welfare dependency and trade union obstructiveness for the country's economic difficulties. Since this confirmed popular beliefs, many voters instinctively identified with the candidate and his simple, homespun explanations.

The Reagan campaign skillfully injected another element into the populist agenda—strong, authoritarian leadership. Casting Jimmy Carter's entanglement in the Iran crisis as weak and indecisive, Reagan projected a belligerent Rambo-like approach to foreign policy and particularly towards communism. Here was a leader who would not placate the enemy but assert American superiority. The "evil empire" would be resisted with a massive defense build-up and with technologically superior new weaponry that would secure military supremacy. Even though the president's television appearances suggested a faltering approach, an indecisiveness when answering questions, and a preference for jelly beans rather than war, the strong leader image was effectively cultivated and it had huge appeal.

Other elements which formed the basis of Reaganite authoritarian populism include antiwelfarism, traditionalism, racism, anticommunism and patriotism. The Reaganite attack on welfare, moral relativism, the alleged excesses of affirmative action, and the decline in national pride effectively exploited subterranean authoritarian sentiments, and provided comfort to those who felt that their grievances were being ignored by an indifferent political establishment. The appeal to populism also had the effect of facilitating social cohesion. The administration's unrelenting attacks on the Soviet Union strengthened the image of a common enemy and fostered cohesion. By exploiting populist sentiments, Reagan deftly developed Nixon's earlier notion of the silent majority. Ordinary people who opposed welfarism, communism, permissiveness and the excesses of liberalism were not only in the majority, but the authentic upholders of true American values and beliefs. In so doing, Reagan not only increased his electoral support but enhanced emotive feelings of nationhood and fostered an organic identification between the people and their national leader. Since this reduced the feelings of alienation and discontent which characterized the late 1970s,

the claim that the Reagan had restored national pride and self-confidence has some validity.

Social Policy and the Ideology of Reaganism

The themes which comprised the ideology of Reaganism have found expression in the administration's various programs and legislative enactments in social policy. Economic individualist ideas pervaded the substantial budgetary cuts imposed on the human services during the president's first term. Traditionalist ideas were expressed in the way administrative procedures in the human services were tightened to the detriment of needy women with children. The Family Support Act of 1988 gave expression to both economic individualist ideas and to an underlying traditionalist antagonism to single parent families dependent on state support. By curtailing human service programs, the Reagan administration effectively affirmed dearly held beliefs about the importance of work, sobriety and success in American society.

In their campaign, the Reaganites consistently emphasized antiwelfarist themes, effectively evoking the familiar image of the workshy, freeloading welfare recipient who is luxuriously supported by the state at great cost to the taxpayer. Although antiwelfarist sentiments have long had a prominent place in the folk demonology of American popular culture, Reagan effectively linked economic troubles and the perceived decline in moral standards to the Johnson administration's social policy initiatives. Drawing on the arguments of right wing think tanks as articulated by Murray (1984), he effectively communicated the idea that American social policy over previous decades had harmed rather than helped the poor. The alternative, he argued, was a radical disengagement of the state from social welfare. Unlike his conservative predecessors who sought to curtail welfare, Reagan argued for abolition.

Although the Reagan administration did not meet this objective, it certainly tried. In its first two years of office, it imposed substantial budgetary cuts on social expenditures and by 1984, as Bawden and Palmer (1984) reported, the administration had succeeded in cutting deeply into major social programs. Unemployment insurance had been reduced by 17.4%, child nutrition

programs by 28%, food stamp expenditures by 13.8%, and the Community Service Block Grant program by 37.1%. Aid to Families with Dependent Children, a primary target of the administration's antiwelfarism, suffered by a cut of 14.3%. These cuts were accompanied by reductions in benefits levels and by the imposition of stringent eligibility requirements which excluded many needy people from receiving any form of aid. Moffit and Wold (1987) have shown that the cuts in the 1981 Omnibus Budget Reconciliation Act alone terminated as many as 35% of working AFDC recipients.

The attack on the human services was accompanied by substantial tax cuts which were intended not only to implement supply-side doctrine but as David Stockman (1986), the administration's budget director cynically admitted, to starve Congress of the revenues needed to restore the cuts and to introduce new programs. Tax cuts benefited the wealthy and the corporations. Citing just one example of the massive subsidies directed at the commercial and industrial sectors, Harrison and Bluestone (1988) show that changes to the rules governing the depreciation of equipment resulted in taxpayers subsidizing the full costs of business capital outlays. The antiwelfarist developments of the 1980s were consonant with Reaganite ideology which had consistently condemned state involvement in welfare. Instead, self-reliance, the family, the voluntary sector and the for-profit commercial human service sector would replace the state as primary providor. As Carlson and Hopkins (1981), two Reagan White House aids explained, state provision would be permitted only for those who could not work and had absolutely no other means of support.

Two factors impeded the realization of the radical right's antiwelfarist goals. First, Congress resisted the cuts and with the return of a Democratic majority, the Reaganite agenda was thwarted. Second, the cuts and the recession combined to generate a highly visible poverty problem. As Friedmanite monetarist prescriptions were introduced by the Federal Reserve, and as interest rates soared, GNP fell by 4.9% in the fourth quarter of 1981 alone and by another 3.2% during 1982. By the end of 1982, 4.5 million more people were unemployed than in 1979 (Harrison and Bluestone, 1988). Homelessness became

a serious problem and the incidence of infant mortality and hunger increased. Faced with these dramatic consequences, the administration reluctantly began to soften its position. Monetary policy was relaxed and budgetary appropriations for military and other items were increased.

But while the welfare state survived, the Reaganites succeeded in severely undermining its legitimacy and budgetary base. It is perhaps ironic that the administration's artificially induced recession and its massive budget cuts impeded its primary goal of abolishing the welfare state. Had the recession not been so severe, and produced negative reactions, the administration may not have reversed its position. And, had the budget cuts not been so ruthlessly and carelessly implemented, the voluntary sector might well have emerged as a credible alternative to state provision. Instead, as Salamon (1984) noted, budget appropriations for the voluntary sector suffered major cuts and this effectively hindered its ability to replace state services.

The Reagan Legacy: Durable or Transient?

The Reagan administration's coming to office in 1981 heralded a major change in American politics. The radical ideology of Reaganism coupled with an aggressive political style suggested that Reaganite resolve would engender enduring economic, political and social changes. Now, ten years later, it is possible to make some initial assessment about the significance of the Reagan years.

As has been suggested earlier, the Reagan administration did not achieve all its objectives. The welfare state remains more or less intact even though its effectiveness has been impeded. Although somewhat more fragmented that before, welfare pluralism continues to characterize the American approach to social policy and despite the Reagan onslaught, the country remains what Jansson (1988) and others have called as a 'reluctant welfare state'.

On the other hand, the administration clearly introduced significant and durable changes. Perhaps the most important of these for social policy is the budget deficit which will effectively preclude the generation of new revenues for social expenditures in the immediate future. The successful facilitation of populist

antitax sentiment through tax cuts, tax reform and skillful campaigning, have reinforced popular antipathy to new revenues, especially for the human services. Of equal importance is the effects the Reagan years have had on the Democratic party which has failed to mount an effective counterattack. While the Reagan administration did not succeed in bringing about a fundamental political realignment in electoral politics, it weakened the liberal consensus. As Schneider (1988) observed, moderates within both parties who previously formed the core of centrist liberalism, have been swept to the side while those on the right now appear to hold sway. The hardening of public opinion as well the deliberate weakening of the trade unions has exacerbated the problems facing the Democratic party and its traditional allies. While welfarists within the party search for ways of presenting their ideals in ways that are electorally realistic, many have turned away from the party's historic commitment to welfare. In this situation, it not clear who will effectively represent the deprived, needy and powerless in American society.

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Changes in Poverty, Income Inequality and the Standard of Living During the Reagan Years

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The record of economic well-being in the 1980s belied Reagan's claim that Americans would be better off if they scaled back the welfare state and cut tax rates. Though the standard of living rose, its growth was no faster than during 1950–1980. Income inequality increased. The rate of poverty at the end of Reagan's term was the same as in 1980. Cutbacks in income transfers during the Reagan years helped increase both poverty and inequality. Changes in tax policy helped increase inequality but reduced poverty. These policy shifts are not the only reasons for the lack of progress against poverty and the rise in inequality. Broad social and economic factors have been widening income differences and making it harder for families to stay out of poverty. Policy choices during the Reagan Administration reinforced those factors.

One overarching goal of the welfare state is to promote and ensure the economic well-being of its people. Since World War II the consensus view in the United States has been that this goal is best pursued by developing and expanding social welfare policies concerned with income maintenance, health care, housing, education and job training, labor market outcomes, and social services. The Reagan Administration challenged the consensus, arguing that the Nation's economic well-being would be promoted more effectively by scaling back and reorienting the modern social welfare state. Though Congress resisted the massive cutbacks of social welfare spending proposed by the Administration, it did acquiesce to substantial reductions relative to the trends of the 1960s and 1970s.

Did this shift in policy direction increase Americans' economic well-being, as Reagan's policy makers claimed it would?

Did it make us worse off? Or, despite the heated debates and political maneuvering, did it make little difference either way?

To assess the general level of economic well-being in a society, we need answers to a relatively small set of questions: What is the average level of economic well-being (the standard of living)? Has it been increasing? How many people have standards of living that are unacceptably low? That is, what is the level of poverty and what is its trend? How equitable is the distribution of economic well-being, and is it becoming more or less equitable? Because defining and measuring "equity" raise insuperable problems, analysts usually rephrase this last question in terms of the level and trend of inequality of economic well-being.

The first task of this article, then, is to describe the changes in poverty, inequality and the standard of living during the Reagan years, and compare them to trends of the prior 30 years. These are the broadest indicators of economic well-being and the ones most frequently used, but are hardly exhaustive. One might also want information on life expectancy, infant mortality, hunger, homelessness, leisure, and related social indicators. Because these three indicators omit important aspects of the quality of life, one must always keep in mind they are indicative of economic well-being, not human welfare.[1]

Poverty, inequality and the standard of living are products of complex social and economic forces. Many, such as the pace and nature of technological change, international economic trends, and demographic change, are largely outside the control of the public sector. Others, though, are not. Policy choices about the size and nature of cash and noncash income support programs, oversight and regulation of the labor market through minimum wage, antidiscrimination and other policies, the development of human resources through public education and job training programs, and the character of the tax system can significantly alter the distribution of income and level of poverty. Depending on their character, such policy choices can counteract market-driven and demographic influences on poverty and inequality, or reinforce them.

To what extent did the changes in social welfare policies during the 1980s produce the observed changes in poverty and

inequality? To what extent were they products of more fundamental economic and social forces and, therefore, would have occurred regardless of who held the Presidency and set the domestic policy agenda? The article's second task is to address these questions.

Economic Well-Being Before and After Reagan Took Office

The Standard of Living

The quality of life depends partly on a person's consumption of material goods and services, but also on intangibles such as freedom, degree of security from crime and violence, the quality of family and personal relationships, and spiritual contentment. So, while we would like to know the trend in the average quality of life before the Reagan era, and how it changed in the 1980s, no one knows how to fully measure this concept. Instead, we examine the material standard of living.

Column 1 of Table 1 shows the trend in real median family income measured by the Census Bureau. The 1980 value is indexed to 100 as a convenient point of reference.

Although the trend in real median family income is a widely used indicator of the standard of living, it can be misleading for several reasons. A growing fraction of Americans have chosen to live alone, cohabit with partners or otherwise have living arrangements that do not count as "families" according to the Census Bureau definition. Looking at median family income ignores the trend in income among the increasing portion of the population living as "unrelated individuals." Also, because average family size has declined over time, in recent years the same real income can buy a higher standard of living for the typical family. The trend in median family income does not adjust for the decline in average needs.

To deal with these problems, column 2 shows the trend in real median income after three adjustments. First, all income receiving units are included, not only families. Second, the income of each unit is corrected with an "equivalency scale" that adjusts observed incomes for differences in the age structure and size of families. Third, instead of counting each unit's equivalent income once to derive the median, each person in the unit is

Table 1

Trends in Real Median Income Under Alternative Measures of Income and Reporting Unit, 1950–1988 (1980 = 100)

	Census Bureau Family Income All Families	Adjusted Family Income, Person Weights, All Persons
1950	54	NA
1955	65	NA
1960	74	NA
1965	86	NA
1970	99	87
1973	106	96
1975	100	93
1979	106	103
1980	100	100
1981	96	98
1982	95	97
1983	97	99
1984	100	102
1985	101	104
1986	105	108
1987	106	109
1988	106	112

NA = not available

Source: Column 1: U.S. Bureau of the Census (1990b, table 727). Column 2: Karoly (1990, table B.1).

assigned its equivalent income. The equivalency scale is the one implicit in the federal poverty thresholds (discussed below). The median is then computed over all persons. Each person, rather than each family, carries equal weight. As in Column 1, the 1980 value of median "adjusted family income with person weights" is indexed to 100. These data are not available for as long a period as the standard Census Bureau measure. (See U.S. House of Representatives, 1990, pp. 1070–1071 for explanation of the approach. Though an improvement compared to using median family income, this approach is still problematic because the

income concept used in the series excludes noncash forms of income and does not deduct direct taxes.)

Real median family income grew steadily from 1950 to 1973 and nearly doubled over this period. The oil crisis of 1973 and ensuing recession produced a sharp decline by 1975, but incomes recovered by 1979. The severe recession which began in 1980 and continued during the early years of the Reagan Administration drove median family income sharply down in the early 1980s. Since 1982, median family income has gradually risen and in 1987 finally reached the level last experienced in 1973.

From 1950 to 1980, the average growth rate of real median family income was 2.1% per year. In contrast, during the eight years of Reagan's term the annual growth rate was only 0.7%. Compared to the prior 30 years, the Reagan era was not a prosperous one. On the other hand, it was far better than the trend from 1970 to 1980, when real incomes stagnated.

The evidence in column 2 leaves a rather different impression of the Reagan years and how they compare with the 1970s. The decline in income during the early 1980s appears less severe and the recovery looks much stronger. Real adjusted family income grew at a rate of 1.4% during the Reagan years, twice the rate in column 1. However, real adjusted family income also grew by 1.4% during the 1970s. Based on this income measure, then, the Reagan years did not produce an improvement in the growth rate of the standard of living compared to the prior decade.

Column 2 is probably closer to the "truth." Because its income measure is based on reports from the entire population, corrects for needs, and gives all persons equal weight, it better captures the trend in the standard of living for the median resident of the United States. Under either measure, though, one can reasonably conclude that on average people had higher incomes when Reagan left office than when he entered, but that the Reagan years did not increase the growth rate of the standard of living compared to its record over the three prior decades.

The 12% increase in living standards from 1980 to 1988 (from column 2) was not uniformly enjoyed by all types of families. For person in families with a married couple and children, real

mean adjusted family income rose 14.3%. For those in families with a single mother and children, however, the real mean actually fell 1.3% Among the nonelderly childless, it rose 11.3%; among the elderly childless, it rose 13.0%.[2]

Income Inequality

Table 2 shows the trend in the distribution of income based on a simple summary measure of inequality: the ratio of total income received by the top 20% of the population to total income received by the bottom 20%. Of the many ways to measure income inequality: this one has the advantage of being available for the distribution of income among families as defined by the Census Bureau and for the distribution of adjusted family income with person weights. Thus, the columns in table 2 use the same concepts of income and reporting unit as the corresponding columns in Table 1.

Column 1 shows that income inequality among families exhibited little trend from 1947 until the early 1960s, declined modestly until the late 1960s, and increased modestly until 1980. The Reagan years witnessed a sharp increase in inequality without precedent since 1920 (Williamson and Lindert, 1980, pp. 76–77). The summary measure increased 18% between 1980 and 1988, to the highest value observed since 1947, when this data series began. And it was higher yet in 1989.

The data in column 2 tell nearly the same story. Inequality of adjusted family income rose slightly in the 1970s, and rapidly in the 1980s. In contrast to the pattern in column 1, inequality crested in 1986–1987 and dropped slightly in 1988. (Information for 1989 is not available.)

Poverty

The official measure of poverty is derived from a set of poverty lines which vary by household size, the age of the head of the household, and the number of children under 18. (Until 1981, sex of the head of household and farm/nonfarm residence were other distinctions.) The poverty lines are updated yearly by the percentage change in the Consumer Price Index, so they represent the same real purchasing power each year. For 1988 the average line for a family of four was $12,092. If a family's

Table 2

Trends in Income Inequality Under Alternative Measure of Income and Reporting Unit: Ratio of Share of Top 20% to Share of Bottom 20%

	Census Bureau Family Income All Families	Adjusted Family Income, Person Weights. All persons
1947	8.6	NA
1950	9.5	NA
1955	8.6	NA
1960	8.6	NA
1965	7.9	NA
1970	7.6	NA
1973	7.5	7.4
1977	8.0	7.9
1979	8.0	8.0
1980	8.2	8.3
1981	8.4	8.9
1982	9.1	9.7
1983	9.1	9.9
1984	9.1	10.0
1985	9.5	10.3
1986	9.5	10.3
1987	9.5	10.3
1988	9.6	10.0
1989	9.7	NA

NA = not available.

Source: Column 1, computed from data in U.S. Bureau of the Census (1989) for 1947–1987; U.S. Bureau of the Census (1990a, p. 30) for 1988-1989. Column 2, computed from data in U.S. House of Representatives (1990, p. 1092).

annual income falls below its poverty line, its members count as poor.

The official poverty definition measures income by counting cash income from all public and private sources, except capital gains. It does not take into account public or private non-cash benefits such as food stamps, subsidized public housing or employer-provided health insurance, nor does it subtract taxes.

Table 3.

Percentage of Persons in Poverty, 1959-1989

	Official Poverty Measure	Official Poverty Measure Adjusted for Selected Noncash Transfers and Taxes
1959	22.4	NA
1965	17.3	NA
1969	12.1	NA
1974	11.2	NA
1979	11.7	9.9
1980	13.0	11.6
1981	14.0	13.2
1982	15.0	14.2
1983	15.2	14.6
1984	14.4	13.9
1985	14.0	13.5
1986	13.6	13.1
1987	13.4	12.6
1988	13.0	12.0
1989	12.8	NA

NA = not available

Source: Column 1, U.S. Bureau of the Census (1990a, p. 57); column 2, U.S. House of Representatives (1990, p. 1042).

Yet both noncash benefits and taxes affect a family's standard of living.

The first column of Table 3 shows the rate of poverty among persons according to the official federal poverty measure. In 1959 22.4% of Americans were poor. In the next decade the poverty rate declined dramatically to 12.1. After a small increase during the mild recession of the early 1970s, it decreased again to 11.1% in 1973, the lowest level ever observed. The level of poverty rose slightly in the mid and late 1970s but was less than 12% at the end of the decade. The economic downturn during the early 1980s drove poverty sharply up. It peaked at 15.2% in 1983, the highest rate since 1965. During the remainder

of Reagan's term, poverty gradually declined as the economy expanded. By 1988 it had fallen merely 2.2 percentage points to 13.0%, higher than any year from 1968 to 1979 and equal to the 1980 level. A year later, the poverty rate was 12.8%, the same as in 1968, and 31.5 million persons were poor, 3.2 million more than in 1980.

Among major demographic groups, only the aged have made sustained strides against poverty. Their 1988 poverty rate of 12.0% was the lowest ever for this group and marked a decline of 3.7 percentage points from 1980, just before Reagan took office. Poverty among children, in contrast, soared to more than 22% in 1983 and was 19.5% in 1988. This rate was 5.6 percentage points greater than in 1969, the year when child poverty was lowest, and 1.2 percentage points greater than in 1980. Children are now the poorest age group in the United States, and have been since 1974.

Poverty among blacks was 31.3% in 1988, 1.2 percentage points lower than in 1980 but no lower than it was throughout most of the 1970s. Among Hispanics, 26.7% were poor in 1988, 1.0 percentage points greater than in 1980. And among whites, the 1988 poverty rate of 10.1% was virtually identical to the 1980 rate.[3]

Column 2 of Table 3 shows the recent trend in poverty using a modified measure of income in conjunction with the same official poverty lines. Means-tested noncash transfers from the federal food stamp, school lunch and housing programs are valued at their estimated private market cost and added to the income measure. Medical benefits are not included because there remains substantial disagreement about how to properly measure their value to low income persons. Federal income taxes and the employee share of federal payroll taxes are subtracted. (See U.S. House of Representatives, 1990, pp. 1038–1039 for further detail.)

Because low income persons receive most food and housing benefits and pay relatively few income and payroll taxes, these adjustments lower the poverty rate in each year by between 0.5 and 1.4 percentage points. They do not, however, significantly affect the trend during the Reagan years. the poverty rate still peaked in 1983, then declined slowly. One minor difference is

that in 1988 it was slightly greater than in 1980. According to this measure, there were 29.2 million poor persons in 1988, 3.2 million more than in 1980. (Data for 1989 are not yet available.)

Economic Well-Being During the Reagan Years: The Bottom Line

A central tenet of Reagan's 1980 campaign was that Americans would be better off economically if they scaled back and reoriented the modern social welfare state, and cut marginal tax rates. Bowing to the ensuing political mandate, Congress launched a great experiment to test this claim by cutting back the expansion of social welfare expenditures and passing major tax cuts. How did it turn out?

Not very well. On the positive side, the standard of living rose. But its growth rate was no faster than during the 1950–1980 period, and persons in families with a single mother and children were, on average, worse off in 1988 than 1980. The gap between the most and least affluent widened substantially. Indeed, the gap widened so much that, even though real median income rose, the average real income of persons in the bottom fifth of the adjusted family income distribution *declined* by about 2% between 1980 and 1988 (U.S. House of Representatives, 1990, p. 1092).

The deterioration in economic well-being among lower income persons was best captured in the poverty statistics. The level of poverty at the end of Reagan's term was identical to its level in 1980. Throughout the Reagan years, poverty affected a larger percentage of Americans than in any year from 1968 to 1979.

If there is a "Big Tradeoff" between equality and efficiency (Okun, 1975), the efficiency oriented policies of the Reagan Administration, pursued at the expense of efforts to directly reduce poverty and income differences, might have been expected to pay off by producing more rapid growth in the standard of living. From this perspective, the record of poverty and inequality in the 1980s may not be surprising. What is surprising is the failure of median adjusted family income to rise faster than during the 1970s, a decade widely perceived as economically stagnant, and one when social welfare spending rose rapidly.

Did Reagan's Policies Make Poverty and Inequality Worse?

This section presents evidence on the extent to which the changes in poverty and inequality can be attributed to changes in income maintenance and federal tax policy enacted during the Reagan years. The analysis concentrates on these policies because they directly affect the net incomes of many families. Other recent changes in social welfare policy have affected poverty and inequality by altering the distribution of market income. For example, federal policies on financial aid for college students affect attendance choices and, consequently, adult earnings. These more indirect effects are difficult to detect, have received little attention, and so will not be discussed.

Accounting for Changes in Poverty Between 1980 and 1988

Three basic factors drive changes in poverty. Changes in real earnings and other private sources of income (market income) affect "market poverty," the number of persons who are poor if only their before-tax market incomes are counted. Second, because income support programs and taxes alter most families' market incomes, changes in these policies affect the number of poor after transfers and taxes are counted in income, given the level of market poverty. Third are demographic factors. Overall population growth would increase the number of poor even if the rate of market poverty and the impact of transfers and taxes on poverty did not change. Demographic shifts towards groups with higher (lower) than average rates of poverty would tend to increase (decrease) the overall level of poverty, other things equal.

Table 4 shows how much of the 3,184,000 increase in the number of poor persons between 1980 and 1988 can be accounted for by each of these components.[4] The measure of poverty is identical to that in column 2 of Table 3, which includes benefits from food and housing programs in income and subtracts major federal taxes.

A clear story emerges. Gains in market incomes during this period acted to reduce the number of poor by 973,000. The net effect of changes in federal tax policy was to further reduce the number of poor by 450,000 in 1988. The Tax Reform Act of 1986 eliminated income tax liabilities for nearly all poor persons and families and expanded the earned income tax credit. The

Table 4

Sources of the Increase in the Poverty Population Between 1980 and 1988

Change in number of posttransfer, posttax poor due to:	
Market income changes	–973,000
Social insurance program changes	250,000
Means-tested program changes	1,734,000
Federal tax changes	–450,000
Average population growth	2,163,000
Demographic shifts and other	460,000
Total increase	3,184,000

decline in poverty produced by these reforms was partly offset by increases in Social Security taxes.

Cutbacks in social insurance and means-tested transfer programs, in contrast, *raised* the number of poor by 1,984,000. Without this increase, the rate of poverty would have been 0.8 percentage points lower in 1988—below the 1980 value instead of above it. Cutbacks in means-tested benefits were responsible for the bulk of the increase. Controlling for changes in market incomes, government transfers and federal tax policy, simple population growth plus other demographic factors would have added 2,623,000 poor persons.

The cutbacks in welfare programs, especially AFDC and food stamps, were championed by the Reagan Administration as a means to reduce dependency and encourage work. Success in these objectives was minimal, and at the high cost of increasing poverty. The increase was particularly felt among persons in single parent families with children. The cutbacks pushed more than 1.1 million of them below the line and raised their rate of poverty by 3.9 percentage points.

Though federal welfare policy changes under Reagan bear much of the responsibility for helping to increase poverty, the states are also partly responsible. During 1980–1988 most states allowed their AFDC benefits to fall in real terms, thereby further reducing the antipoverty effectiveness of this important element of the safety net.

Accounting for Changes in Income Inequality

Gramlich, Kasten and Sammartino (1900) have analyzed the impact of federal taxes and cash transfers on inequality of adjusted family income with person weights during the 1980–1990 period. (This is the same income concept as in column 2 of Table 2.) For 1990, they compare the pretax, pretransfer distribution of income to the posttax, posttransfer distribution to compute the impact of taxes and transfers on inequality. Then, the analysis holds the distribution of pretax, pretransfer income at its 1990 level and adjusts taxes and transfers to what they would have been if 1980 policies had remained in effect, but benefits and taxes had kept pace with the growth of other incomes. This procedure isolates the effects of policy changes from other economic and demographic changes between 1980 and 1990. The impact on inequality is then recomputed. Table 5 displays the key findings using the Gini coefficient, a measure of inequality ranging from 0 to 1, with smaller values indicating less inequality.

Table 5

Impact of Federal Taxes and Transfers on Income Inequality (Measured by the Gini Coefficient)

	Pretax, Pretransfer Incomes	Posttax, Posttransfer Incomes	Decline Due to Transfers and Taxes
1980 Market Incomes, Transfers and Taxes	.473	.395	.078
1990 Market Incomes, Transfers and Taxes	.523	.463	.060
1990 Market Incomes, 1980 Transfers and Taxes	.523	.452	.071

Source: Gramlich, Kasten and Sammartino (1990), tables 4, 8.

Comparing rows 2 and 3 shows that inequality of posttax, posttransfer income would be slightly less if the 1980 transfers and taxes had remained in place. The 1980 policies would have reduced the Gini coefficient by. 071; the actual 1990 policies

reduce by. 060 or 15% less. Most of this decrease can be traced to a decline in the redistributive impact of federal taxes caused by large reductions in marginal income tax rates for persons with high incomes combined with increased payroll tax rates for low and middle wage earners. Again the message is clear: changes in tax and transfer policy during the Reagan years contributed to the increase in inequality.

On the other hand, these changes have played a relatively small role in the overall increase in inequality since 1980. The observed posttax, posttransfer Gini coefficient rose from .395 to .463, or by .068. With 1980 policies in place, the rise would still have been .057, only 16% less. The surge in inequality since the late 1970s owes far more to broad labor market and other economic factors than to shifts in tax and transfer policy.

The Policy Verdict

Did policies enacted during the Reagan Administration make poverty and inequality worse? Yes. Cutbacks in transfer benefits helped increase both poverty and inequality. Changes in federal tax policy helped increase inequality but, on balance, reduced poverty.

At the same time, it would be a serious mistake to attribute the lack of progress against poverty and the increase in inequality entirely to these policy shifts. The extent of poverty and inequality is determined by many social and economic force besides social welfare policy. Beginning in the mid to late 1970s and continuing throughout the 1980s, strong, poorly understood market and demographic forces have been widening income differences in the U.S. and making it harder for families to stay out of poverty. Even if 1980 tax and income transfer policies had remained in place, the 1988 poverty rate based on adjusted income would have been 11.2%, 1.3 percentage points higher than it was in 1979. And the Gini coefficient for income inequality would have been. 057 higher in 1990 than in 1980.

No politically feasible set of transfer and tax reforms could have fully counteracted these market and demographic factors (Gramlich, Kasten and Sammartino, 1990, p. 18). Perhaps the policy response would have partly done so if persons holding traditional views of the welfare state's function had been in control. Instead, the temper of the times and the character

of the Reagan Administration produced policy choices which reinforced those factors.

Implications for Poverty and Inequality in the Future

The rise in inequality is receiving greater public recognition and has emerged as a target for Democratic politicians. These political developments, in concert with continued concern about the deficit, have, as of this writing, thwarted Bush Administration proposals to reduce the capital gains tax, and are creating pressure to modestly raise tax rates on high income persons. The disequalizing effects of the 1980s changes in the income tax, therefore, will probably not continue and may be reversed to a small degree.

Child support obligations will be more widely respected and enforced in the 1990s. This will help reduce poverty and welfare dependence among single parent families. In addition, the work-oriented welfare reforms of 1988 will become more widely implemented in the 1990s and are likely to make a small contribution towards reducing poverty among such families. There also appears to be increasing concern that ghetto poverty (the "underclass") and poverty among children can no longer be neglected. Major initiatives to address these problems have not yet been adopted, but may emerge in the next few years.

In a fiscally conservative climate, it may well be possible to reshape tax and social welfare policies in a manner that reduces the level and growth of spending while preserving or even extending their antipoverty and equalizing impacts. The Reagan Administration and Congress chose not to try. The recent past, however, does not necessarily portend the future. There are grounds for thinking that policy developments in the 1990s will not contribute to greater poverty and inequality, and may even help reduce them. If so, the American welfare state will return to its long-standing function of preserving and enhancing the economic well-being of its inhabitants.

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Notes

1. Assessing economic well-being is not the same as assessing economic performance. The latter might consider employment and productivity growth, the unemployment, inflation and exchange rates, and other broad economic indicators. Taking the stance, though, that the main purpose of economic activity is to improve the material well-being of individuals, this article focuses on measures of economic well-being.
2. The disaggregated figures refer to the mean instead of the median. The trends would be nearly identical if medians were used. The discrepancy is because the means are taken from the U.S. House of Representatives (1990, pp. 1092–1093), but the median for all persons was taken from Karoly (1990, table B-1) because this source had a longer record of data on adjusted family income.
3. In 1989 the poverty rates for these groups were: children, 19.6; aged 11.4; blacks, 30.7; Hispanics, 26.2; whites, 10.0 (U.S. Bureau of the Census, 1990a, pp. 57–59).
4. The results in table 4 are derived using the method described in U.S. House of Representatives (1990 pp. 1051–1053). To statistically decompose the change into several components, the analysis treats each change independently. But in reality changes in one component affect the others. For example, transfers and taxes affect work effort, choice of living arrangements and family structure, and hence, the distribution of market incomes. Market income opportunities affect demographic choices and vice versa. Thus, the findings do not necessarily show the correct net effect of each factor in the decomposition. Despite this qualification, the findings are suggestive of the importance of the various factors.

Income Maintenance Programs and the Reagan Domestic Agenda

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Income maintenance programs are a key feature of the American welfare state. The impact of the Reagan administration's social welfare policies are examined in this article, which also speculates about the long-term effects of his successes on the future of income maintenance programs. Specifically, this article provides a brief historical background of income maintenance programs, examines Reagan's ideological and strategic approach to deconstructing the welfare state, evaluates the domestic successes of the Reagan administration, and explores the long-term impact of Reagan's policies on the future of income maintenance programs.

A precise definition of income maintenance—at least within the American context—is elusive. Some policy analysts define income maintenance programs solely as public assistance programs, such as Aid to Families with Dependent Children (AFDC), General Assistance, and Supplemental Security Income (SSI) (Karger and Stoesz, 1990). Others define income maintenance programs more broadly to include public assistance programs and social insurance programs such as Social Security, Unemployment Compensation, and Workers' Compensation (DiNitto and Dye, 1987). For the purposes of this article the more inclusive definition of income maintenance will be used.

This article provides a brief historical background of income maintenance programs and describes the major changes that have occurred in those programs over the last fifty years. It also examines the Reagan agenda for limiting the income maintenance sector, and the major short- and long-term impact on income maintenance programs resulting from Reagan administration initiatives.

The Pre-Reagan Welfare State

Since its origins in the mid 1930s, the American welfare state has been an amalgam of ideologically disparate programs. Unlike European welfare states such as Britain, the American welfare state did not emerge from a coherent social vision. Instead, Franklin D. Roosevelt created a patchwork welfare state in response to the social volatility of the Depression and the need to salvage what remained of capitalism. Ongoing public assistance-based income maintenance programs for the poor—what has been transformed into AFDC and SSI—were peripheral to the primary social insurance focus of the New Deal. Even the tenuous security offered by the fledgling American welfare state was uneven. For example, unemployment insurance was not generous in its benefits, and Social Security originally excluded certain groups of workers, notably domestics and agricultural workers. Despite these flaws, public assistance-based income maintenance programs grew because they addressed important social needs.

The expectation that welfare programs would lead to greater equality, social justice, and the redistribution of income and resources occurred in its most focused form during the Great Society and War on Poverty programs of the 1960s, a period that came to represent the halcyon days of liberal social welfare policy. Important social welfare policies of the mid-1960s included the Food Stamp Act and the introduction of Medicare and Medicaid. At the same time, aggressive social plans were designed that promised a poverty-free America and a nonstigmatized, community based, and easily accessible system of social welfare. To realize these objectives, the Johnson administration developed myriad programs designed to help low-income children, families, and communities. Ingrained within these programs was a belief that the welfare state could ensure equality of opportunity and a redistribution of social, economic and political resources. In one of the rare instances in recent American history where rhetoric was backed up by fiscal resources, the number of federal domestic aid programs rose from 200 to 1,100 from the early 1960s to 1975 (Gilbert, 1986).

America's brief flirtation with bold social welfare initiatives ended by the early 1970s, and Liberals had few successes to

point out when pressed to justify the massive expenditures of the 1960s. While AFDC rolls tripled (from 3 million to 9.6) from 1960 to 1970, social problems, such as drug addiction, crime, teenage pregnancy, child abuse, and mental illness continued to grow. By 1968 the Great Society programs had become unpopular with the American public and stinging critiques of them began to appear regularly in newspapers and magazines.

The American welfare state entered a paradoxical period with the election of Richard Nixon in 1968. While the bold social experiments of the War on Poverty were terminated or reassigned to mainstream federal bureaucracies, the more established income maintenance programs—Social Security and AFDC—grew dramatically.[1] In addition, when Nixon took office again in 1972, he attempted to streamline income maintenance programs by proposing a Family Assistance Plan (FAP), which called for a guaranteed annual income to replace AFDC, Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). While the FAP was rejected by Congress, the OAA, AB, and APTD programs were federalized under a new program called Supplemental Security Income (SSI). Although the Nixon administration's ambivalence toward social welfare was followed by two low key presidencies, the relative lull in social welfare thinking from 1975 to 1979 was abruptly shattered by the explosion of the Reagan administration.

Vision and Action: The Reagan Welfare State

Unlike the more pragmatic Nixon, Reagan viewed income maintenance through a highly ideological lens. Charles Atherton (1989) outlines five propositions that sum up the New Right's—and by implication Reagan's—socio-political philosophy of income maintenance programs.

First, conservative analysts claim that the welfare state is paternalistic and antilibertarian. They argue that any state with the power to shift resources from one group to another represents a form of economic tyranny. As such, they focus on the abridgement of the rights of those coerced into subsidizing the poor. Second, Conservatives argue that the welfare state is both ineffectual and counterproductive. Third, Conservatives

contend that the welfare state is too expensive, its results are spurious, and they doubt whether the gains made by welfare programs justify spending 17% of the U.S. Gross National Product (GNP). Fourth, Conservatives believe that the welfare state is based on faulty principles of social engineering that eventually lead to centralized planning and a managed economy. Lastly, the welfare state is viewed by many conservatives as having lost sight of basic American values (Gilder, 1981). According to these critics, the welfare state does not reinforce the work ethic; the goal of self-sufficiency, self-support, and self-initiative; the importance of intact families (Mead, 1985); the fiscal responsibility of the parent to the child; and the notion of reciprocity—the idea that recipients have an obligation to behave in a socially acceptable manner in return for receiving assistance.

Reagan's views on income maintenance were informed by the simple philosophy that the way to wealth and national income growth—and out of poverty for the poor—was through a vibrant, nonregulated marketplace and personal initiative. Shortly after assuming office, Reagan signed the Omnibus Budget Reconciliation Act (OBRA) of 1981. Among other things, OBRA substantially cut public assistance benefits and punished recipient family heads who were trying to improve their economic lot. After passage of the OBRA legislation, AFDC recipients found their child care expenses capped at $160 per month per child, their deduction for work expenses limited to $75 per month, and their earned income disregard (the first $30 per month and one-third of income thereafter) eliminated after four months. Combined with other measures, OBRA had a profound impact on AFDC rolls, resulting in 408,000 families losing eligibility and another 299,000 having their benefits reduced. In effect, 5% of the total AFDC caseload became ineligible due to OBRA, and about 35% of those who were working were terminated (Moffitt and Wold, 1987, p. 248). Monthly income loss resulting from OBRA ranged from $229 in Dallas to $115 in Boston. In addition, former AFDC beneficiaries in these cities also lost Medicaid coverage. In Dallas, 59% of terminated families could not secure alternative health insurance; in Boston, 27% (Moffitt and Wold, 1988).

All told, the budget cuts of 1981 resulted in a 11.7% reduction in AFDC funding, stiffer eligibility requirements, and a 19% reduction in Food Stamps (other food programs were reduced by 13%). In addition, the duration of unemployment insurance was reduced by 13 weeks (Day, 1989). Because of budget cuts and other fiscal policies, the poverty rate in 1984 climbed to 15.3%, higher than any year since the early 1960s (Karger and Stoesz, 1990).

For Conservatives, simple reductions in welfare benefits failed to get at the heart of the problem. What was needed was preventive medicine: the transformation of the very tax structure that generated the revenues necessary for welfare benefits. Conservatives justified their position by arguing that if taxes were less progressive, the rich would benefit; however, if the poor were also provided rebates they would benefit as well. By exempting the poor from a predatory and regressive tax structure, Conservatives could cut the flow of vital revenues for welfare programs and improve the lot of those in economic difficulty. Thus, tax policy became social welfare policy, but in a manner antithetical to the liberal understanding of both tax and welfare policy (Stoesz and Karger, 1991).

Tax policy was repeatedly substituted for welfare policy during the Reagan administration.[2] Claiming that the burden of inflation disproportionately affected those on limited incomes, Reagan successfully argued for a tax cut soon after taking office. The concept of using tax expenditures—indirect payments through tax exemptions, credits, or rebates—as a proxy for direct welfare payments was a relatively recent possibility. In 1975 the Earned Income Tax Credit (EITC) was instituted whereby low-income tax-payers were given a rebate. The EITC proved to be just the program that conservatives were looking for as a substitute for direct income maintenance payments.

Despite the increases in EITC, the tax rebates failed to compensate for the deep cuts in welfare programs made under Reagan. According to Kevin Phillips (1990), "Low-income families, especially the working poor, lost appreciably more by cuts in government services than they gained in tax reduction" (p. 87). Moreover, because the wealthy continued to benefit from less progressive taxation, the income disparity between rich and

poor widened. Between 1980 and 1990, the federal tax burden for the richest quintile of taxpayers decreased 5.5%, while taxes of the poorest fifth increased 16.1%. This loss of income occurred despite the increased level of EITC payments (Greenstein and Barancik, 1990).

Although public assistance programs were an important target for Conservatives, the lion's share of federal expenditures were in the social insurances. By the middle 1970s Social Security began to show signs of being in trouble. Between 1975 and 1981, the Old Age and Survivors Fund saw a net decrease in funds with a deficit in the reserve of between $790 million and $4.9 billion a year, an amount that threatened to deplete the reserve by 1983. Moreover, the prospects for Social Security seemed bleak. While the ratio of workers supporting beneficiaries was one to three, by the end of the century the ratio was expected to be two to one. The long term costs of the program would have thus exceeded its projected revenues.

Through 1981 OBRA, the Reagan administration was able to exploit the Social Security crisis by whittling away at benefits, including the elimination of benefits for postsecondary students, and restrictions on payment of the death benefit. These reductions were expected to save the program $3.6 billion by 1983, an amount insufficient to make up for future shortfalls. In order to insure the future integrity of the Social Security system, the Reagan administration quickly empaneled a bipartisan commission. Facing short and long-term problems, Congress moved quickly and passed P.L. 98-21—the Social Security Amendments of 1983. This legislation included various changes, such as a delay in Cost-of-Living-Adjustments (COLA) and a stabilizer placed on future COLAs. In addition, Social Security benefits became taxable if taxable income plus Social Security benefits exceed $25,000 for an individual or $32,000 for a couple. And, by 2027 the retirement age was to be increased to 67 for those wanting to collect full benefits. Although People could still retire by age 62, they would receive only 70% of their benefits, down from the current 80%. Lastly, coverage was extended: new federal employees were covered for the first time, as well as members of Congress, the president and vice-president, federal judges, and employees of, nonprofit corporations. For 1990,

these changes added over $308 billion to the Old Age Survivors Insurance and Disability Insurance Trust Funds (Stoesz and Karger, 1991).

Although Liberals viewed the 1983 Social Security reforms as a success, the major Conservative victories were less apparent. By trimming benefits through OBRA, Conservatives had reversed decades of steady expansion of the Social Security program; by increasing the regressive payroll tax through the 1983 amendments they placed the solvency of the program squarely on the shoulders of middle-income workers. Thus, while total annual federal revenue receipts from income tax fell from 47% to under 45%, revenues from Social Security increased from 31 to 36%. Senator George Mitchell pegged the resulting income redistribution from middle-income workers to the wealthy at $80 billion (quoted in Phillips, 1990, p. 80).

Despite the conservative bent of the 1983 Social Security Amendments, the sharp erosion of income experienced by recipients of public assistance programs was not replicated in the social insurances. This was not for lack of creativity. Conservatives fashioned privatized approaches to almost every governmental function, including the substitution of Individual Retirement Accounts for Social Security. And, despite his campaign pledge, Reagan took on the social insurance programs. Through more restrictive determinations for disability under Social Security, the Reagan administration sharply reduced the number of beneficiaries for disability payments. From 1981 to 1984, the number of initial terminations for disability insurance were four times that for the period of 1977–1980. Between 1978 and 1983, the number of disability beneficiaries declined by more than one million, a reduction of 21.7%. Although over half of those terminated were to have their benefits restored by 1987, the net result was the termination of 37% of cases (Committee on Ways and Means, 1990).

One of the areas hardest hit by the Reagan administration was Unemployment Insurance (UI). In 1975, over 75% of all unemployed workers were covered by UI; by 1980 that number had dropped to 50%; and by 1988 it has dropped to a record low of 31.5% (Karger and Stoesz, 1990). Because rates of unemployment insurance coverage differ on a state-by-state basis,

these aggregate figures tell only part of the story. In states such as Texas, Virginia, South Dakota, Louisiana, Arizona, Indiana, Georgia and Florida, the percentage of workers receiving unemployment benefits in 1988 was at or below 20%.

While the unemployment rate came down from a high of 9.7% in 1982 to 5.5% in 1988, the status of the unemployed did not return to the 1979 level. Specifically, the typical person who became unemployed in 1979 remained out of work for a shorter period of time (10.8 weeks) than in 1988 (13.5 weeks). Moreover, in 1979 there were 535,000 people who were unemployed for six months or more compared to 809,000 people in 1988 (Shapiro and Nichols, 1989). At the same time that spells of unemployment increased, federal and state changes in the UI system made it more difficult for unemployed workers to qualify for benefits. For example, in 1988 it was more difficult for states to provide extended coverage for an additional 13 weeks to workers who had exhausted their 26 weeks of standard unemployment insurance benefits. In 1981, the threshold in which a state can pay these extended benefits was substantially increased at the behest of the Reagan administration (Shapiro and Nichols, 1989). In short, federal policies enacted during the Reagan administration formed a disincentive for states to extend or liberalize their unemployment insurance coverage.

Income Maintenance Programs and the Reagan Legacy

The Reagan administration left an important ideological legacy for the American welfare state, one that was cemented through the creation of a massive budget deficit. The realization of Reagan's ideological promises is best illustrated by the adoption of the Family Support Act of 1988, the crowning domestic achievement of his second term.

Although Conservatives were concerned about Social Security, UI, and SSI, their real attention had always been focused on what they saw as the most vulnerable income maintenance program—AFDC. Until the Reagan administration, welfare reform had a liberal connotation and reform proposals usually called for expanding the scope, benefits, and eligibility of welfare programs. However, by the 1980s conservative scholars began to develop plausible proposals for welfare reform, including

serious proposals in the areas of workfare, community development, and child welfare (Rabushka, 1980; Anderson, 1980; Gilder, 1981; Meyer, 1981; Murray, 1984; Butler and Kondratas, 1987; Novak, 1987; Lind and Marshner, 1987). Within a short period, the liberal hegemony in social welfare was confronted by a group of scholars who held a vastly different view of the limits, scope and responsibilities of the American welfare state. Out of this melange of conflicting interests emerged the Family Support Act of 1988.

The Family Support Act of 1988 was a compromise bill that emerged from a Congress besieged by a huge federal budget deficit. Although inherently conservative, the Family Support Act appeared moderate in light of the proposals coming from the Reagan White House. For example, an earlier proposal made by the Reagan administration, the Low-Income Opportunity Act, would have effectively eliminated a poor mother's entitlement to support from federal welfare programs. This proposal would have given states wide latitude in program design, eligibility guidelines, benefit levels, and the allocation of program resources.

Despite its conservative features, Representative Thomas Downey, Chair of the House Subcommittee on Public Assistance, hailed the Family Support Act as the first "significant change in our welfare system in 53 years" (Eaton, 1988, p. 15). Under this bill, $3.34 billion was to be allocated over the first five years for states to establish education and job-seeking programs for AFDC recipients. During 1990 and 1991 states would have to enroll at least 7% of AFDC parents in "workfare," and by 1995, the mandatory enrollment would rise to 20%. Although the AFDC-Unemployed Parent program (covering two-parent families) was made mandatory for all states, beginning in 1997 one parent will be required to work at least 16 hours a week in an unpaid job in exchange for benefits (Rich, 1988). Among the more progressive provisions of the bill were the extension of eligibility for day-care grants and Medicaid for one year after leaving AFDC. This bill also mandated the automatic deduction of child support from an absent parent's paycheck. Representative Dan Rostenkowski, Chair of the House Ways and Means Committee (which oversees most welfare legislation), estimated

impede self-sufficiency if beneficiaries were forced to do make-work instead of seeking real work in the labor market. Garnishing wages of the noncustodial parent was also unlikely to increase the economic independence of many female-headed households or of low-paid male workers. In cases of marginal incomes, garnishing wages of low-paid male workers can create a disincentive to work.

The Family Support Act also did not alleviate the long-standing erosion of cash grants to poor families. AFDC benefits currently remain below the poverty level for all states, except Alaska (Committee on Ways and Means, 1988), From 1970 to 1988, the median state's AFDC benefit dropped 35% (in constant dollars) as a result of inflation. In other words, if AFDC benefits had kept up with inflation, beneficiaries in 1988 would have received an additional $5.88 billion. The welfare reform bill would redistribute to the poor only 57% of this lost income ($3. 34 billion) over a five year span. Moreover, even this inadequate reallocation would be diluted by channeling it through a compulsory workfare program (Karger and Stoesz, 1990).

Lastly, the Family Support Act bill failed to tackle one of the most serious problems in AFDC—the lack of a national AFDC benefit standard. Specifically, this bill did not rectify a system which allows states such as Alabama, Kentucky, Louisiana, Mississippi, Tennessee, and Texas to award a family of three an AFDC grant of less than $200 per month (Karger and Stoesz, 1990). (In comparison, Alaska, California, Vermont, and Connecticut pay the same family over $600 per month.) Despite its obvious shortcomings, three fundamental values of the Reagan administration were reflected in the Family Support Act of 1988: reciprocity, productivity, and familial responsibility.

Reciprocity

Conservatives insist that welfare programs contribute to dependency and dysfunctional behaviors, especially when benefits are not linked to an expected standard of conduct. Charles Murray (1984) maintains that the very system designed to help the poor has created dependency by penalizing the virtuous and rewarding the dysfunctional. Although reciprocity is promoted

as a way to encourage socially desirable behavior in welfare recipients, it is also becoming a necessary component to aid the public credibility of welfare programs.

Productivity

In order to survive in a highly competitive global economy, the U.S. is forced to consider new ways to more effectively utilize its labor force. Given the new economic realities, the ascendence of conservative values, and the severe budgetary restraints, the federal government is likely to force social programs to become more congruent with economic productivity. Within this context, relief will be defined from an emphasis on welfare to one of work. Allying welfare with productivity will also draw social programs closer to the American economic system, a strategy that may be necessary to justify future social welfare expenditures.

Familial Responsibility

Another ideological premise of the Family Support Act is the belief that government should abandon its role as the "rescuer of first resort." Retreating to traditional values, this philosophy dictates that biological parents have the ultimate responsibility to support their offspring (thus justifying the stringent enforcement of child support laws). The values institutionalized in the Family Support Act are likely to guide income maintenance policies for at least the present decade.

To ensure that his domestic agenda would not be temporary, Reagan presided over the largest budget deficit in the history of the United States. The scope of the federal budget deficit is difficult to grasp. While the 1989 Gross National Product (GNP) of the United States was $5 trillion, the budget deficit was rapidly approaching $3 trillion. In other words, the federal budget deficit equalled three-fifths of the entire GNP in 1989. In 1988 the world traded a total of $2.7 trillion worth of goods, less than the $2.83 trillion U.S. federal budget deficit in the third quarter of 1989. Broken down, the federal debt exceeds over $13,000 for every man, woman, and child in the United States. By creating an enormous debt (from about $50 billion a year in the Carter term to between $145 to $200 billion

a year in the 1980s), the Reagan economic legacy paralyzed the growth of fiscal-based income maintenance programs until the next century.

While the Reagan administration could rightfully claim major successes in reshaping American social welfare policy during the 1980s, its most important achievement was in creating a far-reaching conservative ambience. This legacy is most visible in the budget deficit reduction package of 1990.

The framework for the 1990 budget package was created by the tax-cuts of the first Reagan term, which contributed to an unprecedented budget deficit. Throughout the late 1980s, Congress and the Reagan, then Bush administrations, postponed the day when the budget would have to be reconciled with the Gramm-Rudman-Hollings Deficit Reduction Act. However, facing a huge revenue shortfall in 1990, the Congress and the president were forced to develop a more viable budget package. Reflecting the difficult consequences of any serious budget compromise, the initial deal was cut beyond the view of the public and press at Andrews Air Force Base. Failing to get past outraged liberal Democrats and conservative Republicans (who had signed a campaign pledge not to raise taxes), another round of bargaining ensued.

On October 27, 1990, the House and Senate approved sweeping budgetary legislation that made changes in numerous entitlement programs, raised taxes, placed ceilings on defense and non-entitlement spending programs, revised the Gramm-Rudman-Hollings deficit targets, and made important changes in Congressional budget procedures. The next day, Congress approved the final thirteen appropriations bills for fiscal year 1990 that set specific funding levels for hundreds of programs. All told, these measures were designed to reduce the deficit by $42.6 billion in fiscal year 1991 and $496 billion from 1991 to 1996. After a decade of punishing program cuts, Liberals greeted the budget compromise with relief, since it increased domestic expenditures over a five year period by $22 billion (Stoesz and Karger, 1991).

The deficit reduction program consisted of five elements: (a) reductions in entitlement programs, (b) reductions in defense spending, (c) increases in user fees for government services,

(d) tax increases, and (e) reduced interest payments on the national debt. Taken together, this budget package represented a mixed bag of reforms. On the positive side, it contained progressive tax increases (the tax burden on the wealthy was to go up more than for the middle class, and the tax burden on households with incomes of less than $20,000 would actually decline), the out-of-pockets costs borne by Medicaid beneficiaries was reduced by two-thirds (poor Medicare beneficiaries were shielded from the moderately higher Medicare rates), federal programs targeted at poor or unemployed people were protected, Medicaid coverage was extended to poor children up to age 18, low-income families with children were to receive new or expanded tax credits under the EITC program (they are slated to receive over $18 billion over the next five years), two new grant programs were established to provide day care services for low and moderate income families, and Medicaid was expanded to include the functionally impaired elderly living at home. In addition, the budget package contained increases for Head Start, low income housing programs, and the WIC program (Leonard and Greenstein, 1990). Significantly, Social Security was safely "Off-budget," guarded by "firewall" procedures in Congress (House Budget Committee, 1990). Congruent with conservative values, the main beneficiaries of the budget package were not public assistance recipients, but poor working families with children.

On the negative side, this package prohibited the transfer of funds between defense and domestic appropriations for three years, thus precluding any peace dividends. In effect, prohibiting the transfer of funds between defense and domestic budget lines meant that social programs must compete with each another for a fixed amount of funds, thereby making it more difficult to fund new welfare initiatives. In addition, changes in budgetary procedures shifted power from a relatively liberal Congress to the more conservative Office of Management and Budget (OMB). For example, any breach of spending ceilings for defense or domestic nonentitlement programs will trigger an across-the-board cut in that particular category of programs. Hence, no entitlement program could be increased unless such measures are offset by other entitlement programs or tax

changes. The final arbiter of whether spending ceilings have been violated or whether new tax thresholds have been reached is the OMB (Leonard and Greenstein, 1990).

Although the tax changes in the deficit compromise were progressive, they did not profoundly affect the increasingly skewed income distribution in the United States. A House Budget Committee noted that the total tax increases under 1990 OBRA, 2.2% over five years, paled in contrast to the 1981 Reagan tax cut of 16% (House Budget Committee, 1990). Moreover, extension of Medicaid to cover every poor child is phased in over a twelve year period, meaning that all poor children will not be assured of health care until October 2002 (Leonard and Greenstein, 1990).

The successes of the Reagan administration seems likely to influence income maintenance policy throughout the present decade. Income maintenance ideologies that stress reciprocity, productivity, and familial responsibility represent a return to traditional values of self-reliance, independence, individual responsibility, and the limited role of government. For Liberals who advocate expanding social welfare programs, these values represent a deterioration of the traditional liberal consensus that guided American social welfare policy since World War II.

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Notes

1. Although Nixon ended many of the experimental programs of the Great Society, he did not curb welfare expenditures, which grew at a healthy rate during his administration. See Diane M. DiNitto and Thomas R. Dye, *Social welfare: Politics and public policy* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1987).
2. Reagan's emphasis on using tax payments as a substitute for direct welfare payments was continued through the Tax Reform Act of 1986. As a result of a compromise with Liberals who were concerned about the continued

erosion of the income of the working poor, the Tax Reform Act of 1986 effectively removed roughly 6 million low-income families from the tax rolls. Instead of paying taxes, these families received cash payments from the Treasury through the EITC. On the other hand, Liberals also agreed to a more regressive tax structure in which the previous fourteen income gradations were collapsed into just two.

America's Health Care System: The Reagan Legacy

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Because of the dominance of the private sector in health care in the United States, health conditions are not as susceptible to changes in public policy as they are in other Western countries. However, the elderly and young children are directly affected by the federal government's health care policies and while both groups were the focus of major changes introduced by the Reagan administration, these changes were opposed by Congress. Nevertheless, changes in health care funding and administrative arrangements have had a negative impact on the needy and, in addition, they have been exacerbated by the Reagan administration's wider social and economic policies which have contributed negatively to the health conditions of the poor.

Analyzing the effect of the Reagan Administration upon the American heath care system is a challenging task. The subject is not health itself, but rather specific public health care policies and programs. Health as it is conventionally defined is relatively insensitive in the short run to political influence, due largely to the multiplicity of personal and societal factors that influence the health of individuals and groups, and the incremental effects of these factors on health, Many of the traditional indicators of health, such as infant mortality, for example, change slowly; important trends can be seen only over long periods of time. Also, most health care interactions occur in the private sector (Litman, 1990), and under limited, if significant, government influence.

There are two important exceptions to this generalization: the elderly and low-income women and children, two groups who are called "dependent" by Preston (1984) due to the fact that they are not part of the work force and are largely supported by that work force. It is within these two groups that the effects of governmental policy are most evident; this analysis

focuses on low-income mothers and children, the most dependent of these two groups.

This paper analyzes the Reagan effect on American health care by first describing the Reagan agenda and actions by the Administration. Next we assess early reactions by health advocates, and finally we examine the immediate and long-term effects of the Reagan Administration's actions on the American health care system.

The Reagan Proposals For Health Care

It is notable that the Reagan speeches do not contain references to a "health agenda"; health apparently was not a campaign issue nor a major part of the "Reagan revolution' except as it concerned the financing of health care. Greenberg (1980) noted that "Health policy, in fact, was barely touched on in the campaign" (p. 1542). Davis noted in 1981: "The most striking gap in the Reagan Administration health policy is the absence of any positive agenda to address pressing problems in the health care sector" (p. 328). Indeed, in one of the President's few direct comments on health in a speech an the annual meeting of the American Medical Association (June 23, 1983), the President concentrated on health financing rather than health itself:

> Health care costs are consuming a growing portion of the Nation's wealth, and that is wealth that cannot be spent on education or housing or other social needs . . . It's high time that we put health care costs under the knife and cut away the waste and inefficiency. (p. 907–908)

He also reiterated a traditional, and arguable, conservative position:

> We have the best health care in the world, because it has remained private (p. 908).

The health-related issue that did dominate the Reagan campaign was abortion, although it was cast not as a health issue but as a moral one. There is no doubt that Reagan presented himself as opposed to abortion. He stated this position during the Presidential campaign and courted support from the pro-life movement. Early on in the Administration, he stated

his position on abortion but did not support a constitutional amendment to ban abortion:

> Now, I happen to have believed and stated many times that I believe in an abortion we are taking a human life. But if this is once determined, then there isn't really any need for an amendment, because once you have determined this, the Constitution already protects the right to human life. (March 6, 1987, p. 212)

Nathan and colleagues (1987) summarize the preeminent goal of the Reagan Administration as retrenchment in social policy in the broad sense. Toward this end, the Administration proposed a new philosophy of government, his New Federalism, and economic renewal initiatives as operationalized by reductions in spending.

New Federalism

Reagan made his views on the role of government known at the moment of his inaugural address, January 20, 1981, calling government the problem rather then the solution: "It is time to check and reverse the growth of government, which shows signs of having grown beyond the consent of the governed" (p. 1). These comments and the proposals that followed focused on the Federal government, although Nathan (1987) raises evidence to indicate that the Administration intended to achieve retrenchment at all levels of government. The Reagan analysis concluded that Federal government had grown beyond the intent of the Constitution. This growth in the size and role of the Federal Administration was attributed to the influences of special interest groups on the Congress. The Constitutional argument led the Administration to propose the strategy of returning powers and responsibility to the states: "It is my intention to curb the size and influence of the Federal establishment and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the State or to the people" (January 20, 1981, p. 2).

Block Grants

The vehicle for implementing the New Federalism (devolving power to the states) was to be block grants, lump-sums of

money designated for broadly defined purposes to be spent according to the needs of the individual states. Block grants had their beginnings in 1966, when nine formula grants for various health programs (dental health, tuberculosis, etc.) were combined into the Partnership in Health Act. The principle that guided government's involvement in its citizens' health as the Reagan Administration assumed power originated with the Sheppard-Towner Act in 1921 and resulted in the Federal grants-in-aid system that was institutionalized in the Social Security Act in 1935. Title V of the Act was the vehicle through which the Federal government funded services to mothers and children, through grants-in-aid to the states on a matching basis. An enormous number of categorical programs developed over the years, creating a patch-work system of health care.

Now President Reagan proposed consolidating all or part of 83 of these categorical health programs into six human-service block grants of $11 billion, claiming that the categorical programs burdened the states with regulations and paperwork:

> Ineffective targeting, wasteful administrative overhead—all can be eliminated by shifting the resources and decision-making authority to local and State government. This will also consolidate programs which are scattered throughout the Federal bureaucracy, bringing government closer to the people and saving $23.9 billion over the next 5 years. (February 18, 1981, p. 111)

The earliest objective of the Administration was to create a single health care block grant in which all of the discretionary, categorical Federal health care programs would be included. To implement this proposal, however, required agreement from a large number of congressional committees that had jurisdiction on various pieces of legislation. Important Congressional leaders like Robert Dole (Republican of Kansas), who chaired the Senate Finance Committee and had jurisdiction over all of the Social Security Act programs, would not relinquish any authority. Thus, Congressional opposition led to legislation for four block grants. These were: the alcohol, drug abuse and community mental health grant;the preventive health services grant; the community health centers grant; and the Maternal and Child Health (MCH) Services Block Grant (Iglehart, 1983).

The MCH Block Grant consolidated seven previous categorical programs: the basic MCH program (which provided maternity and infant health care and pediatric services), Crippled Children's Services, special services for disabled children receiving Supplemental Security Income, lead-based paint poisoning prevention, Sudden Infant Death Syndrome services, genetic screening and counseling services, hemophilia treatment services, and the adolescent pregnancy program.

The legislation to implement the block grants was carefully crafted. The Administration had done a tremendous amount of homework to identify all the relevant pieces of legislation and the corresponding citations and cross references to the health legislation. In addition, they carefully identified all of the regulations attached to these laws as the regulations were often highly prescriptive.

The legislative vehicle for enacting the block grant consolidations was the Omnibus Budget Reconciliation Act. Using this process, the Administration was simultaneously able to circumvent the process of Congressional hearings and debate and at the same time, achieve the budget reductions. David Stockman, the Director of the Office of Management and Budget, was able to use the reconciliation process in Congress to evade the powers of the appropriations committees and introduce program changing legislation through the budget bill. That procedure has dominated Federal policy-making ever since and introduced the acronym, OBRA (The Omnibus Budget Reconciliation Act), into the American political lexicon. (The most recent Congress enacted a new budgetary vehicle called "pay-as-you-go" that replaces OBRA (Congressional Quarterly, 1990).)

In addition to creation of the block grants, the Administration made changes in Medicaid that enhanced states' abilities to limit benefits. Medicaid is a partnership between the Federal government and the states, with states permitted to set eligibility standards and reimbursement levels within broad Federal guidelines. Changes in 1981 permitted states to negotiate rates of reimbursement rather than paying "usual and customary" rates, and allowed states to assign recipients to providers instead of selecting the providers of their choice (Nathan & Doolittle, 1987).

Deregulation

As part of devolving power down to the state level and restructuring the Federal role in the funding of programs, the Reagan Administration sought specifically to reduce regulation. The regulatory aspects of health care seem to have been imbedded in a more fundamental assessment of government regulations as interfering with the competitive forces of the market place. And on this issue the Administration had done its homework; in a February speech, President Reagan already knew the number of pages of law and regulations that would be reduced by block grants and deregulation:

> In the health and social services area alone, the plan we're proposing will substantially reduce the need for 465 pages of law, 1,400 pages of regulations, 5,000 Federal employees who presently administer 7,600 separate grants in about 25,000 separate locations. Over 7 million man and woman hours of work by State and local officials are required to fill out government forms. (February 18, 1981, pp. 114)

In the case of health care, however, the drive to deregulate was tempered somewhat by the self-interest of the Federal government in reducing its massive health care expenditures. The Administration believed that competition would reduce health care costs (January 27, 1987, p. 70), and cited the experience of the Carter Administration in trying to reduce the expansion of health care costs through regulation. Certificates of Need and other cost containment strategies were generally seen as failures, although evaluation data were scarce and could be interpreted as showing some slowing of the expansion of hospital capital costs (Davis, 1981). Reagan introduced the conservative notion of treating health care as a commodity and using competition in the market place as the vehicle for reduced expenditures.

One case involving Federal regulations illustrates the President's tendency to approach social policy issues through anecdotes and his preference to address them through personal intervention. Early in the Administration, he learned of the plight of Katie Beckett:

> The incident of just a few days ago that I know you're all aware of—that almost accidentally came to our attention—of the little

> 3 1/2-year-old girl who had never lived at home with her parents and couldn't, actually, because of a regulation with regard to the government grant they had to have for medical expenses of 10 to 12 thousand dollars a month. And Dick Schweiker found out within 24 hours after we made it public that, by golly, he could change that regulation and got it changed. And I had the pleasure of calling those parents and speaking to them and their unspeakable happiness that the fact that their little girl was going to come home. (November 18, 1981, p. 1072)

Katie Beckett was a child with serious chronic lung disease owing to premature birth and resulting in dependence on an artificial respirator. She spent much of her young life in hospital. Under the SSI-DCP (Supplemental Security Income-Disabled Children's Program), Katie was eligible for SSI benefits and Medicaid while hospitalized. The Becketts, an educated family, wanted to take Katie home and take care of her with home-based technology. Were this to happen, however, Katie would no longer be eligible for SSI and Medicaid because her parents' income would be counted. Despite the fact that the government could have saved thousands of dollars in expensive hospital costs, they would not provide Medicaid to Katie once she went home.

> This little case—you know an example of what we're trying to cure is this one that, God bless them, Dick Schweiker grabbed a hold after I made it public the other day of the little girl out in Iowa, and how quickly we made this change. To think that our government—and I was wrong; I had old-fashioned figures when I said $6,000. It was costing between $10,000 and $12,000 a month for Medicaid, and even the doctors said she should be home, that she'd be better off at home, and it would cost $1,000 a month at home. But that was more than her family could afford, so they couldn't take her home because they couldn't take over the cost. But here was the government shelling out $10,000 or $12,000 every month, when a silly regulation stood in the way of them getting it for $1,000 a month. Dick found a way to ignore that, make an exception to that regulation, but you wonder how many more cases are out there in the country like that. (November 19, 1981, p. 1076)

The President's decision, of course, was correct. The policy was foolish and short-sighted. However, rather than undertake

a comprehensive reform of the way Medicaid, SSI and other Federal programs for the disabled interacted to create disincentives to appropriate care, Reagan preferred to solve the single dramatic case. Regulations were subsequently written to allow states to seek Medicaid waivers in the cases of other ventilator-dependent children.

Reductions in Spending

As the 1970s drew to a close with steep increases in the cost of health care and rising Medicaid and Medicare expenditures, cost containment was the major by-word. Federal efforts to curtail health care costs had been evident in efforts by Presidents Nixon, Ford, and Carter in the 1970s to set limits on reimbursements to hospitals and physicians (Aaron & Schwartz, 1984). Further efforts were made by state governments (Bovbjerg & Holahan, 1982). Thus when President Reagan assumed command in 1981 cost containment as already a major heath care issue, and much of the focus was on the cost of the Medicaid and Medicare programs.

Two areas were prime targets for spending reductions: the entitlement programs of Medicaid and Medicare, and the new block grants. The powerful lobbying arm of senior citizen groups made Medicare (Title 18 of the Social Security Act, enacted in 1965) less of a target than Medicaid. Moreover, Medicare, which financed medical services for the elderly, enjoyed wide popular support, in part due to its image as an insurance program, in contrast the Medicaid, which was viewed as welfare. Nevertheless huge Medicare expenditures were a major concern of the Administration's as they had been of previous administrations. Doomsayers predicted the complete collapse of the Hospital Insurance Trust Fund and the Medicare program itself (McCarthy, 1988). As a result, Public Law 98-21, the Social Security Amendments of 1983 were enacted to limit Medicare spending.

The new legislation limited spending by creating a system of prospective payments to hospitals based upon a system of categorizing all diagnoses into 383 Diagnosis Related Group (DRG) categories with preset reimbursement levels. Certain adjustments were made to the payments made based on location

of hospitals (urban vs. rural) and local differences in wage rates. Although hospital costs for the Medicare population nonetheless continued to rise, DRGs did result in reduced admissions and lengths of stay for the Medicare papulation (Dougherty, 1989). Although the effects of the DRG system on the quality of care for the elderly are more difficult to ascertain, many physicians feel that pressures on physicians to reduce costs are resulting in patients being discharged "quicker and sicker" (Dougherty, 1989).

Medicaid (Title 19 of the Social Security Act, also enacted in 1965), which financed health care for certain categories of poor persons who were believed to lack access to care, was originally almost a tack-on to Medicare and was generally believed to be quite unimportant. It was a Federal grant-in-aid program, with the amount of Federal match (between 50 and 80%) being higher for states with lower per-capita incomes. The popularity of Medicare lay in part in its image as an insurance program, in contrast with Medicaid, which was viewed as "welfare."

The Federal government had become a major payor of health care costs through Medicare and Medicaid; the two programs accounted for more than 39% of all Federal health care expenditures in 1980 (U.S. Health Care Financing Administration, 1988). Because Medicaid and Medicare are entitlement programs (open-ended, and all eligible persons must receive included services), Administration objectives to reduce Federal taxing and spending had to be met through mechanisms other than restructuring to block grants. (On the other hand, Nathan and Doolittle (1987) maintain that Reagan hoped to restructure Medicaid to a functional block grant.)

Thus, claiming that the program was not cost-effective, the President proposed: ". . . to put a cap on how much the Federal Government will contribute, but at the same time allow the States much more flexibility in managing and structuring the programs (February 18, 1981, p. 111).

There was an early proposal to swap Federal and state responsibilities for Aid to Families with Dependent Children (AFDC) and Medicaid (State of the Union, January 26, 1982, p. 76). Under this plan, the Federal government would have assumed all the costs for Medicaid while the states made

welfare-AFDC-an entirely state program. Legislation to implement the idea was never proposed, perhaps due in part to opposition by the National Governors' Association (Iglehart, 1983).

In the 1981 OBRA, the Administration reduced spending in two ways. First, the eligibility level for AFDC was reduced. Thus in 1982, at the end of a recession with increasing poverty, there were 597,000 fewer recipients of AFDC than there had been in 1980 (U. S. Social Security Administration). Because AFDC conveys automatic eligibility for Medicaid, these women and children also lost their health insurance. After a decade of improvements in access to health care for low-income women and children, advocates feared reversals.

In fact, some reversals did occur-in prenatal care utilization, for example. Low-income and minority women, who do not generally receive the same level of prenatal care during pregnancy as more advantaged women, but whose risks for poor pregnancy outcome are greater, made significant improvements during the 1970s that generally were attributed to Medicaid and Federal Maternal and Child Health programs (Davis & Schoen, 1981). As Figure 1 shows, these gains were partially lost in the 1980s, although of course it is not possible to demonstrate conclusively why this occurred. Health advocates were particularly concerned that no progress was made in improving prenatal care for black women.

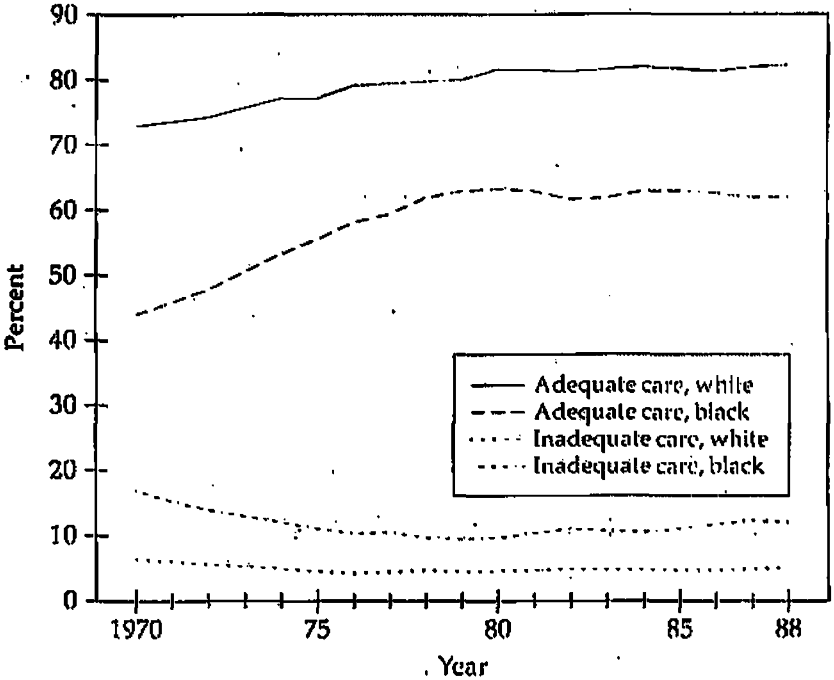
It was in the area of lost benefits that the President's greatest image problem plagued him. The President played on the old American notion of a truly needy class and the existence of a safety net of supports to meet their basic needs. The net was intended to prevent the undeserving poor, the working and able-bodied poor, from benefiting:

> We will continue to fulfill the obligations that spring from our national conscience. Those who, through no fault of their own, must depend on the rest of us—the poverty stricken, the disabled, the elderly, all those with true need—can reset assured that the social safety net of programs they depend on are exempt from any cuts. (February 18, 1981, p. 110)

A cartoon by the syndicated cartoonist Dan Wasserman is illustrative. It portrayed David Stockman, Director of the Office

Figure 1

Percent of pregnant women recieving adequate prenatal care and inadequate care by race, 1970–88*



* Adequate defined as starting in the first trimester; inadequate defined as starting in the third trimester or having no care during pregnancy.

Source: Vital Statistics. National Center for Health Statistics.

of Management and Budget (OMB) and the chief architect of the Reagan budget proposals, in four frames saying, "To simplify the fight over budget cuts," "we're planning an elimination tournament. . ." "The farmers can take on the elderly, the jobless vs. the school kids, etc." "The winner gets to go one-on-one with the Pentagon."

The President clearly bristled at this image of cruelty:

> Contrary to some of the wild charges you may have heard, this administration has not and will not turn its back on America's elderly or America's poor. . . The entitlement programs that make

up our safety net for the truly needy have worthy goals and many deserving recipients. . .Don't be fooled by those who proclaim that spending cuts will deprive the elderly, the needy, and the helpless. . .(January 26, 1982, pp. 74–75)

In 1986, James C. Miller succeeded Stockman at OMB. Wasserman portrayed a Congressman asking, "Mr. Miller, you call for cuts in Food Stamps, Medicaid, nutrition and job training." "How does that square with the President's pledge not to balance the budget. . ." "on the back of the man who is poor?" And in the final frame, Miller replied, "Congressman-these cuts would mostly affect women and children!"

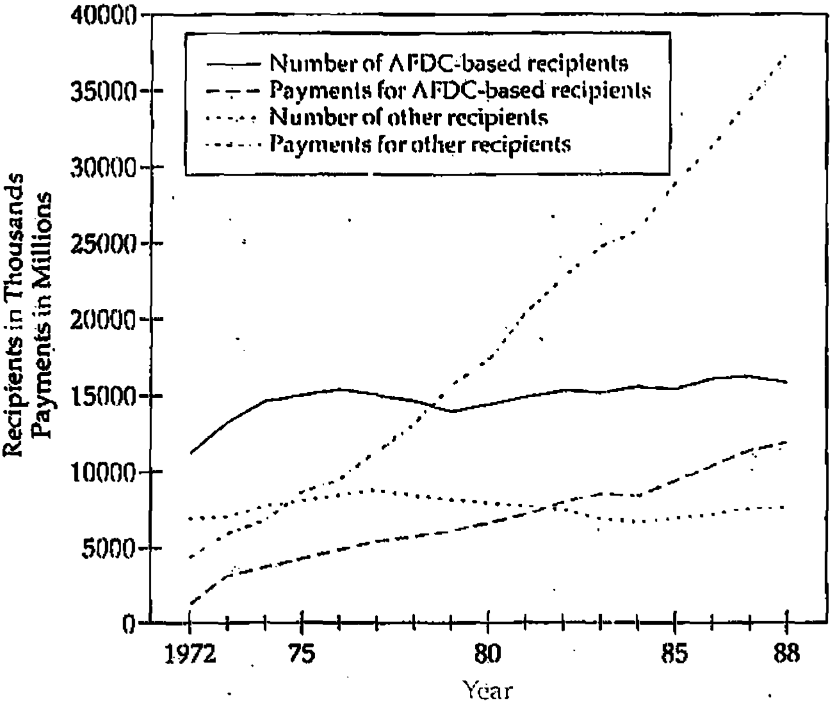
The second proposal to cut costs was to reduce the Federal burden for Medicaid by placing a cap on the percentage of Federal contribution to the program. Congress, under pressure from the nation's governors, modified this proposal to reduce the percentage of Federal matching to Medicaid. The net effect was a 5% reduction in Federal expenditures for entitlement programs between 1981 and 1982 (p. 50).

Figure 2 shows the number of Medicaid recipients and expenditures from 1972 through 1988 and demonstrates two important facts. First, the cuts in numbers of recipients are not obvious; this is due to the effects of the recession of 1981-82, with increasing numbers of persons qualifying for Medicaid despite stricter requirements. If not for the stricter requirements that moved many women and children from AFDC eligibility, there would have been a steep increase in AFDC-based recipients during the early 1980s. Second, despite moderations in the number of recipients, costs continued to climb due to the increasing cost of health care. This is particularly evident for non-AFDC-based recipients, who are mostly comprised of elderly and disabled recipients. The bulk of Medicaid payments for this group consists of hospital and institutional care costs, which are very expensive.

Creation of the block grants also provided the opportunity to reduce spending. Part of the rationale for block grants was that greater efficiency and reduced duplication would reduce wasteful administrative costs (Omenn, 1982). Yet the General Accounting Office (1982) was unable to find evidence that block grants resulted in cost savings. (This appeared to be due to the

Figure 2

Medicaid recipients and payments by basis of eligibility, Fiscal 1972–88.*



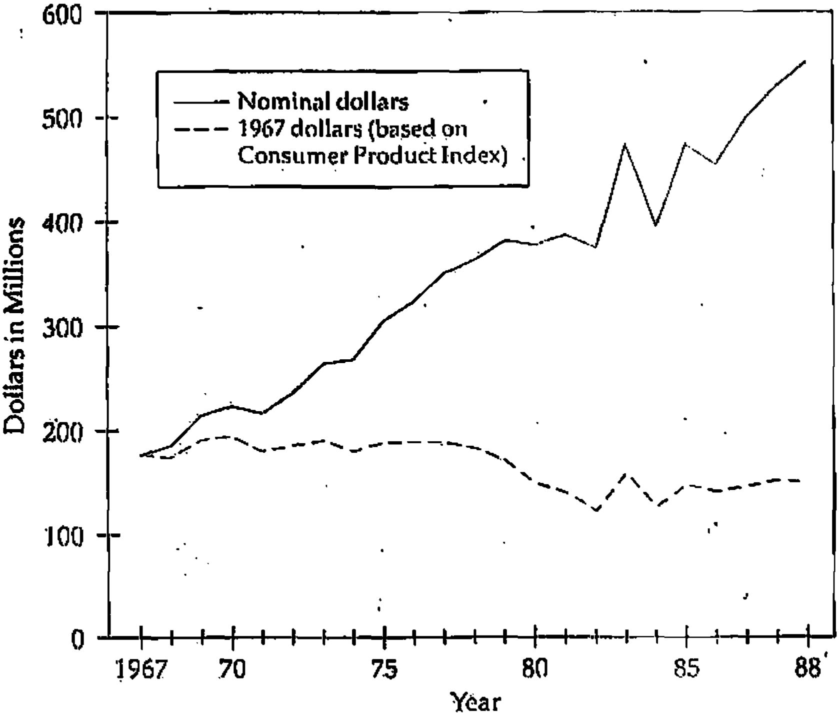
* AFDC-based recipients includes children and adults recieving Aid to Families with Dependent Children benefits. Other recipients of Medicaid include the elderly, blind and disabled.

Source: U.S. Health Care Financing Administration. Health Care Financing Review.

lack of requirements for evaluation and accountability by the states.) Reductions in spending authorization varied among the four block grants. Mental health and preventive health services were reduced by the 25% that had been proposed; the Maternal and Child Health (MCH) Block Grant authorization level in FY 1982 was about 13% below the total (in real dollars) for the individual categorical programs in fiscal 1981 (Iglehart 1983). (See Figure 3.)

Figure 3

Title V or MCH Block Grant Appropriations in nominal and 1967 C.P.I. adjusted dollars, Fiscal Years 1967–89.



Source: Division of MCH Health Resources Services Administration, Public Health Service, DHHS.

Successes and Failures of the Reagan Proposals

Reactions to the Reagan Administration's plans and proposals were swift and generally full of rhetoric. Some feared polio epidemics (Boston Herald American, February 11, 1982) or "dead babies" (Boston Herald American, November 25, 1981), while the Children's Defense Fund called Reagan policies "an unconditional war on children" (Boston Globe, 1982). Statistics on child deaths due to Administration policies were widely quoted (Common Health, 1984).

More restrained reactions also emerged. Davis (1981) noted:

> This policy represents a profound shift in direction in the health sector. It encompasses a far-reaching reexamination of the role of the federal government in financing health care services, administering direct programs to promote preventive and primary care services, regulating costs in the health sector, sponsoring biomedical behavioral, and social science research, and supporting the training of health professionals. (p. 312)

The Block Grants

Rosenbaum (1983) of the Children's Defense Fund, a highly effective child advocacy group, noted some positives in the MCH Block Grant, including some useful guidelines for planning. In fact the MCH programs had always been very loose with regard to regulations, and the Block Grant provided some improvements. For example, although no regulations were included to guarantee implementation, OBRA 1981 prohibited discrimination and contained requirements that addressed the issue of quality of care.

But neither did the block grants come out of the Congress in the way Reagan had originally proposed. Congressional committees exercised their influence, and special interest groups were not about to be pushed aside. President Reagan complained that his plan to consolidate 86 "duplicative, regulation-ridden" programs into block grants had been rejected and criticized the legislation (June 19, 1981, p. 545):

> First, many of the measures that are needed to curb the automatic spending programs have not been adopted. These reforms would target programs more directly toward the truly needy while they help to eliminate waste and abuse.
>
> Unfortunately, the House committee has adopted only one-third of the savings that these reforms would bring. And the result, if unchallenged, will be $23 billion in additional red ink and inflationary pressure in the next several years. Doing only one-third of the job is not good enough.
>
> Secondly, certain House committees have not yet received the message of last November that the American people want less bureaucratic overhead in Washington and less red tape typing up State and local government.

Nonetheless, one year after taking office, President Reagan would report the success of his New Federalism:

> Together, after 50 years of taking power away from the hands of the people in their States and local communities, we have started returning power and resources to then (January 26, 1982, p. 73).

Not only did Congress not pass the block grants the way the President wanted; they were not implemented as the President had hoped they would be. States used a number of tactics to blunt the effects of the block grants. Feldman's (1985) study of the impact of MCH Block Grant cuts on five states (Texas, Massachusetts, Michigan, New York, and California) and four large urban areas (Boston, Detroit, New York City, and San Antonio) found that states used "carry-over" funds and increased their own contributions to block grant programs to reduce the impact of spending cuts. Some states delayed implementing the block grant mechanism for a year. There was great variability in cities' abilities to draw on other funds, however. With the exception of San Antonio, real service reductions did occur in maternity and pediatric services. Nathan and Doolittle's (1987) extensive study of the effects of Reagan's policies on the states also emphasizes the states' successes in forestalling many effects of the cuts. This expansion occurred through the replacement of Federal funds with state dollars, new fiscal coping mechanisms, delaying measures, and administrative reform. Some 38 states raised taxes and increased real spending during the years 1984-86 (GAO, 1984; Nathan, 1987). Indeed, their study showed that several states used the increased flexibility in Medicaid to expand their programs, rather than contracting then.

Perhaps most important, however, is that after an initial period of dramatic success, a kind of political blitzkrieg, Congress reclaimed authority and after 1981, rejected most of the Administration's proposals for further budget cuts and even approved some new domestic spending. Most notable, in 1983, Congress reacted to the steep recession of 1981-82 with an emergency jobs act that added $2.8 billion to domestic programs, including many of those cut in earlier years. For example, passage of the bill added $105 million to the original $373 million appropriation to Title V. The FY 84 appropriation had been

$399 million, 35 percent lower than necessary to maintain 1980 service levels (Feldman, 1985). Federal aid outlays stayed about the same (in real dollars) from 1982 through 1984, then increased in 1985. Outlays were below the 1981 levels, but considerably above what the Reagan Administration had planned (Nathan & Doolittle, 1987).

Medicaid Reductions

President Reagan's efforts to reduce Medicaid also were short-lived Although OBRA 1981 reduced the Federal match for Medicaid, total Medicaid expenditures increased each year between 1979 and 1987 (Health Care Financing Administration, 1988). (This occurred despite changes in AFDC that removed over half a million recipients from the program.) Moreover, while the President was working to reduce Medicaid, child health advocates were working to expand the program. In 1984, Federal matching levels were returned to the levels they had been in 1981 (Children's Defense Fund, 1984). Other changes that year returned Medicaid to many families by restoring their AFDC eligibility.

That year also marked the beginning of a series of expansions that included the Child Health Assurance Program (CHAP). The Children's Defense Fund called these changes, which uncoupled eligibility for Medicaid from categorical programs such as AFDC, "the biggest victory in Congress for poor children and families in several years" (p. 1). Oberg (1990) documents how legislation passed each year beginning in 1984 expanded Medicaid to include women who were pregnant for the first time, women in two-parent families, and children from birth to age five, and then age eight. States were first permitted in 1985 to include individuals up to 100% of the Federal poverty level, then permitted to include those up to 185% and in 1988 required to include those up to 100% (OBRA 1989 further mandated pregnant women and children with family incomes less than 133% poverty.)

Community Health Centers

A major failure of the Reagan plan was the destruction of Community Health Centers (CHCs), identified early by the

Administration as an "infrastructure for a national health service" (Clark, 1984). CHCs began as part of the War on Poverty, and were designed to address the problem of lack of access to health care in many areas. Freeman, Kiecolt, and Allen's (1982) analysis of a large data set on two surveys in five communities found that CHCs were the primary source of care for many low-income persons-disproportionately so for children. Moreover, they found CHCs to reduce the use of more expensive hospital clinics and emergency rooms and to lower hospitalization rates.

The Community Health Centers (CHC) program had been funded in FY 1981 at $324 million; 845 centers were funded to serve about five million persons who were mostly women and children (Wallace, 1983). Funding for the converted block grant was $281 million in FY 1982, but was increased to $360 in FY 1983 (Library of Congress, 1984).

WIC

Reagan also wanted to fold the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) into the MCH Block Grant (Rush, 1982; Food Research Action Center 1983), but Congress rejected this idea, as well as cuts that would have reduced funds substantially. (The WIC program, enacted in 1972, provides certain highly nutritious foods, and nutritional counseling, for pregnant and lactating women, and young children. Services are available to low-income women and children who are deemed to be at nutritional risk. Although the evaluation data are mixed (Rush, 1982), most MCH advocates support the program (Paige, 1982).) The President did manage to cut other nutrition programs by about one third in inflation-adjusted dollars (Robbins, 1983).

The WIC program was the source of a major confrontation between the President and the health community. The Food Research and Action Center (FRAC) had released data in 1982 that it claimed showed increasing infant mortality in many states and linking those increases to proposed cuts in the WIC program. There was wide press coverage, and Edward N. Brandt, Assistant Secretary for Health, DHHS, testified before a Senate subcommittee. Although Brandt's testimony mainly consisted of

clarifying the data and noting some true methodological shortcomings of the FRAC report, this controversy contributed to President's cold-hearted image.

When the political cost of attempts to cut WIC became too great, the President (with the support of Senators Robert Dole and Jesse Helms) conceded the need for the program for pregnant women and infants but attempted to remove older children from the program. Again, the President failed and WIC was left relatively untouched.

Research

Two health-related areas did receive the President's support. The first was Federal funding for research. The only area of expansion of the Federal health budget in 1982 was the proposed $168 million for the National Institutes of Health (Davis, 1981). How this occurred is not entirely clear, but the President's industrial and business supporters placed high value on the nation's scientific position (Greenberg, 1980) and DHHS Secretary Richard S. Schweiker was a vigorous advocate of the National Institutes of Health (Iglehart, 1983).

During the campaign Reagan had criticized the Carter budget cuts for research (Greenberg, 1980). The President's announcement of a $100 million increase for biomedical research during his 1982 State of the Union message was the only health-related reference in the speech (p. 75). In fact, Congress approved considerably more than the Administration requested (Iglehart 1983).

Yet although research fared well, the related item of data and information systems did not do well. One of the early victims of the Administration's cuts was the *Morbidity and Mortality Weekly Report* (MMWR), a publication from the CDC. For 20 years, the MMWR had become a trusted and valued publication, sent free to thousands of official agencies and practicing physicians. As a budget-saving device, the Administration initiated a very expensive subscription that had the effect of reducing circulation of the MMWR dramatically. It is not easy to interpret this event. By reducing the availability of the MMWR the Administration undermined the notion that a Federal agency might be viewed

as highly effective and essential. The effort also fits with other efforts to reduce Federal data systems (Relman, 1982).

These other efforts include cuts in national health interview surveys, and reductions at the National Center for Health Statistics. It is possible that the Administration intended to limit the availability of Federal information as a method of preventing any links between Federal cut-backs (in budget and role) and adverse health outcomes for the population. If the information was not available, then critics could not draw the associations.

Medicare

The second health-related area that was the subject of the Administration's interest concerned catastrophic health care coverage for the elderly. In contrast to the President's dedication to reducing social services programs and spending, and in opposition to many of his usual allies, he declared his interest in this program at his 1986 State of the Union address. On July 1, 1988, he signed the Medicare Catastrophic Coverage Act of 1988 (PL 100-360). The bill marked the most significant expansion of the Medicare program since its 1965 inception (Iglehart, 1989).

The program would have expanded Medicare to include insurance against treatment for major acute illness, and it also ended the necessity of one spouse's becoming impoverished in order to entitle the other to Medicaid coverage of long-term care. Nevertheless, the program still left many gaps in health care coverage, including the most important one of long-term care. In the end, however, the bill was repealed not because of its many gaps, but because of the opposition by the elderly, whose copayments and premiums would have financed most of the program. Approximately one-third of the costs of the program would have come from a fixed monthly premium, while the rest would have come from an income-related surcharge paid by approximately one third of the more affluent elderly (Levitan, 1990).

Deregulation

On the goal of deregulation, President Reagan appears to have been successful. At a news conference in October of 1981

he held up six pages of block grant regulations and boasted that they replaced 318 pages of regulations for 57 categorical programs that had been replaced by the block grants. In his State of the Union Address one year after taking office, President Reagan would report: "Together, we have cut the growth of new Federal regulations nearly in half. In 1981 there were 23,000 fewer pages in the *Federal Register*, which lists new regulations, than there were in 1980" (January 26, 1982 p. 73).

Federal involvement was reduced under the block grant approach, although it has begun to spring back under the Bush years. The OBRA 89 amendments to Title V give the Federal government renewed authority to specify how funds are spent, and they require the states to submit an application for their block grant funds in a format now prescribed in "guidance" (not by law or regulations).

Abortion

On abortion, the President accomplished little that was substantive. In fact, he probably learned that he had relatively few tools with which to influence the abortion debate. He did, however, nominate Dr. C. Everett Koop, a nationally respected pediatric surgeon from Philadelphia, to the position of Surgeon General of the United States, in part because of Koop's well known opposition to abortion. In one of the great ironies of the administration, Koop became converted to the public health mission. He campaigned for strong government positions on smoking and other public health measures that may have rankled Republican supporters of the President. He took a national leadership position on AIDS. And, finally, he equivocated on the abortion issue.

In 1983, the Administration acted to close down one of the few explicitly abortion-related activities of the Federal government, the Abortion Surveillance Branch at the Centers for Disease Control (CDC). The director of that unit, Dr. Willard Cates, had carried out numerous studies showing that legal abortion was much safer for women than either illegal abortion or, in many cases, pregnancy itself. Cates' work was frequently quoted by prochoice advocates. Dr. Cates was transferred to the

CDC's section on sexually transmitted diseases activity. Later in the Administration, however, it became evident to the prolife lobby that they no longer had any data on which to make their case that the number of abortions being carried out in the U.S. was excessive. In another reversal, the Abortion Surveillance Branch was put back to work to revive its annual reports.

Late in the Administration, Surgeon General Koop was asked by the Administration to come up with the data that showed the psychological damage to women of abortions (July 30, 1987, p. 898). An expert committee was convened at the CDC. Their report indicated that there was no scientific evidence for such an effect and a large scale study was unwarranted. It appears that Koop himself was convinced by this finding and moderated his stance on abortion. The Administration and its right-to-life constituency were said to be furious. It is likely that this episode was an important component of the decision of the new Bush Administration not to reappoint Koop as Surgeon General in 1989.

President Reagan expressed his support for the Constitutional Abortion Amendment in a September 8, 1982 letter, and in a speech on September 14 made an astonishing claim: "I think the fact that children have been prematurely born, even down the 3-month stage, and have lived to—the record shows—to grow up and be normal human beings, that ought to be enough for all of us" (p. 1151). The bulk of the President's action on abortion during his two terms consisted of such rhetoric. He often spoke of abortion, nearly always linking it with the issue of school prayer, in numerous appearances before religious groups such as the National Association of Evangelicals (March 8, 1983) and the National Religious Broadcasters (January 31, 1983). He regularly offered support for the Hyde Amendment, prohibiting Medicaid payments for abortions, and other legislation. At a luncheon for members of a conservative Political Action Committee on February 20, 1987, he said:

> Last week we sent to Congress legislation to enact on a permanent, government wide basis the Hyde amendment restriction on Federal funding of abortion. Our proposal would also cut off funding, under title 10, to private organizations that refer or perform abortions except when a mother's life is in danger (p. 167).

Although the President was not successful in passing a Constitutional amendment, once again he did achieve some objectives in the financing aspect of abortion. His other success, in keeping the conservative position before the public, is more difficult to measure but was certainly not a complete failure. Subsequent failures in several states to further limit access to abortion would suggest that neither was his rhetorical campaign a complete success.

Summary: The Legacy

Overall, the legacy of the Reagan Administration on America's health care delivery system was not the catastrophic one that was predicted. The worst of the spending reductions, while severe, were relatively short-lived and partly compensated for by the states. The most significant cuts occurred in 1981; overall, there was a 7% cut in Federal grants-in-aid to state and local governments— 12% in real terms (Nathan & Doolittle, 1987). In the case of the MCH Block Grant, a major vehicle for delivery of services to poor women and children, the Reagan cuts only continued a trend of erosion of funding. In the case of Medicaid, the Reagan efforts were off-set by a powerful advocacy movement. In fact, the expansions that occurred in the mid-to late-1980s and will continue to 2002, are profound and, in the absence of creation of a national health insurance program, will provide health care security for hundreds of thousands of low-income women and children.

Yet no mistake should be made: the effects of the reductions in spending on health care fell most dramatically on the poor, and particularly on poor women and children. At least for a time, maternity and infant services were lost. The Children's Defense Fund reported in 1983 that in the previous 18 months every state had reduced health services for the poor (New York Times, January 17, 1983).

The Children's Defense Fund also reported (New York Times, January 17, 1983) that the reduction of funding for the Community Health Centers of 18% to (to $373 million) had resulted in 725,000 persons being denied services, with 64% of those being children or women of child-bearing age. Certainly many of those services were later restored, but some damage

probably occurred from the interruption of health care experienced by many persons. It is difficult to assess the additive effects of cuts in Medicaid, which provided access to private sector health care, and these other cuts which reduced the availability of public-sector health care.

Second, it is clear that the Reagan efforts to reduce Federal authority in favor of the states has resulted in greater state power (Nathan & Doolittle, 1987). What is not entirely clear is what that greater state power means for health care for the poor. Although liberals have always assumed state authority to correspond with retrenchment in social policy and more restrictive programs and policies, this does not appear to be universally so. Larger, more liberal states spent more than more conservative ones, but most buffered Federal cuts to some extent. Long-term effects on health and welfare programs will be difficult to assess until the economic recession abates.

A more profound impact on the health care delivery system may be due to the deficit left by Reagan's simultaneous tax cuts and increases in defense spending. When he assumed office in 1981, the deficit was $78.9 billion, and he said "this kind of irresponsibility can't go on" (March 2, 1981 p. 177). When President Reagan left office, it stood at $155 billion (Office of Management and Budget). Nathan and Doolittle (1987) emphasize the long-term meaning of the deficit: ". . . what is not debatable is the inhibiting effect of the deficit on proposals for new federal programs. The signal from Washington was clear; new social program initiatives would have to occur elsewhere" (p. 13).

Some other profound influences are more philosophical. First, the Reagan Administration clearly reversed the commitment to the "working poor" that had been evident in the Carter Administration. Yet with the Family Support Act of 1988 (which extended Medicaid eligibility for six months for families who leave AFDC due to finding employment) and the uncoupling of Medicaid from AFDC, much of that commitment seems to have been recovered.

Second, the Reagan years continued a pronounced shift in concern and resources away from children and toward the elderly. By 1984, for example, Federal expenditures per child were

only 9% of the per capita expenditures for the elderly (Preston, 1984). During the 1980s, the real benefits of Medicaid eligibility for AFDC children decreased by 30% while the benefits for the elderly increased 10% in inflation-adjusted terms (Schlesinger, 1989). The results are clearly demonstrated in increasing numbers of children in poverty, contrasted to decreasing numbers of elderly persons. It is difficult to determine exactly how this shift has occurred, but demographic changes, as well as a strong political lobby on behalf of the elderly, have probably been influential.

In conclusion, there is no doubt that the Reagan Administration made a significant impact upon the American health care system Some of the negative impact on low-income mothers and children remains; much of it has been ameliorated by states and subsequent Federal action. In the long run, however, the major impact of the Reagan Administration on the health care of women and children and low-income families may have occurred through the Administration's social and economic policies, which are discussed in other articles in this issue.

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The Reagan Legacy: Undoing Class, Race and Gender Accords.

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The impact of Reaganomics on women, workers, and persons of color is explored by looking at structural forces in the political economy that encourage business and government at one time to support and another time to undermine the welfare state. The expansion of the welfare state from 1935 to the mid-1970s meshed well with the needs of profitable production, political legitimacy and patriarchal control. With the economic crisis of the 1970s, the welfare state became too competitive with capital accumulation and too supportive of empowered popular movements and had to go. Women, persons of color, and the poor ranked high among the victims of the new austerity plan.

The 1935 Social Security Act, widely viewed as marking the birth of the modern welfare state in the United States, was enacted during a crisis in which the political and economic arrangements supportive of capital accumulation, social stability, and patriarchal controls from the 1890s to the 1930s collapsed (Bowles, 1982; Bowles & Gintis 1982; Bowles Gordon, & Weisskopf, 1983, 1986; Kotz, 1987, 1990). Signaled by the 1929 stock market crash, the crisis revealed what many already knew: that the drive for high profits and low wages that characterizes capitalist production, could not assure the levels of wages and employment needed to support the average family unless the state intervened. The state had to step in and absorb more of the costs of family formation and maintenance since profitable production depended heavily on the family system (and women's unpaid labor within it) to produce, nurture, and socialize the current and future labor force; to provide care for those too young, old, sick to care for themselves; and to assure that individuals affiliate with and integrate into society (Gough 1980; Dickinson & Russell, 1986; Sokoloff, 1981).

The enactment of the Social Security Act effectively legalized federal responsibility for social welfare. In the short run, this major restructuring of the system of social welfare provision cushioned the immediate blows of the Depression. It put cash into empty hands and increased purchasing power, which assisted people in need while stimulating the depressed economy. In the long run, bringing the federal government into social welfare acknowledged that the state had to socialize the costs of family life on a permanent basis. Instead of relying on families, charities, religious institutions and local governments to mediate between economic profits and economic security, the federal government had to provide minimal support (Bowles, 1982; Bowles and Gintis, 1982; Bowles, Gordon & Weisskopf, 1983, 1986; Kotz, 1987, 1990).

The Social Security Act also help to restore the political legitimacy of the state. The thirties witnessed widespread agitation by trade union and numerous other popular movements seeking redress from the collapse and underlying inequities of the market. In the short run, the New Deal programs helped to restore political and economic equilibrium by providing some economic relief to thousands of people, legalizing unions and collective bargaining, and bringing the leaders of popular movements into the New Deal Administration. In the long run, the welfare state stabilized the new economic order, restored the political legitimacy of the state, and muted the class conflicts generated by organized labor and other dislocated and disenfranchised groups.

The restructuring of social welfare focused heavily on restoring business activity and containing class conflict. Much less attention was paid to the demands of the early civil rights and women's movements. The NAACP, the Urban League and women's rights movement had been active since the early part of the century but still lacked the voting power and political clout to secure its agenda (Piven & Cloward, 1971; Skocpol, 1988). Although Roosevelt supported New Deal programs that benefited African Americans and white women, his administration did not challenge the discrimination and the disenfranchisement of black Americans nor the lack of equal opportunity for women. Both the civil rights and women's movement faulted

the New Deal for excluding their members. Blacks in addition criticized Roosevelt for not introducing antilynching laws or passing civil rights legislation during his four presidential terms (Leuchtenburg, 1963; Sitkoff, 1981). The women's movement critiqued the New Deal programs for placing them in sex stereotyped jobs, offering them benefits as dependent spouses, and refusing to undo laws barring employment by married women (Abramovitz, 1988; Scharf, 1983, Ware, 1981).

The Post War Expansion of the Welfare State

The welfare state expanded rapidly after World War II. During this period Congress liberalized the Social Security Act and created new social service programs. Fueled by prosperity and political struggles, the expansion continued into the sixties with the War on Poverty, The Great society, and new laws to protect civil rights, women's rights, the workplace, and the environment. The postwar institutionalization of the welfare state improved the standard of living and democratic rights of women, labor, and people of color. It also meshed well with business profits, political stability, and patriarchal controls. Reflecting the acceptance of government regulation of the economy and concessions to popular movements, the expansion of the welfare state was underpinned by Cognition economic theory and informal accords negotiated with the trade union, civil rights, and women's movements.

Keynesian Economics

Keynesian economics actively sanctioned a more interventionist state. It called for government spending and regulations to assure that the economy recovered from its periodic crises of low production and high unemployment. The theory promised that if government tax and spending policies increased aggregate demand, tolerated a moderate deficit when necessary, and controlled inflation, higher profits for business and a better standard of living for workers would result. The emphasis on increasing demand and therefore consumption, reversed earlier economic practices which extracted profits by lowering rather than raising the standard of living. By arguing that the careful

use of fiscal and monetary policy would benefit the rich, the middle class, and the poor, Keynesian economics drew support for active government involvement. It did not, however, predict that the informal accords negotiated with the trade union, civil rights, and women's movements would later turn the expanded welfare state into an arena of political struggle.

The development of capitalism itself eroded the institutional arrangements that previously shielded the economic activity of business and the state from political influence (Piven & Cloward, 1982). While promoting a more interventionist state, Keynesian economics could not eliminate the drive for high profits and low wages nor could it promote greater equality. The resulting inequities led the trade union, civil rights, and women's movements to gain strength and to intensify their struggles. The labor, race, and gender accords granted important distributional and political gains to each group while ensuring the continued dominance of business and the state. The accords functioned until the mid-1970s when profound problems in domestic and international economies forced a new restructuring of the social order and made the postwar accords susceptible to attack.

Labor-Management Accord

The postwar period witnessed a reorganization of labor-management, which until this time had been highly contentious and disruptive. According to Bowles, Gordon and Weisskopf (1983, 1986) labor and management negotiated a new but informal pact which took hold after World War II. Grounded in part in New Deal legislation, the pact stabilized labor-management relations, increased the bargaining power of unions and expanded the welfare state. The 1935 Social Security Act, especially Unemployment Insurance, provided workers with an economic backup which strengthened their ability to resist unfair wages and working conditions. The 1935 Wagner Act legalized collective bargaining which further strengthened labor's hand and established the National Labor Relations Board to mediate labor-management conflicts. The 1946 Employment Act brought the federal government into the picture to control prices, unemployment, and inflation. The new laws gave management control over the workplace with fewer strikes, longer

union contracts and new shop floor rules. In exchange for its cooperation, labor won a share in capitalist prosperity through higher wages, better working conditions, greater job security and fewer anti-union campaigns. The government agreed to regulate economic conditions and mediate the disputes.

The accords smoothed the way for postwar business profits, integrated labor into the political mainstream, and made labor relations more predictable. Paradoxically, however, the accords also empowered labor. The expansion of the welfare state, the growth of the trade union movement, and the enforcement of newly won gains by the state improved labor's standard of living and gave unions a greater say on the shop floor. The 1947 Taft-Hartley Act and the 1950 Macarran Act and the rise of McCarthyism narrowed labor's advances. But at the time of the merger of the American Federation of Labor and the Congress of Industrial Organizations in 1955, a record 35% of the labor force was unionized. A higher standard of living backed by stronger unions and new welfare state programs made it possible for labor to challenge the power of business and government through most of the postwar years. The struggle for control never ended, but in the mid-1970s, the cost of fringe benefits, the expansion of social programs, and labor's empowerment weakened business' control over labor and contributed to the demise of the accord.

The labor accord analysis developed by Bowles (1982), Bowles and Gintis (1982), Bowles, Gordon, Weisskopf (1983, 1986), Piven and Cloward (1982) among others does not directly deal with issues of race and gender. But the historical records show that by the late 1960s, business and the state had negotiated similar pacts with persons of color and women. A key goal of Reaganomics was to undo all three accords in order to contract the welfare state and disempower popular movements.

The Racial Accord

The postwar period also witnessed reorganization of race relations as the "go slow" politics of the early civil rights movement gave way to more militant demands for integration and civil rights in the mid-1950s. Until then Jim Crow remained strong and the dominant wing of the civil rights movement accepted limited change through self-help, litigation, and lobbying and tokenism. African Americans lacked the resources needed

to win the fight for racial integration despite a tenfold increase in the membership of the NAACP and the formation of the Congress of Racial Equality. But with the 1955 Montgomery Bus Boycott the civil rights movement became more militant. Tired of gradualism and tokenism the civil rights movement turned to direct action such as sit-ins, pray-ins, wade-ins, boycotts and Freedom Rides to secure its ends. The NAACP's numerous court victories against segregation, but especially the 1954 Supreme Court decision banning separate but equal schools empowered the movement.

The growing size and militancy of the civil rights movement eventually forced state action to maintain civil order and restore black confidence in the government. When, in 1956, angry black voters left the Democratic Party to protest its lack of support for civil rights, politicians took note. In 1957, Eisenhower reluctantly sent Federal troops into Little Rock, Arkansas to enforce the 1954 Supreme Court decision. That same year both Democrats and Republicans backed legislation which protected the right of blacks to vote and created the Commission on Civil Rights (Piven & Cloward, 1971). At the same time, the blatant and often violent refusal of Southern white officials to obey federal civil rights laws engendered sympathy for the cause among working-class blacks and northern whites. Finally, the civil rights movement escalated its demands moving from constitutional protections to equitable distribution of societal power.

The race accord, negotiated by Kennedy who owed his narrow 1960 presidential victory to the swing black vote (Meier & Rudwick, 1976) reduced racial barriers to voting employment, education, and housing and expanded social welfare programs. The shift in the Democratic Party's civil rights stance was signaled when Kennedy appointed blacks to high federal positions, forced Governor Wallace to desegregate the University of Alabama, recommended a sweeping civil rights law, supported the march on Washington led by Dr. Martin Luther King, and privately encouraged nearly 100 corporate and foundation leaders to contribute over one million dollars to the five major civil rights groups (Meier & Rudwick, 1976; Sitkoff, 1981). After Kennedy's assassination Johnson offered to seat the Mississippi

Freedom Democratic Party at the 1964 Democratic Convention. Congress followed suit and passed the 1964 Civil Rights Act and it passed the 1965 Voting Rights Act. The movement's demands for greater economic justice were met with The Great Society and the War on Poverty which further enlarged the welfare state. Sargent Shriver, who directed the War on Poverty, said it created "a new relationship and new grievance procedure between the poor an the rest of society just as the National Labor Relation Act did for unions" (Piven & Cloward, 1971, pp. 270–271).

Negotiated by business and government to contain the civil rights movement without modifying white supremacy, the racial accord eased tensions for a while. Business and government secured increased political loyalty from the rising number of African American voters who from 1960–1964 furnished Democrats with the presidency and control over both houses of Congress (Sitkoff, 1981). Race relations were stabilized without any loss of white privilege or control of the political process. In exchange for their cooperation, African Americans and other persons of color won basic rights and greater access to the political and economic systems. But the race accord also empowered the civil rights movement and modified the balance of power, making it easier for persons of color to challenge and at times threaten the dominance of the white power structure. In the late 1960s, these challenges included the "long-hot summers," the spread of the civil rights movement from the South to the North, and the replacement of the integrationist call for "Black and White Together" by the more radical demand for "Black Power" (Sitkoff, 1981). In the 1970s, middle-class African Americans won local and state office and in 1984 Jesse Jackson was a candidate for President of the United States.

The Gender Accord

The post-war period also witnessed a reorganization of gender politics due to changes in women's role that posed threats to patriarchal authority and fueled the rebirth of the feminist movement. Under the accord, the state reduced gender barriers to employment, education, credit and pensions, expanded social welfare benefits and reproductive rights, and granted women

greater access to the state. In exchange for these advances, the women's movement promised less militancy, continued political allegiance, and demands that would not challenge the underpinnings of patriarchal arrangements.

The women's movement had been in the doldrums during the 1940s and 1950s, but it did not disappear. A small network of middle class women sustained mutually antagonistic voices in behalf of women's rights with one wing supporting legislative reforms for poor and working women and the other pressing for the Equal Rights Amendment (Evans, 1989; Rupp & Taylor, 1987). African American women kept segregation, lynching, and race discrimination on the political agenda; and working-class women of both races struggled to preserve their wartime employment gains (Evans, 1989; Gabin, 1990; Rupp & Taylor, 1987). Meanwhile, changes in the structure of work and family life exposed thousands of women to discrimination, led them to ask why the equal-opportunity-for-all promise did not apply to them, renewed interest in the Equal Rights Amendment, and eventually revived the feminist movement.

Kennedy initiated the gender accords in 1961 to fulfill promises to the women who voted for him, to side-track renewed interest in the ERA and to keep increasingly independent women voters tied to the Democratic party. Pressed by Esther Peterson, his appointed head of the Women's Bureau, Kennedy established the Commission on the Status of Women in 1961 (Evans, 1989, McGlen, 1983; Rupp & Taylor, 1981). Its 1963 report, *American Women* paid careful obeisance to the centrality of women's traditional roles, but documented the realities of female inequality. Although the report opposed the Equal Rights Amendment, it exposed many problems of employment discrimination, unequal pay, the lack of social services, continued legal inequality and other gender inequities.

Although supportive of women's traditional role, the Commission's Report activated many women. It generated commissions on the status of women in most states and led to the passage of the 1963 Equal Pay Act which outlawed gender-based wage discrimination (Evans 1989). But patriarchal resistance persisted. Congress refused to provide equal pay based on comparable worth, the broader pay equity concept favored

by the women's movement. A legislator added the word "sex" to Title VII of the 1964 Civil Rights Act in hopes of defeating the bill which prohibited employment discrimination (Evans 1989; Rupp & Taylor, 1987).

Just as the state's reluctance to enforce the 1954 Brown decision catalyzed the civil rights movement in the late 1950s, the refusal by Equal Employment Opportunity Commission to act on thousands of sex discrimination complaints mobilized the feminist movement. Tired of gradualism and tokenism and angered by the widening male-female wage gap (Bird, 1968), middle-class women formed new feminist organizations in the 1960s including the National Organization of Women (NOW) (1967), the Women's Equity Action League (WEAL) (1970), and the National Women's Political Caucus (NWPC) (1971). The insurgency crossed race, class, and age lines with the appearance of the National Welfare Rights Organization (NWRO) (1966), National Black Feminist Organization (NBFO) (1973), and the Coalition of Labor Union Women (CLUB) (1974). Younger women activists in the Student Non-Violent Organizing Committee (SNCC) and Student For a Democratic Society (SDS) angered by male domination of their organizations and personal lives began to call for women's liberation, not just women's rights (Chafe, 1978, Evans 1980, 1989).

The new militancy expanded the gender accord in the early 1970s. President Johnson issued Executive Order 11375 in 1967 which mandated affirmative action to redress discrimination by firms with federal contracts. In 1972, Congress passed the ERA although right-wing opposition in a few key states prevented its ratification. This was followed by Title IX of the 1972 Education Act Amendments, the 1974 Equal Credit Act, and the 1978 Pregnancy Disability Act. The Supreme Court ruled in favor of women in a host of class action sex discrimination suits and in 1973, it legalized the right to abortion. Women also secured access to party councils, political appointments, and elected office.

Negotiated to contain the women's liberation movement without modifying patriarchal arrangements, the gender accord expanded women's rights, welfare state benefits, and economic opportunities. Greater economic independence, reproductive control, and access to the state modified the gender balance

of power and made it easier for women to challenge the patriarchal powers of business and the state.

Taken together in the short run, the postwar accords enhanced economic profitability, political legitimacy, and stabilized class, race and gender relations without costing business and the state, undue loss of control. In fact, they contained popular movements. By confining the contest to democratic rights and distributional gains, they directed the struggles away from the structural roots of inequality. But in the long run, the accords had paradoxical effects that eventually caused business and government to retreat from them. They increased the political influence of popular movements whose protests spread to new issues and new groups. The demands of the empowered movements turned the welfare state as well as the workplace into highly contested terrains. The hard-won victories of trade unions, civil rights and women's groups, among others, challenged the once impervious structures of class, race, and gender dominance in the family, the market, and state (Bowles, & Gintis, 1982; Bowles, Gordon, & Weisskopf, 1983, 1986; Piven & Cloward, 1982).

In brief, the accords leveled the playing field too much for business and the state. Like the nation's founding fathers who worried that with "too much democracy" the landless majority might overrule the landed minority (Farrand, 1972), today's leaders explored ways to roll back increasingly effective challenges to the power structure (Crozier, Huntington, & Watanulsi, 1975; Dickson & Noble, 1981; Wolfe, 1980). The accords no longer achieved their ends and had to be undone.

Breaking the Accords: The Reagan Legacy

Throughout most of the postwar period it seemed that the modern welfare state, fueled by Keynesian economics and the three accords, would expand forever. But hindsight reveals that business and government's support for the welfare state was one of a series of time-bound solutions to the problems of capital accumulation and social conflict of a particular historical period. By the mid-1970s, these post-war solutions had begun to unravel due to the loss of United States world hegemony, increased international economic competition, rising national

indebtedness, declining corporate profitability, chronic economic stagnation and active resistance from organized popular movements. The erosion of the nation's economic and political power reached crisis proportions in the 1970s and required plans to restructure the political economy. While its prior restructuring during the Great Depression had expanded the welfare state and strengthened the trade union, civil rights, and women's movements, the new political strategy emphasized austerity and sought to roll back the gains of the previous period. Its goals included redistributing income upwards, cheapening the cost of labor, and curbing the influence of popular movements (Piven & Cloward 1982; Weisskopf, 1981). Accomplishing this goal included shattering the postwar consensus on government's expanded role in the economy, and undoing the labor, race, and gender accords.

Shattering the Postwar Consensus on Active Government

The Reagan revolution began by attacking big government. The prevailing economic orthodoxy now held that countries with low labor and welfare state costs fared best in domestic and international trade. Reflecting this, a special 1974 issue of *Business Week* on the capitalist crisis, called for less government spending to promote private investment. The reporter acknowledged that idea of doing with less so that big business could have more would be a hard pill for Americans to swallow. The attack on big government meant Keynesian economics had to go. "Supply-side economics," its replacement, blamed the nation's economic ills on "big government" and called for lower taxes, reduced government spending (military exempted), fewer government regulations, and more private sector initiatives. Supply-side economics undercut the welfare state by intentionally creating the largest deficit in the nation's history. David Stockman, Reagan's first budget director, later confessed that the Administration hoped that the deficit would justify domestic program cuts for years to come (Block, 1987). These policies combined with economic downturns and deindustrialization redistributed income upwards, lowered the standard of living, and put popular movements on the defensive (Phillips, 1990; Greenstein & Barancik, 1990). Without totally

eliminating Keynesian demand-side policies, supply-side economics weakened the material and the ideological support for government intervention in the economy, especially in the social welfare arena.

The attack on big government and the retreat from the accords went hand in hand. Both were part of the effort by business and the state to transfer the costs of production and reproduction back to the poor and working class, and to regain control over the family, the market, and the state. To redistribute income upwards and to curb the influence of popular movements, it was necessary to launch an assault on the welfare state and on the groups whose demands contributed to its growth. The lower standard of living that followed is confirmed in regular media accounts of the feminization of poverty, the loss of civil rights gains, the rise of the working poor, and the declining middle class.

Undoing the Labor Accord

During the postwar years, economic prosperity, relatively low unemployment, and the labor-management accord brought a degree of harmony to the workplace and the state, especially in the highly unionized industries. By the mid-1970s, facing a profitability panic, business turned against the unions and the welfare state whose victories now interfered with its ability to lower labor costs and control labor-management relations. The post-war labor accord which had increased the power of the unions and expanded the welfare state had to go.

By all accounts, Reagan signaled the end of the post-war labor management pact in 1981 when he fired over 11,000 striking air traffic controllers. This action, combined with antilabor appointments to the National Labor Relations Board, implicitly granted employers permission to revive long-shunned antiunion practices: decertifying unions, out-sourcing production, and hiring permanent replacements for striking workers (Kilborn, 1990; Prokesch, 1985). To strip unions of their excessive power, business fought labor law reforms and encouraged the formation of new antiunion groups such as the Council for a Union Free Environment (Boyte 1980).

Combined with plant closures, bankruptcies, and the decline of jobs in manufacturing, the attack on labor weakened the labor movement. Union membership fell to 15% of the labor force, down from its 1955 peak of 35%. Unable to fight back, workers and unions accepted smaller wage increases, less favorable work rules, and a host of other take backs just to save their jobs. But according to most experts, the promised exchange of job security never materialized (Prokesch, 1985).

Shrinking social welfare programs not only transferred the cost of family maintenance back to workers and the poor, but helped management regain control over labor. It restored the disciplinary power of unemployment which management had historically counted on to keep wages down, but which expanding cash assistance programs had undercut. Despite their meagerness, programs such as Aid to Dependent Children (AFDC) and Unemployment Insurance (UI) created an economic cushion for workers. The cushion helps employed workers risk joining unions or otherwise fighting for better paying jobs. Inflation and the Reagan cuts reduced purchasing power and the number of people who qualified for both UI and AFDC. The Administration's refusal to raise the minimum wage from 1981-1990 pressed wages downward as did the 1988 Family Support Act which channeled many poor women into low-paid jobs in the rapidly expanding service sector where labor shortages threatened to force wages up.

Retreat From The Race Accord

The civil rights revolution brought a degree of harmony to race relations. It strengthened the Democratic party, secured black allegiance to the state, and began to redress historic racial grievances. However, the registration of more black voters, the dramatic increase in the number of black elected officials, and the implementation of affirmative action programs that compensated blacks for past inequalities also challenged white supremacy. Support for the race accord was short-lived and came to an abrupt end. Uncomfortable with expanded civil rights, many white Americans began to regard them as reverse discrimination. For business and the state, the empowered civil

rights movement had become too strong, too demanding, and too expensive.

Once viewed as central to electoral victories, both Democrats and Republicans began to ignore black voters. Despite the devastating riots that followed the assassination of Martin Luther King Jr., the issue of racial equality dropped from the political agenda of both major political parties (Orfield, 1988). The 1968 presidential campaign was the last to seriously debate the problems of the urban ghetto. An ideological campaign helped to justify the shift. From Moynihan's 1965 report that blamed poverty on the black family, to Nixon's Southern Strategy" to Willie Horton's appearance in Bush's 1988 campaign ads, the GOP wooed disaffected white Democrats by manipulating racial tensions. The Republicans carried the white vote in every election between 1968 and 1984 (Sitkoff, 1981). Smarting from their losses, the Democratic Party backed away from the race accord. To keep white voters, blacks were asked to lay low and to desist from pushing their agenda too hard. In contrast to the Party's historic pattern of rewarding loyal interest groups, when blacks did not obey, party leaders tarred them with the special interest label implying that they were selfish and motivated by self-interest (Wellman, 1968; Edsall and Edsall, 1991).

With the cooperation of many Democrats, the Reagan Administration dismantled the civil rights programs that comprised the racial accord. It equated affirmative action with quotas and reverse discrimination, decimated the budgets of civil rights enforcement agencies, and appointed civil rights opponents to the Civil Rights Commission and the Supreme Court (Chambers, 1987). In 1990, Bush vetoed the Civil Rights Act which tried to redress some of these wrongs. In 1991, he nominated Clarence Thomas, a conservative African American opposed to affirmative action, to replace the retiring liberal Supreme Court jurist Thurgood Marshall. The Administration's domestic cutbacks also weakened the position of people of color. They focused heavily on means-tested programs such as AFDC, Medicaid, and subsidizing housing—which serve disproportionate numbers of impoverished people of color while treading more lightly on Medicare and Social Security which serve more middle-class whites (Slessarev, 1988).

The hard-won gains made by persons of color faded during the eighties. The number of poor families of color rose sharply while in all classes, persons of color lost ground. Their standard of living, life expectancy, and health status declined while infant mortality and diseases rates climbed. Fewer persons of color received student loans, graduated from high school or attended college. Mortgage loans become less available, and their neighborhoods became more segregated. By retreating from the racial accord, the nation's leaders put the civil rights movement on the defensive. They divided the nation on racial grounds, and implicitly provoked the rise of hate violence.

Undoing The Gender Accord

The gender accord stabilized gender relations by bringing the law into line with the changing realities of women's lives, correcting long-standing gender inequities, and granting women a place in electoral politics. But it also expanded the welfare state, empowered the women's movement, and undercut patriarchal arrangements. Like the racial and labor accords, the gender accord came to an abrupt end. The result has been cheaper labor, a redistribution of income upwards, and the strengthening of patriarchal structures.

The 1980 platform of the Republican Party signaled the end of the post-war gender accord. It dropped the party's former endorsement of the Equal Rights Amendment, called for a constitutional amendment to end abortion, affirmed the Party's belief "in the traditional role and value of the family in our society," and emphasized the importance of motherhood and homemaking in maintaining the nations value (McGlen & O'Connor, 1983, p. 74). If fully implemented, the Family Protection Act of 1981 would have made societal institutions more patriarchal. It proposed to end federal support for child care, abortion, family planning, women's shelters, rape crisis centers and welfare programs believed to undermine the traditional nuclear family. It prohibited legal aid lawyers from handling abortion, divorce, lesbian or gay rights cases, banned sex education in schools, coeducational sports, and the use of federal funds for school materials depicting homosexuality and non-traditional gender roles (*Time Magazine*, 1981).

Seeking to transfer the costs of family maintenance back to the family, the Reagan administration encouraged working and middle-class women to return home. The attack on big government eliminated thousands of public sector jobs that employed women and persons of color (Erie, Rein, & Wiget, 1983). Reduced child care, housing, health care, food benefits and social services increased women's household burdens which made it harder for them to be employed. Lack of services also added to the costs of family maintenance previously subsidized by the state. Undoing the gender accord also weakened affirmative action and anti-discrimination laws. It ignored sex and race segregation of the workplace and refused to support family policies to ease women's work and family burdens. In sharp contrast to efforts to send middle-class women back home, the 1988 Family Support Act replaced AFDC's voluntary work incentives with rules which forced poor women to work outside their homes. Those not deprived of support, saw the value of their benefits fall by a third. AFDC, which allows women to raise children without men, came in for especially harsh treatment because it openly threatened patriarchal norms.

The attack on abortion rights and family planning services and the rise of involuntary sterilizations undermined women's control over their bodies, while less support for women's shelters, programs for battered wives, and rape crises centers implicitly endorsed male violence against women. With the introduction of Learnfare which docks about a $100 a month from the checks of welfare mothers whose children miss school without an acceptable excuse (Gerharz 1990), welfare programs become more coercive. Similar coercive tendencies characterize "wedfare" which gives women a bonus for marrying and leaving the rolls (Kerr 1991), and plans that offer financial incentives to women for using Norplant, the new long-term contraceptive implant.

These and other measures struck deeply at the institutions which support the economic security and independence of women. The cuts also reversed gains that women along with persons of color and organized labor have won since the 1930's. The attack on the Equal Rights Amendment and abortion put

the women's movement on the defensive and limited its ability to seek new gains.

Conclusion

The historical forces that underpin the expansion and contraction of the welfare state, suggest that the Reagan legacy goes beyond the machinations of an actor turned president to the roots of our economic and political system, and that the rise and fall of the welfare state has more to do with maintaining corporate profitability, political legitimacy, racial hierarchies, and patriarchal arrangements than the satisfaction of human needs.

Reaganomics was not fully implemented nor totally successful. But it did engineer a dramatic reversal of public policy and ignored the high human cost that accompanied the change. Attempting to secure economic and political control, the president undermined the philosophy and structure of the liberal welfare state, weakened popular movements, and eroded democratic structures. The new austerity program has fostered distrust and violence, as economic deprivation and inflammatory politics pit one group against another. The role of business and the state in creating the Reagan legacy is obscured to the extent that observers blame the fear, chaos, poverty, social decay, and loss of communal solidarity that now plaques our nation, on the behavior of those at the bottom instead the decisions made by those at the top.

No social system can function for long without a viable labor force, families able to maintain themselves, and a minimally content and loyal citizenry. No social system can thrive, no matter how much military might and patriotism it musters, if its people remain divided, and disaffected. Recognizing this fact, leading business groups have begun to call for health care and educational reforms (The Committee on Economic Development, 1987) and policies to reduce the rising rates of crime, hunger, homelessness, illiteracy, illegal drug use, high infant mortality, and other by-products of Reaganomics (New York Times, 1988a, 1988b). Even some taxpayers have accepted the need for more revenues. Finally, coalitions of social activists have continued to resist the attack on the welfare state. These movements have the potential to undo the disastrous Reagan

legacy. Eventually, their victories will confirm that progressive social change cannot arise without people's activism and "pressures from below."

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Unhousing the Urban Poor: The Reagan Legacy*

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The Reagan era was characterized by the popularity of individual level explanations and market based solutions for a range of social problems, including homelessness. We argue that such an approach was inadequate and may, in fact, have worsened the housing situation. We claim that homelessness is fundamentally a housing problem linked to two key trends of the 1980s: the increasing rate of poverty and the declining supply of low-income housing. Market approaches to housing policy have resulted in housing policies by default: gentrification, condo conversion and displacement as well as tax policies that explicitly favor the non-poor. Those policies geared towards the poor, vouchers and subsidies, were inadequate responses to increasing need. In sum, the Reagan years witnessed dramatic declines in the supply of low-cost housing, substantial increases in the poverty rate, and drastic shifts in federal policy towards housing the poor.

A sample of homeless people in San Francisco was once asked to identify "the most important issues you face or problems you have trying to make it in San Francisco or generally in life" (Ball and Havassy, 1984). The most common responses were "no place to live indoors" (mentioned by 94%), followed by "no money" (mentioned by 88%). No other response was chosen by as much as half the sample. At a sufficiently abstract level, the connections between poverty, the housing supply, and homelessness may seem dim. At the level where life is lived, the connections are stunningly obvious.

The clarity of perception revealed in these results may be usefully contrasted with a piece by Randall Filer, "What do we really know about the homeless," that appeared in the Wall

Our thanks to Brian T. Smith for comments on previous drafts and to Martha Wittig for research assistance.

Street Journal (10 April 1990). Filer is skeptical that homelessness has become a social problem that requires government intervention. Like others, he views welfare benefits, Aid to Families with Dependent Children (AFDC) and any other "citizen wage" as a threat to the market because they reward the poor for being poor (or the homeless for being homeless). ". . . [T]he more generous the programs for the homeless are, the greater this number [of homeless] will be as people respond to the incentives created." He adds, "Despite the implication of the word 'homeless,' we know almost nothing about the connection between homelessness and housing markets. There is no reliable evidence that homelessness is more extensive in cities with tight housing markets."

Filer's comments mislead; as we argue in this paper, there certainly is a relationship between the housing market and homelessness. The relationship is rather a simple one: the cost of housing has come to exceed what many impoverished families and persons can afford to pay. We also argue that Filer's sentiments, although incorrect, were shared by President Reagan throughout his administration and were institutionalized in budgets and policies that exacerbated the homelessness problem. As a result, the homeless situation was much worse at the end of the decade of the 1980s than it had been at the beginning. Unhousing the urban poor is a lamentable but enduring legacy of his administration.

Ferrara (1990, p. 539) has pointed to increasing levels of Federal expenditure to aid the homeless as evidence of Reagan's merit. For example, he notes that expenditures in the Department of Housing and Urban Development (HUD) increased from $12.5 billion in 1980 to an estimated $22.8 billion in 1990. But these figures do not reflect expenditures on low-income housing programs or on the homeless; they are, rather, *total* HUD expenditures on all programs (Table 1). The 1990 HUD pay-out specifically for low-income housing programs is about $1.6 billion (Table 2), certainly not $22.8 billion.

It is true that HUD expenditures on low-income public housing programs and low-rent public housing loans more than doubled in the 1980s. In constant dollars, however, the increase is unimpressive; in fact, corrected for inflation, HUD expenditures

Table 1

Housing and Urban Development (HUD) Budget Outlays (in Billions of Current Dollars), 1980–1990

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989[a]	1990[a]
Subsidized Housing	4.5	5.7	6.8	7.8	8.8	10.1	10.0	9.9	11.2	12.6	13.8
Housing Programs	6.3	7.8	8.4	8.4	9.1	9.0	9.9	9.8	12.7	14.4	15.9
Nat'l. Mortgage Association	1.4	1.2	1.4	.9	.6	−.9	−1.1	−.6	.2	−.2	.5
Comm. Planning and Development	4.6	4.7	4.3	4.0	4.2	4.4	3.8	3.2	3.1	3.4	3.4
Policy Dev. and Research	.05	.04	.02	.04	.02	.02	.01	.02	.02	.02	.02
Fair Housing and Equal Opportunity	—	.007	.002	.005	.006	.005	.005	.006	.007	.008	.01

Continued . . .

Table 1 continued

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989[a]	1990[a]
Managment and Administration	.25	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3
Public and Indian Housing Program	—	—	—	1.6	2.2	15.1	2.2	2.7	2.6	2.5	2.3
Total Federal Outlays for HUD	12.6	14.0	14.5	15.3	16.5	28.7	14.1	15.5	18.9	20.3	22.6
In Constant (1980) Dollars	12.6	12.7	12.4	13.1	13.1	21.2	10.6	11.2	13.1	13.5	14.0

[a]Estimates

Source: Executive Office of the President, Office of Management and Budger. Budget of the United States, Fiscal Year(s) 1982 . . . 1990. Washington, DC: USGPO.

Table 2

HUD Outlays for Low-Income and Low-Rent Public Housing (×$1,000)

	Payments for Low-Income Housing Programs	Low-Rent Public Housing Loans and Other Expenses
1980	755,300	159,304
1981	928,581	77,359
1982	1,007,558	−21,118
1983	1,541,558	110,603
1984	1,135,116	1,111,012
1985	1,205,020	13,885,412
1986	1,180,865	977,001
1987	1,387,985	1,355,655
1988	1,488,551	1,172,953
1989[a]	1,547,357	922,407
1990[b]	1,651,357	634,323

[a]Changed to 'operation of low-income housing'

[b]HUD estimate

Source: see Table 1.

at the end of the decade were nearly identical to those at the beginning. It is also true that only a part of the total HUD budget is spent on housing subsidies for the poor, and that an even smaller share is spent on the subsidized construction of new low-income housing. To suggest that the federal expenditure for this purpose is anywhere close to $20 billion seems intentionally misleading.

Expenditures on the homeless poor or on facilities to assist the homeless are not tallied as a separate category in any of HUD's documents prior to 1987. In 1987, $15,000,000 was appropriated for this purpose, although no figure for the actual outlay is provided. Also, in 1988, within the category of "Policy Development and Research Expenditures," there was an outlay of $2,661,000 for "supplemental assistance for facilities to assist the homeless." Expenditures on the homeless increased in 1988 and thereafter, under provisions of the Stewart B. McKinney Homeless Assistance Act; these expenditures are reviewed later.

Ferrara also remarks that the total number of families assisted by HUD programs increased from 3.1 million in 1980 to 4.4 million today. But with a current poverty population in excess of 30 million, it is obvious that the HUD coverage rate of households in need is very limited, whatever the total number of households receiving assistance. Table 3 shows state-by-state coverage rates for the *very* low-income renter population (not the total poverty population); the coverage is almost never above 50% and nation-wide averages less than a third (Center for Budget and Policy Priorities, 1990). It can also be noted that Ferrara's figures include nonpoverty households who receive HUD housing assistance, for example, the elderly (among whom the poverty rate has been declining and who now enjoy the lowest poverty rate of any age group in the nation).

By far the largest and most aggressive federal effort on behalf of the homeless is the McKinney Act, enacted in 1987. Under the terms of this act, HUD has spent more than $200 million on the Supportive Housing Demonstration Program, an expenditure frequently cited as evidence of the Reagan administration's willingness to solve the housing problems of the homeless (e.g., Access, 1990). Other housing provisions within the act have provided roughly $80 million to subsidize more than 2,200 single room occupancy (SRO) hotels for a decade, have underwritten the opening and operation of emergency shelters for the homeless, and so on (see Table 4). The supportive housing program is a particular source of pride because it is housing geared to the unique and diverse needs of subgroups within the homeless population (the alcoholic, the mentally ill), a pet theme of HUD Secretary Jack Kemp.

Close examination of the budgetary outlays from the McKinney Act reveals that relatively little of the budget goes to the provision of permanent low income housing; much of it is targeted towards other purposes and populations. In 1987, to illustrate, a total of $80 million was appropriated for the supportive housing program. Of that $80 million, $20 million went to transitional housing for homeless families, not to permanent low cost housing. In 1988, $100 million was authorized for the program but only $65 million was appropriated and of that, $20 million was again for transitional, not permanent housing.

Table 3

Low-Income Housing Assistance

State	Number of Renter Households Assisted 1985	Number of Very Low Income Renter Households 1983	Maximum* Number of Very Low Income Renter Households Assisted
Alabama	75,469	224,320	33.6%
Alaska	9,224	16,980	54.3
Arizona	34,638	139,320	24.9
Arkansas	38,709	130,840	29.6
California	336,310	1,564,110	21.5
Colorado	39,605	159,850	24.8
Connecticut	64,225	154,030	41.7
Delaware	10,422	29,060	35.9
Dist. of Columbia	28,131	69,330	40.6
Florida	134,471	587,050	22.9
Georgia	115,297	337,760	34.1
Hawaii	16,175	53,160	30.4
Idaho	9,072	40,630	22.3
Illinois	168,448	646,150	26.1
Indiana	79,052	214,860	36.8
Iowa	31,076	115,350	26.9
Kansas	26,702	103,130	25.9
Kentucky	68,314	192,420	35.5
Louisiana	69,307	261,240	26.5
Maine	21,473	54,720	39.2
Maryland	81,215	210,330	38.6
Massachusetts	144,990	347,830	41.7
Michigan	123,958	409,380	30.3
Minnesota	77,519	169,070	45.9
Mississippi	40,148	143,000	28.1
Missouri	73,636	237,110	31.1
Montana	14,346	38,290	37.5
Nebraska	22,715	67,950	33.4
Nevada	15,016	47,620	31.5
New Hampshire	16,042	40,530	39.6
New Jersey	139,169	403,040	34.5
New Mexico	21,749	69,530	31.3
New York	454,852	1,484,980	30.6

North Carolina	97,754	305,840	32.0
North Dakota	12,311	27,840	44.2
Ohio	190,309	537,230	35.4
Oklahoma	55,721	153,030	36.4
Oregon	34,491	154,350	22.3
Pennsylvania	189,449	564,120	33.6
Rhode Island	32,398	63,370	51.1
South Carolina	45,692	156,080	29.3
South Dakota	16,827	35,230	47.8
Tennessee	91,364	259,260	35.2
Texas	196,290	766,090	25.6
Utah	10,039	57,390	17.5
Vermont	7,077	26,220	27.0
Virginia	79,566	262,530	30.3
Washington	57,265	224,990	25.5
West Virginia	26,844	86,230	31.1
Wisconsin	67,385	193,200	34.9
Wyoming	3,915	16,620	23.6
Total	3,816,172	12,652,690	30.2

*This is a maximum because not all households receiving assistance have "very low incomes." The number of "very-low income" housing units in 1983 was compared to the number of assisted units in 1985 because both sets of data are the latest available on a state-by-state basis.

Source: 1980 Census Data and 1983 Annual Housing Survey. Data on programs from Department of Housing, 1985 unpublished data.

As is apparent in the budgetary outlays, most of the McKinney housing money has been spent in marginal ameliorations of the worst aspects of the housing situation of the homeless (shelters, SROs, transitional programs, etc.); relatively little has been invested in adding permanent units to the low income housing supply.

Despite the claims of Kemp and others within the Bush and Reagan administrations, the homelessness problem worsened in the 1980s and the federal response did very little to dampen the trends. While some monies were being spent on low income housing and on programs specifically for the homeless, the broader housing policies of the administration undid what

Table 4

Funding for Programs Under the McKinney Homeless Assistance Act (Budget authority (BA): dollars in millions)

	FY 1987		FY 1988		FY 1989				
	Auth.	Approp.	Auth.	Approp.	Pres. Request	Hs. Appro. Com.	Sen. Appro. Com.	H.R. 4352	Sen. Banking Com.
Banking Committee:									
HUD Emergency Shelter Grants	100.0	50.0[1]	120.0	8.0	—	65.0	35.0	125.0	120.0
Supportive Housing Demonstration	80.0	80.0[1]	100.0	65.0	75.0	85.0	75.0	105.0	100.0
Transitional Housing (Families)	(20.0)	(20.0)	(20.0)	(20.0)	(75.0)	(20.0)	(20.0)	(20.0)	(20.0)
Handicapped Housing Grants	(15.0)	(15.0)	(15.0)	(15.0)	—	(15.0)	(15.0)	(15.0)	(15.0)
Suppl. Assistance	25.0	15.0	25.0	—	—	—	—	27.0	10.0
Sec. 8 10-yr. Mod. Rehab. for SROs	35.0	35.0	35.0	—	—	35.0	45.0	40.0	50.0
Housing subtotal:	240.0	180.0	280.0	73.0	75.0	185.0	155.0	297.0	280.0

Continued . . .

Table 4 continued

	FY 1987		FY 1988		FY 1989				
	Auth.	Approp.	Auth.	Approp.	Pres. Request	Hs. Appro. Com.	Sen. Appro. Com.	H.R. 4352	Sen. Banking Com.
FEMA Emergency Food & Shelter[2]	15.0	10.0	124.0	114.0	80.0	114.0	114.0	129.0	129.0
Interagency Homeless Council[2]	.2	(.2)	2.5	(.8)	1.2	1.2	1.0	.8	1.2
Banking subtotal:	(255.2)	(190.0)	(406.5)	(187.0)	(156.2)	(300.2)	(270.0)	(426.8)	(410.2)
Energy and Commerce Committee:									
Health Care for the Homeless	50.0	46.0	30.0	14.4	15.0	—	—	61.2	—
Mentally Ill Demonstration Projects	10.0	9.3	—	—	4.7	—	—	10.0	—
Mental Health Service Block Grant	35.0	32.2	—	11.5	14.3	—	—	35.0	—
Alcohol & Drug Abuse Demonstration Project	10.0	9.2	—	—	4.6	—	—	10.0	—
E & C subtotal:	(105.0)	(96.7)	(30.0)	(25.9)	(38.6)	—	—	(116.2)	—

Education & Labor Committee:									
Emergency Comm. Services (CSBG)	40.0	36.8	40.0	19.1	—	—	—	42.0	—
Job Training	—	—	12.0	9.6	—	—	—	13.0	—
Homeless Children Education Grants	5.0	4.6	5.0	4.8	—	—	—	6.0	—
Adult Literacy	7.5	6.9	10.0	7.2	—	—	—	11.0	—
Exemplary Grants	—	—	2.5	—	—	—	—	2.5	—
E & L subtotal:	(52.5)	(48.3)	(69.5)	(40.7)	—	—	—	(74.5)	—
Agriculture Committee:									
Temporary Emergency Food Assist. Program (TEFAP)	—	—	50.0	50.0	—	—	—	50.0	—
Food Stamp Provisions	—	—	54.0	54.0	70.0	—	—	—	—
Surplus Food Distribution (Comm. Credit Corp.)	—	—	6.0	—	—	—	—	—	—
Agriculture subtotal:	—	—	(110.0)	(104.0)	(70.0)	—	—	(50.0)	—

Continued . . .

Table 4 continued

	FY 1987		FY 1988		FY 1989				
	Auth.	Approp.	Auth.	Approp.	Pres. Request	Hs. Appro. Com.	Sen. Appro. Com.	H.R. 4352	Sen. Banking Com.
Veterans Committee:									
Chronically Mentally Ill Veterans	—	2.1	—	2.9[3]	—	5.0	—	10.0	—
Domiciliary Care	—	15.0	—	—	—	—	—	15.0	—
Job Training Program	30.0	—	—	—	—	—	—	25.0	—
Veterans subtotal:	(30.0)	(17.1)	—	(2.9)	—	(5.0)	—	(50.0)	—
Total	442.7	352.1	616.0	357.6	264.8	305.2	270.0	717.5	410.2

Parenthetical figures represent specific sums previously listed under more general categories.

[1]HUD Emergency Shelter Grants received previous to the McKinney Act amounted to $10 million in the FY 1987 HUD Appropriation Act for a total of $60 million in FY 1987. The Supportive Housing Demoonstration received $5 million for transitional housing for a total of $85 million in FY 1987. The FEMA Emergency Food and Shelter program received $70 million from the FY 1987 HUD Appro. Act and $45 million from a transfer of Disaster Relief Funds for a total of $125 million in FY 1987.

[2]Senate Government Affairs has jurisdiction over the FEMA Emergency Food and Shelter program and the Interagency Homeless Commission.

[3]$5 million was originally appropriated for the program in the FY 1987 Supplemental Appro. Act; however, $2.9 million lapsed and was reappropriated FY 1988.

good these low-income and homelessness programs might otherwise have accomplished.

In brief, housing policy in the Reagan years was two-pronged: tax subsidies to underwrite the housing costs of upper income groups and a largely unrestricted private market for lower income groups. This approach to housing policy was ideologically consistent with the overall Reagan agenda of deregulation, privatization and liberation of the "Invisible Hand," as was the evident consequence: the institutionalization of the private market as the solution to the inadequate low income housing supply. Sadly, the private market has few if any incentives to provide low income housing; there is much more money in housing the rich than in housing the poor. Privatizing the low income housing market means in essence that the federal government has abnegated its historical commitment to guarantee to all citizens a minimum standard of housing adequacy.

Part of Reagan's reluctance to provide housing stemmed from his well-known belief that many homeless people "are, well, we might say, homeless by choice" (a spontaneous comment in a press conference). A related theme in the administration was that housing conditions reflect cultural problems specific to certain ethnic groups. Regarding the doubling-up that is associated with a housing squeeze (Mutchler and Krivo, 1989), Philip Abrams of HUD suggested that it is " . . . characteristic of Hispanic communities, irrelevant to their social and economic conditions. . . . It is a cultural preference, I am told" (quoted in Momeni, 1990, p. 136). Even if true, which is unlikely, the relevance of this comment is uncertain since Hispanics comprise only about a tenth of the total homeless population.

The viewpoint argued in this paper, although rather a simple one, would find little favor with Filer, Ferrara, Abrams, Kemp, Bush, or Reagan himself. It is that homelessness is fundamentally a housing problem (or alternatively, that the key distinguishing feature of the homeless is that they lack an acceptable place to live). We provide evidence on two key trends of the 1980s: the increasing rate of poverty, and the declining supply of low income housing. Our position is that continual increases in the number of poor people, coupled with continual decreases in the supply of housing that poor people can afford, necessarily

predestines an increase in homelessness, a point made insistently by scholars and analysts throughout the decade.

Poverty and Housing during the Reagan Years

From 1978 to 1985, there was a 25% increase in the households living below the poverty line as well as an increase in just how poor the poor are. For example, in 1985 the median income of poor families was $4,000 beneath the poverty line; in constant dollars, that amounts to being $600 deeper into poverty than the comparable 1978 figure (Hartman and Zigas, 1989, p. 3). That the poor "are getting poorer" has been the theme of countless recent newspaper and magazine articles.

Over the past thirty years, the number of Americans living below the official poverty line has varied from a low of about 23 million in 1973 to a high of nearly 40 million in 1960. Year-to-year fluctuations in the number of the poor can be quite substantial. These annual changes, which often amount to several million persons, result mainly from macroeconomic conditions that affect the unemployment rate. During periods of general economic growth (e. g., the 1960s), the rate of employment increases and the number of the poor goes down. Alternatively, during recessionary times, unemployment and therefore poverty tend to increase. Other factors also influence the general rate of poverty, but the rate of employment is probably the most critical.

Decade by decade, the overall pattern is reasonably clear-cut. The number of the poor declined steadily throughout the 1960s, from 40 million poor at the beginning of the decade to about 25 million poor at the end. Not coincidentally, the sharpest declines occurred after the onset of Johnson's War on Poverty in 1964. Throughout the 1970s (often referred to as the "Decade of Inflation"), the number in poverty fluctuated right around the 25 million mark, with no obvious trend in either direction. Then, starting in 1978, the number of the poor began to increase, reaching the 35 million mark in 1983 and hovering close to that number since.

The 1983 figure is of historical significance because it represents the largest number of persons in poverty ever recorded

since the beginning of the War on Poverty in 1964. In five years, the gains of the previous two decades were erased as some ten million persons were added to the poverty count. In these respects, the Reagan years can only be described as a giant step backward.

For comparative purposes, most observers prefer to look at the poverty rate, rather than the raw numbers. The thirty-year trend shows that the highest poverty rates—in excess of 20% of the population—preceded the War on Poverty. From the early 1960s through 1973 (that is, from the beginning of the War on Poverty to the first Arab oil embargo and the ensuing collapse of the world economy), the rate of poverty in America was halved (falling from 22.2% to 11.1%). From 1973 through the end of the decade, no further progress was made and beginning about 1980, the rate began to increase, reaching a post-1965 peak of 15.2% in 1983 and remaining at mid-60s levels since. Thus, the secular trends in the poverty rate are much the same as the trends in the total numbers; overall, the pattern is one of considerable progress in the 60s, stagnation in the 70s, and significant deterioration in the 80s.

Not only has the number of the poor increased, but their poverty has deepened. The total share of national income going to the poorest tenth of the population has declined by more than 10% in recent years; the share going to the most affluent twentieth has increased by 37%. Accordingly, the gap between the poverty line and the median US family income has widened (Table 5). In 1980, the "income deficit" for the poor (the distance between the 3-person poverty level and the median income) was $14,458; the corresponding figure in 1988 was $22,755—a 57% increase.

In a privatized economy dictated by the laws of supply and demand, an increase in the number of the poor and the ensuing increase in the "demand" for low income housing would automatically produce an increase in the low-income housing supply. This has obviously not happened, simply because need and demand are not the same thing. A demand is a need (or a preference) backed up with cash, which the poor lack by definition. The need for low income housing is large and growing,

Table 5

Poverty Levels, income Deficit and Maximum Affordable Rent, 1980–1988

Year	Weighted[a] Poverty Family of Three	Median[b] Family Income	Income Deficit	Maximum[d] Affordable Gross Monthly Rent
1980	$6,565	$21,023	−$14,458	$218.00
1981	—	22,388	—	—
1982	7,693	23,433	−15,740	256.00
1983	7,936	24,674	−16,738	264.00
1984	8,277	26,433	−18,156	276.00
1985	8,573	27,735	−19,162	286.00
1986	8,737	29,458	−20,721	291.00
1987[c]	9,056	30,970	−21,914	302.00
1988	9,436	32,191	−22,755	315.00

[a]Money income
[b]Current dollars
[c]Based on revised methodology
[d]Based on 40% of monthly income

but the demand (cash-backed need) is wanting. It is evident that millions of poor people *need* decent housing that rents, say, for $200 a month or less (see below), but it is foolish to see this as an economic *demand* or to assume that there is profit to be made in responding to the need.

A comparison of the number of units renting for less than $250 a month (30% of a $10,000 annual income) and the number of households with annual incomes under $10,000 reveals that in 1985 there were four million fewer units than renter households needing units (Shapiro and Greenstein, 1988; from whence Table 6). The discrepancy between the number of poor families and the number of very low income rental housing units exists in every state. The shortage is lowest in West Virginia (11% more low income households than low income units), highest in California (268%) and nationwide stands at 94%. In the nation as a whole, in short, there are nearly twice as many very

Table 6

Rental Housing Crisis Index, 1985

State	Number of Very Low Income Renter Households	Number of very Low Income Rental Housing Units	Shortage of Very Low Income Renter Units*	Percentage by Which Number of Very Low Households Exceeds Number of Very Low Income Units*
Alabama	114,176	88,050	26,126	29.7%
Alaska	15,619	13,497	2,122	15.7
Arizona	86,414	45,407	41,007	90.3
Arkansas	68,570	57,205	11,364	19.9
California	1,084,277	294,871	789,406	267.7
Colorado	107,269	47,542	59,727	125.6
Connecticut	112,409	40,106	72,303	180.3
Delaware	18,241	8,155	10,086	123.7
Dist. of Columbia	46,545	14,866	31,679	213.1
Florida	338,315	149,544	188,771	126.2
Georgia	186,738	120,916	65,822	54.4
Hawaii	40,509	26,803	13,706	51.1
Idaho	25,855	16,331	9,524	58.3
Illinois	430,524	154,265	276,260	79.1

Continued . . .

Table 6 continued

State	Number of Very Low Income Renter Households	Number of very Low Income Rental Housing Units	Shortage of Very Low Income Renter Units*	Percentage by Which Number of Very Low Households Exceeds Number of Very Low Income Units*
Indiana	155,361	97,289	58,072	59.7
Iowa	84,506	51,834	32,672	63.0
Kansas	74,045	50,207	23,837	47.5
Kentucky	107,869	81,268	26,600	32.7
Louisiana	138,687	95,411	43,275	45.4
Maine	32,722	19,041	13,681	71.8
Maryland	158,231	56,459	101,772	180.3
Massachusetts	245,929	103,919	142,010	136.7
Michigan	248,874	118,202	130,671	110.5
Minnesota	116,703	55,578	61,125	110.0
Mississippi	68,245	60,592	7,653	12.6
Missouri	155,210	98,461	56,749	57.6
Montana	25,411	19,194	6,218	32.4
Nebraska	51,436	34,229	17,206	50.3
Nevada	35,076	9,635	25,441	264.1
New Hampshire	29,826	15,108	14,719	97.4
New Jersey	276,015	83,711	192,304	229.7
New Mexico	40,156	28,343	11,813	41.7

New York	928,319	390,630	537,689	137.6
North Carolina	184,072	136,009	48,062	35.3
North Dakota	20,277	13,832	6,445	46.6
Ohio	345,080	179,494	165,586	92.3
Oklahoma	93,467	61,682	31,785	51.5
Oregon	98,508	40,850	57,657	141.1
Pennsylvania	361,649	208,344	153,305	73.6
Rhode Island	39,762	19,262	20,500	106.4
South Carolina	87,615	70,536	17,079	24.2
South Dakota	21,238	16,453	4,786	29.1
Tennessee	144,900	97,660	47,240	48.4
Texas	501,509	285,175	216,333	75.9
Utah	37,448	18,791	18,657	99.3
Vermont	15,893	8,142	7,751	95.2
Virginia	182,823	96,930	85,892	88.6
Washington	150,819	69,547	81,271	116.9
West Virginia	51,696	46,403	5,293	11.4
Wisconsin	149,595	75,923	73,671	97.0
Wyoming	14,527	9,345	5,182	55.5
Nation	8,148,959	4,206,023	3,942,936	93.7

'These figures are a measure of the extent to which the number of very low income renters in each state exceeds the supply of affordable rental housing. For example, the table indicates that in 1985 the number of very low income renter households in Alabama was 26,126 (or 29.7 percent) greater than the number of housing units in Alabama that rented for no more than 30 percent of these households' incomes.

Source: Shapiro and Greenstein, Table A17.

Table 7

Comparison of HUD Subsidized Housing Assistance for Fiscal Years 1980–1989

	Reagan Budget Request (in billions)	Funding Levels (in billions)	Net Additional Households Assisted
1980		26.6	187,892
1981		24.9	158,885
1982	13.2	13.2	55,836
1983	−5.0*	8.6	53,732
1984	−2.3*	9.9	88,345
1985	6.2	9.9	102,721
1986	.5	8.8	98,585
1987	0	7.3	92,980
1988	3.9	7.6	75,802
1989	6.5	7.4	83,685

*Represents Reagan Administration's attempts to rescind Budget Authority already appropriated by Congress.

Source: Subcommittee on Housing and Community Development of the House Committee on Banking, Finance, and Urban Affairs. Serial 101-9. March, 1989.

low income renter households as there are low-cost units to accommodate them.

Despite this gap, HUD funding levels for subsidized housing assistance declined sharply from 1980 to 1989. In 1980, the funding for this purpose stood at $26.6 billion, and in 1989, $7.4 billion (Table 7). In recent years, the number of additional families receiving assistance has been less than 100,000 per annum (recall that the poverty population exceeds 30 million).

The actual housing situation is apparently even worse than the figures so far reviewed suggest. The count of very low income units shown in Table 6 may contain as many as 800,000 vacancies, nearly 20% of the total supply (Zigas and Hartman, 1989). Among other things, high vacancy rates often indicate inadequate living conditions; many of these units are "vacant" because they have been condemned. The number of truly *livable* low-income housing units available in the market is

apparently not known, but is surely less than the total units tallied in Table 6.

In contrast to claims by ACCESS and others that HUD plays a major role in solving the housing crisis through an infusion of funds into the system, HUD officials, in concordance with the Reagan administration, have indicated that they are "backing out of the business of housing" (Hartman and Zigas, 1989, p. 14). The ideology of the Reagan administration opposed "market interventions" of every sort, preferring to let the market operate, to the extent possible, free of governmental dictate. The spending trends indicated in Table 7 reflect this ideological imperative; the consequent gap between the need for and supply of low-income units has surely worsened the homelessness situation. In the meantime, as we discuss later, federal subsidies for *high-income* housing continue unabated. As others have noted, the policies of the Reagan years amounted to socialism for the rich and free-market capitalism for the poor.

These recent trends in the federal obligation to subsidize the construction of low income housing reverse a long historical commitment. The government undertook its first public housing program in 1937. That program provided federal subsidies to amortize the cost of building low-cost housing, was administered by local housing boards, and was highly restrictive in eligibility (Levitan, 1985). The Housing Act of 1949 established a national goal of upgrading and augmenting the general housing stock so that every American would have a "decent home and suitable living environment." Throughout much of the post-War period, the housing industry was highly productive, the concern over "inadequate housing" referred to the quality, not quantity, of available units, and the number of relatively affordable suburban single-family units steadily increased.

The Housing Act of 1968 set a goal of 26 million new units over the next decade, six million of them targeted to low-income households (Hartman and Zigas, 1989: 8). The goal was not met and thereafter the government refrained from setting specific, numerical housing goals. The 1980s witnessed lowered housing production levels across the board and a sharp diminution in the federal low-income housing effort. To be sure, national housing policy has always been market determined, and that has always

worked fairly well for moderate-to-upper income groups. That the market does *not* work particularly well for lower-income groups has been recognized in federal housing policy since the Depression. This half-century of recognition notwithstanding, during the Reagan administration housing policy for the poor has been market-based with a vengeance, much to the overall detriment of the low-income housing supply.

Gentrification, Condo Conversion and Displacement: Housing Policy by Default

A market-based housing policy implies that the private sector will invest in the housing options that generate the most profit in the shortest time. Despite the growing need for low-income housing in the 1980s, the decade witnessed considerable outright destruction of the low income housing supply (through urban renewal and the "revitalization of downtown") and a great deal more conversion of low-income to upper-income units, through a process that has come to be known as gentrification. Rather than increase the number of low-rent units to meet the growing "demand," the "market" (which is to say, private investors) have destroyed much of the low income housing that was there in the first place.

The process known as gentrification resulted in significant declines in low income housing throughout the 1970s and 1980s. According to Carliner (1987), gentrification "inverts the normal flow of housing" from more to less affluent consumers. In the conventional model of housing flow, older, less desirable units are abandoned by the affluent in favor of newer housing in previously undeveloped areas; the units thus abandoned become available to the poor. This is the "trickle down" theory of low income housing and is much in the spirit of the Reagan administration's ideology. In the 1970s and especially in the 1980s, however, older urban housing was sought out by affluent individuals and (typically child-less) couples for renovation and reclamation; urban development policies throughout the nation encouraged this practice (gentrification) as a means of making downtown attractive once again to the middle class.The "downward trickle" of housing has thereby been interrupted. Hartman and Zigas (1989, p. 6) estimate that gentrification has resulted

in a loss of over a million units of SRO housing in the past two decades. In general, "demolition, rehabilitation, abandonment and condominium conversion have lessened the number of low-rent housing units in most major cities" (Huttman, 1990, p. 84).

Thus, "the revitalization of downtown" has been rather a mixed blessing. On the one hand, no one can possibly object to the razing of rotted urban slums and their replacement by attractive boutiques, elegant restaurants, up-scale condominiums and the like. There is likewise little doubt that these developments have successfully lured a segment of the middle class (and its tax base) back into some central city areas. At the same time, these processes have displaced large sectors of the urban poverty population and have destroyed large tracts of low-income housing, particular SRO housing, which has always served as the "housing of last resort" for the most down-and-out among the urban poverty population (Kasinet, 1986). With little regard for the replacement of lost low-income units, many of those displaced by gentrification have come to be permanently displaced, which is to say homeless (Wright and Lam, 1987).

The loss of single room occupancy units has been particularly widespread and disturbing. SROs require relatively little in the way of initial outlay and are most useful for the elderly poor, the disabled, and other nonconventional households for whom inner city living, with its proximity to business and transportation, is a boon if not an outright necessity (Kasinet, 1986; Hoch and Slayton, 1989; Huttman, 1990). And yet, despite the evident need for SRO housing, its availability continues to decline. For example, in San Francisco, from 1975 to 1979 alone, 17.7% of the existing SRO units were destroyed or converted, with further losses since. Similarly, in New York City there was an overall 60% loss of SRO hotels between 1975 and 1981 (Hoch and Slayton, 1989). The number of New York hotels charging less than $50 per week declined from 298 to 131 in that period; of those dropping out of the price range, the majority are no longer even hotels and have been converted to other uses, mainly to condos (Kasinet, 1986: 248; Huttman, 1990).

The SRO picture is evidently the same everywhere. Denver lost 29 of its 45 SRO hotels between 1971 and 1981, Seattle lost 15,000 units of SRO housing from 1960 to 1981, and San

Diego lost 1247 units between 1976 and 1984 (Hoch and Slayton, 1989: 175). Ironically, in one city, 1,800 SRO units were converted by the City Social Service Department to temporary use as emergency shelter for the homeless. In some instances, SROs have been converted to tourist hotels, for example, the Villa Florence hotel in the Tenderloin district of San Francisco (Huttman, 1990, p. 84); in other cases SROs have been converted to expensive apartment or condo complexes, sometimes with financing through Section 8 renovation funds. (On the Section 8 program generally, see below.) Whatever the end use, these converted SROs no longer function as low income housing, and this has had obvious negative consequences for the most marginal segments of the urban poverty population.

Unfortunately, the destruction of SROs is only part of a larger process of displacement; the loss of low-income housing extends well beyond the SRO sector (Huttman, 1990). Based on data from the Annual Housing Survey, Huttman estimates that somewhere between 1.7 and 2.4 million persons are being displaced annually through outright destruction of units. Razed units are predominantly low income units; replacement units frequently are not. For example, in 1987 there were 346,500 new apartments built nation-wide. Of these, only 23,500 (7%) rented for less than $350 a month; 74% of these lower-income units were occupied within 3 months. The median rent for new units constructed in 1987 was nearly $550 per month, well beyond the reach of low income families (Statistical Abstract, 1989: 704). In the same vein, between 1980 and 1986, some 2300 rental and cooperative units were built for lower income people in San Francisco. While a positive step, it is clearly inadequate given an estimated need for 2600 new units *each year* (Huttman, 1990). Despite a growing need, the number of new low income public housing units under construction nation-wide has been shrinking since 1983 (Table 8).

Conversion to condominiums is another way in which low-income housing is transformed into housing for the upper middle class. From 1970 to 1975, 86,000 rental units were converted to condos; from 1975 to 1979, another 280,000 were converted (Hope and Young, 1986, p. 107), with these trends no doubt accelerating in the 1980s. Condo conversion usually results in an

Table 8

Low Income Public Housing Units (1,000s)

Year	Total	Occupied Units[1]	Under Construction	Other[2]
1980	1,321.1	1,195.6	20.9	10.6
1981	1,404.0	1,229.3	51.5	123.2
1982	1,432.2	1,231.4	66.7	134.1
1983	1,483.3	1,262.5	86.7	134.1
1984	1,368.7	1,312.9	24.0	31.8
1985	1,378.0	1,344.6	9.6	19.5
1986	1,365.0	1,333.8	12.1	19.3
1987	1,371.7	1,339.1	9.5	23.2

[1]Under management or available for occupancy

[2]To be constructed or to go directly under management because no rehabilitation needed

Source: Statistical Abstract, 1989

approximate doubling of housing costs and, according to HUD, about two-thirds of the original occupants move out (Hope and Young, 1986). In some cases, SRO units that once rented for less than $200 per month have been converted to up-scale units renting for $700 a month or more. Thus, gentrification and condominium conversion are housing policies that generate high profits for developers and provide new and elegant urban housing for the affluent, at the direct expense of housing options for the poor. To quote the Mayor of Boston, "Just look at the money being made by conversions. It is second only to the lottery in the amount of money you can make in one shot" (quoted in Wright, 1989, p. 46).

Taxes: Housing Policy for the Non-Poor

Even as the Reagan administration was cutting back on HUD's low income housing programs and encouraging "revitalization" efforts that further eroded the low-income housing supply, they also continued to support a long-standing and very expensive program of housing subsidies for the affluent,

namely, the provision of the tax code that allows homeowners to deduct mortgage interest payments (and local property taxes) from their taxable incomes. Although not usually considered an element of housing policy, this direct tax subsidy of the housing costs of homeowners in fact dwarfs the government's expenditures on low income housing and is in that sense very much a part of the overall policy posture of the Reagan administration.

Disallowing the home mortgage interest deduction was considered as part of the Tax Reform Act of 1986, but the deduction survived unscathed. Few people appreciate the magnitude of this *de facto* federal subsidy for the home-owning classes. Dolbeare (1988, p. 39) estimates that special housing deductions—primarily, the deduction of mortgage interest and local property taxes from one's taxable income—cost the treasury more in two years than did the total outlay for subsidized housing over *the last half-century*. Specifically, the total federal expenditure for low-income housing payments plus public housing operating subsidies from 1937 through the 1987 fiscal year amounted to $97 billion; in two years, 1986 and 1987, the total income tax foregone via housing-related income tax deductions amounted to $103 billion. At present, the federal tax subsidy for middle class housing exceeds $50 billion per year (Dolbeare, 1988, p. 39; see also Zigas and Hartman, 1989:2; Lang, 1989; Sanjek, 1986).

The income lost to the Treasury through housing-related tax deductions (known among housing specialists as the "housing tax expenditure") doubled in the 1980s, rising from $26 billion in 1980 to more than $50 billion in 1988. Table Nine shows how this housing subsidy is distributed across income classes. As would be expected, the largest share—about two-thirds of the total—goes to families with incomes in excess of $50,000 per year; about one-tenth of a percent goes to families with incomes less than $10,000 a year. (Most low-income families, of course, rent rather than own and are therefore excluded from the benefits of these deductions.)

Comparing these data on the annual housing tax expenditure with HUD budgetary outlays (Table One) reveals that the federal subsidy of middle-to-upper income housing exceeds the total HUD budget by an approximate factor of two annually. Thus, the government spends a great deal more subsidizing

Table 9

Estimated Household Income and Housing Subsidy Distribution, 1988

Annual Income	Housing Tax Expenditures	Percent
Less than $10,000	$0.1	.1%
$10–19,999	1.1	2.2
$20–29,999	3.8	7.6
$30–39,999	5.4	10.7
$40–49,999	6.6	13.0
$50,000 & over	33.6	66.4
Total	50.6	100%

Source: Table 12, Dolbeare, 1988:41

the housing costs of the affluent than it does underwriting the housing costs of the poor. Also of relevance in this connection, Reagan's tax policies reduced the tax benefits of investment in low-cost housing, as discussed in Lang (1989).

Vouchers and Subsidies: Housing Policy for the Poor

A major thrust of the Reagan administration's low-income housing policy was to withdraw (as much as possible) from the direct subsidy of new low-income housing construction and to focus on the use of existing units to house the poor, this via the Section 8 voucher program. Section 8 provides housing vouchers for qualifying low-income households that can be used in lieu of cash for rent. In order to qualify as a Section 8 unit, an apartment must rent for less than a designated "fair market value." At the same time, to prevent obvious abuses, the unit must also meet certain housing quality standards. Landlords providing such units receive what amounts to a guaranteed clientele whose rents are, in essence, being paid by the federal government. In theory, Section 8 enhances the housing purchasing power (housing "demand") of the poor and this should in turn cause landlords to increase the supply of eligible low-rent units, either via new construction or through renovation of existing units to bring them up to the mandated quality standards.

(Critically, Section 8 does not provide direct financing either for new construction or for renovation; developers must find their own financing through private sources.)

Section 8 relegates the provision of low-income housing to the private market. Qualifying households receive certificates that make up the difference between what they can afford to pay and the going price of rent. Consistent with the Reagan agenda, this then gives poor families the freedom to find available Section 8 housing that suits their needs and purposes; it also gives landlords and developers the incentive to supply housing that satisfies this new demand. Section 8 is thus a classic market solution to the low-income housing problem.

When Section 8 was first implemented, it was assumed that a qualifying family could afford to spend 25% of its income on housing; the voucher made up the difference between this income figure and the designated fair market rent. (Fair market rent standards vary from city to city, as would be expected.) The "affordability" standard was later raised to 30% of income, to keep the total cost of the program down (Zigas and Hartman, 1989, p. 10; Lang, 1989, p. 77). Critically, and contrary to a common misconception, Section 8 certificates are *not* considered to be entitlements given to every qualifying family; there are a limited number of vouchers available each year and they are given mainly to AFDC recipients.

By far the largest problem with the Section 8 program is that apartments good enough to satisfy the quality standard but cheap enough to satisfy the rent standard are few and far between, this despite the supposed program incentive for private developers to create such units (Wright, 1989, p. 48). In fact, approximately half the households who receive a Section 8 voucher in any given year must return it unused precisely because an acceptable qualifying unit cannot be found (Carliner, 1987). Thus, Section 8 has done little to address the low-income housing supply problem, although it has certainly made some difference to the (relatively few) low-income families who receive certificates and find acceptable units.

Since the gap between average rents and the ability of the poor to pay those rents has increased substantially (see below), the annual cost of the Section 8 housing voucher program has

also grown. In order to fund the voucher system and keep total budgetary outlays within limits, federal funding for new construction and for rehabilitation of existing units has been slashed; thus, the Section 8 voucher system is practically all that remains of the federal commitment to low-cost housing.

The recent and dramatic decline in federal subsidies for the construction of new low-income housing was shown in Table Seven. At the same time, inflation, abandonment, conversion, and gentrification have seriously diminished the available quantity of unsubsidized low income housing (Lang, 1989). To illustrate, in 1980 there were some 350,000 "low-to-moderate income" housing units produced; in 1985 only 200,000 were produced. Most of the "low-to-moderate income" housing now coming on the market is in fact occupied by families with incomes above poverty but below the median income, not by the truly poor. Many of the landlords in these developments require a stable, secure source of income and thus exclude the neediest sectors of the population. "Low to moderate" income households are usually not poor but rather young middle class families on their way up (Lang, 1989; Hartman and Zigas, 1989).

When all is said and done, HUD housing programs assist fewer and fewer *new* households each year, for shorter periods of time (the standard HUD commitment has been reduced from 24 to 12 years), and at a lower dollar subsidy per unit cost of housing. The General Accounting Office has estimated that without additional budget authority, tenant based programs with five year contracts will be eliminated completely by 1991 if new contracts are not extended (American Association for the Aging, 1987).

Additionally, despite the growing number of assisted households, the lag between assistance and need continues to grow. At present, for each low-income household that receives subsidized housing, there are three additional eligible households that do not; in other words, existing subsidies supply relief to only about a quarter of income-eligible families (Dolbeare, 1988). Even among renters earning less than $2500 per year, fewer than a quarter live in assisted housing.

With the supply of low-income housing continuing to shrink and the need continuing to grow, it is not surprising that the

waiting lists for subsidized housing have become interminably long. The U.S. Conference of Mayors recently surveyed public housing waiting lists in 27 large cities. The average waiting time from application to occupancy of a subsidized unit was 22 months. In Chicago, the average applicant will wait 10 *years* for Section 8 housing and in Washington DC, 8 years. It has been estimated that the waiting list for subsidized public housing units is 17 years long in New York and 20 years long in Miami (Daly, 1990: 137). The Conference of Mayor's survey also showed that waiting lists for assisted housing have been closed in 65% of the surveyed cities due to excess demand. In Ohio, there are 40,000 people waiting for public housing; officials from the National Association of Housing and Redevelopment estimate that in 1987, a half million families nation-wide were on the waiting lists for assisted housing (Report to the Committee on Banking, Housing and Urban Affairs, 1987). (Table Ten shows data on waiting lists in selected cities.)

Reaganomics shifted the focus of federal low income housing policy away from the subsidized construction of low income

Table 10

Waiting List for Public Housing in Select Cities, 1986

	No. Applicants Waiting	Total Units
Akron	1,720	4,784
Baltimore	13,875	17,679
Buffalo	3,039	5,069
Chicago	44,000	49,155
Greensboro	1,177	2,220
Philadelphia	8,400	20,580
Pittsburgh	2,957	9,850
Sacramento	2,755	2,791

Source: Council of Large Public Housing Authority telephone survey, July 1986 from "A new housing policy": recommendation of organizations and individuals concerned about affordable housing in America. U.S. Government Printing Office, 1987.

units and towards so called "tenant based" subsidies (Section 8 vouchers) that, contrary to theory, have not added to the housing supply. "In 1980, 81% of incremental HUD subsidized units were new or rehabilitated Section 8 or public housing units; by 1988 that figure had fallen to 4%" (Zigas and Hartman 1989, p. 19; see also Carliner, 1987, p. 126). So far as the remaining "supply side" subsidies are concerned, HUD's current focus is on projects with local governments as the housing providers. Most of these projects are targeted to temporary shelter and short-term services (Daly, 1990).

An additional problem for the 1990s is the possible loss of subsidized housing units through expiration of their existing HUD contracts. Lang (1989) estimates that there are presently some 900,000 federally subsidized units that will be eligible for refinancing over the next few years; in most cases, these refinanced units will be permanently subtracted from the low-income housing stock. Already (according to Lang), numerous public housing projects have been either demolished or sold to the private sector.

As indicated earlier, what remains of the federal commitment to low income housing is mainly the Section 8 voucher program. Section 8 vouchers are usually short term commitments (5 years) because HUD officials initially hoped that falling interest rates would soon render the voucher system unnecessary. This, of course, has not happened and is not likely to happen anytime soon. In the interim, only a quarter to a third of income eligible households receive any form of federal low-income housing assistance (Zigas and Hartman, 1989: 15).

Whether the households currently receiving housing voucher assistance will continue to do so is highly problematic. About a million existing Section 8 contracts will expire between 1990 and 1994. In the face of the Reagan-induced budget deficit, the cost of renewing them may well prove prohibitive. In this vein, the Director of Housing and Monetary Policy for the AFL-CIO estimates that "over a 5 year period and with a 5 year occupancy renewal cycle, the cost to the [federal government] of [renewing] 5 year vouchers for 968,000 units would increase from $29 billion in the 1990-1994 cycle to $33.5 billion for the next 5 years" (Schecter, 1989: 149). One is entitled to doubt whether

the federal coffers will sustain "hits" of this magnitude in what can be referred to as the Gramm-Rudman era; if not, roughly a million families will soon be dropped from the housing assistance rolls.

It is obvious that the voucher program can only succeed if there is an ample supply of acceptable units. Units meeting the Section 8 rent and quality standards are in noticeably short supply, as we have already said, and the exceptionally low vacancy rates in these units further compound the problem (Zigas and Hartman, 1989: 12). While vacancy rates nation-wide have been around 7-8% in recent years, the rates vary sharply by region and by type of unit (Table Eleven). For example, vacancy rates are lowest in the Northeast (usually around 4%). Vacancies in larger apartments are lower still (about 3%). Nation-wide, most vacant units are either high rent luxury apartments, suburban units that are not available to the poor, very small units that are not adequate for poor families, or simply substandard units (Huttman, 1990). Among acceptable and adequate units within the means of the poor, vacancy rates are minuscule. For example, the vacancy rate of apartments renting for less than $100 a month was only about 2% in 1989.

Conclusions

The general portrait sketched here has been drawn by many others; the principal feature that comes consistently into view is more poor people competing for less low income housing (Wright and Lam, 1987; Bassuk, 1986; Dolbeare, 1988; Lang, 1989; Hartman and Zigas, 1989; Zigas and Hartman, 1989; Huttman, 1989; Sanjek, 1986; McChesney, 1988). The overall dimensions of the low income housing "squeeze" are easily illustrated. In 1970, there were two low-income units (renting for less than $125 a month) for each low-income renter household (annual income below $5,000). By 1983, that situation was reversed; two low-income renter households for each low-income unit (Dolbeare, 1988). In 1975, 3.7 million low-income renters paid more than 50% of their incomes for rent; in 1983, 16 million low-income renters paid more than 50% of their incomes for rent, some two-fifths of the total (US Conference of Mayors, Report to the Subcommittee, 1989). In 1983, of the 2 million

Table 11

Vacancy Rates, 1982–1987 (%)

	1982	1983	1984	1985	1986	1987
Total rental units	5.3	5.7	5.9	6.5	7.3	7.7
Inside SMSAs	5.0	5.5	5.7	6.3	7.2	7.7
Outside SMSAs	6.2	6.3	6.4	7.1	8.2	7.8
Northeast	3.7	4.0	3.7	3.5	3.9	4.1
Midwest	6.3	6.1	5.9	5.9	6.9	6.8
South	5.8	6.9	7.9	9.1	10.1	10.9
West	5.4	5.2	5.2	6.2	7.1	7.3
Units in structure:						
1 unit	3.6	3.7	3.8	3.8	3.9	4.0
2 or more	6.2	6.7	7.0	7.9	9.2	9.7
5 or more	6.5	7.1	7.5	8.8	10.4	11.2
Units with:						
3 rooms or less	7.2	7.2	7.5	8.8	10.2	10.7
4 rooms	5.0	5.7	6.3	6.9	8.0	8.6
5 rooms	4.0	4.4	4.6	5.0	5.3	5.4
6 rooms or more	3.5	3.7	3.5	3.2	3.3	3.3
Monthly rent:						
Less than $100	3.4	2.5	2.7	3.5	2.8	2.2
$100 or more	5.4	5.7	5.9	6.6	7.7	9.0
Year built:						
1960 or later	5.3	5.9	6.6	7.9	9.5	11.2
1965 or later	5.6	6.2				
1940 – 1959	5.2	5.4	5.6	6.2	6.9	7.7
1939 or earlier	5.5	5.6	5.3	5.0	5.0	5.1
Plumbing:						
With all facilities	5.1	5.5	5.7	6.3	7.2	7.5
Lacking facilities	12.2	11.8	13.6	13.8	14.5	16.2

Source: Statistical Abstract, 1989

renters with incomes less than $3,000 per year, 86% paid more than 60% of their incomes for rent (Nelson, 1990). The median rent (in 1988) for a two bedroom apartment in San Francisco was $850 per month; in Los Angeles, $616 a month; in Nassau-Suffolk county (New York), $670 a month; in Washington DC, $563 a month; in St. Louis, $419 a month; and in Houston, $400 a month (Huttman, 1990: 89). Most rental housing in the urban areas is priced well beyond the means of the poor, even as the number of the urban poor has increased. But even the poor have to live *somewhere*. Increasingly, "somewhere" has meant on the streets. Even more frightening is the possibility that as many as 3.5 million additional low cost rental units will be taken out of the housing supply over the next few years (Lang, 1989: 17).

The U.S. Conference of Mayors concluded (in testimony before the House Subcommittee on Housing and Community Development) that none of the 27 cities they had surveyed would be able to meet the near-term housing needs of their low income families because of the continued federal cutbacks in housing subsidies (1989: 293). The Subcommittee responded that from 1980 to 1989, its jurisdiction over low-income housing had been dramatically reduced and that little (if anything) could be done. This reduction is reflected in a 72% cut in the Subcommittee's budgetary authority for the Subsidized Housing Account and a consequent decline in the number of households assisted by that account, from 187,892 assisted households in 1980 to 83,685 in 1989.

As we and many others have shown, the Reagan years witnessed dramatic declines in the supply of low-cost housing, substantial increases in the poverty rate (especially in the large cities), and drastic shifts in federal policy towards housing the poor. A related development, one that we have not touched on, was an increasingly stringent, even punitive, attitude towards low-income recipients of federal assistance, a tightening of welfare eligibility requirements, a reduction in the level of assistance, and the "purging" of the assistance roles (Hope and Young, 1986; Stern, 1986: 117). The inevitable consequence has been a crisis in low-income housing and an increase in the numbers without housing, which is to say the homeless.

Next to adequate nutrition, suitable housing is the most basic element of social welfare and housing policy is therefore a fundamental component of social policy in general (Esping-Anderson, 1985). Most of the advanced industrial democracies find it necessary to subsidize their housing supplies in order to achieve their overall social welfare goals. In contrast, in the United States, we have always subsidized a lower percentage of the housing stock than virtually any other industrialized nation (Hartman and Zigas, 1989, p. 9), a comparison that became even less favorable in the Reagan years. For all practical purposes, we now stand alone among the Western nations in our apparent indifference to housing the poor.

Adequate housing has become, it seems, a privilege of the affluent rather than a basic right of citizenship guaranteed to all. There is obviously no philosophical or ideological objection to the general notion of housing subsidies, since every home-owning household that itemizes its federal income tax deduction receives one. The objection, rather, is to providing housing subsidies to those that truly need them.

The notion that the private market would somehow take care of the housing needs of the poor, with only a little federal voucher assistance to those of greatest need, must be counted as one of the great delusions of the 1980s. "The Market" was responsible for the outright destruction of a great deal of low-income housing as the central cities were revitalized to accommodate the tastes of the young and wealthy, but it provided a meager to non-existent backflow (or downward trickle) of low-cost housing for those displaced by the renovation effort. The result is that hundreds of thousands, possibly millions, now find themselves without housing and must either avail themselves of the good will of friends and families, utilize temporary over-night shelters, or sleep in the streets. This cannot in good conscience even be called a housing *policy*. It is madness masquerading as a "free market" ideology—perhaps the most enduring legacy of the Reagan administration.

What can be done now to undo the harm inflicted on the poor by the housing strategies pursued in the 1980s? There may well be some alternative in all this to a renewed federal commitment to the subsidized construction of low-income housing

units, but frankly, we fail to see what it might be. Unfortunately, the size of the federal deficit (another inheritance from the Reagan years) in essence rules out any bold, new, social welfare programs for at least the next decade. In the meantime, it is an easy prediction that the homelessness problem will continue to worsen and that the new Millennium will find us still grappling with and embarrassed by this national disgrace.

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The Fall of the Industrial City: The Reagan Legacy for Urban Policy

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The Reagan presidency reversed a half-century of federal aid to cities. Poor minority communities were particularly hard-hit, since this was accompanied by a white flight to the suburbs and the replacement of better paying industrial jobs requiring little education with poorer paying service jobs requiring more education. Meanwhile wealthy communities prospered. To address urgent social problems, urban politicians are advocating strategies such as industrial policy, public entrepreneurship, and guerrilla welfare.

The Reagan presidency oversaw a fundamental change in American urban policy—the demise of the drab, industrial city and the rise of its glittering, postindustrial successor. Reversing a policy stance established during the New Deal, the Reagan administration failed to develop federal legislation to ameliorate the social and economic dislocation concomitant with the very substantial shifts in capital and population which have occurred. In place of a visible and coherent urban policy, the Reagan administration preferred an oblique, but highly successful, strategy in urban affairs. This strategy decimated categorical grants to cities for the purposes of economic and community development, exacerbating an already-marginal standard of living for the poor who were experiencing significant loss of benefits through means-tested programs. Less recognized at the time, tax cuts and deregulation served to accelerate the flight of capital from the industrial, "rustbowl" in favor of the postindustrial, "sunbelt." A decade after the inauguration of Ronald Reagan, the two issues most prominent in urban America follow from this strategy: the emergence of an underclass in older cities, and the massive Savings and Loan scandal attributable to speculation in the booming metropolitan areas of the West and South.

Urban Policy and Social Welfare

Since its inception during the Progressive Era, urban policy has been inextricably bound to the American welfare state. The predecessors of modern social service agencies were established in America's industrial heartland before the turn of the century: the first Charity Organization Society in Buffalo in 1877; the first Settlement House in New York City in 1887 (soon followed by the most well-known Settlement—Hull House—in Chicago in 1889) (Axinn and Levin, 1982). The Progressive penchant for efficient administration directly influenced the next generation of social service agencies, as evident in the Milford Conference Report, which detailed the structure and process of both public and private agencies (National Association of Social Workers, 1974). This implicitly urban format for service provision was replicated in virtually every city, leading Wilensky and Lebeaux to conclude that "virtually all welfare service" was dispensed through this model (1965, p. 231).

Progressives' concern for effective administration complemented their campaign for good government, an attempt to rid municipal governance from the corruption associated with the likes of Tammany Hall's Boss Tweed and George Washington Plunkett. "Good Government" became a rallying cry for such luminaries as Jacob Riis, Lincoln Steffens, and Upton Sinclair. Together, the "clean administration" Progressives and the "good government" Progressives laid the groundwork for what was to become the New Deal. It is significant that many of the architects of the American welfare state were tenants of Jane Addams' Hull House, among them Edith and Grace Abbott, Julia Lathrop, Florence Kelley, Frances Perkins, and John Dewey. Harry Hopkins, a lightning-rod for many of FDR's initiatives, had resided at New York's Christadora House Settlement (Karger and Stoesz, 1990, p. 339).

Federal urban policy began with passage of the Housing Act of 1937, which provided assistance to states and cities for purposes of eliminating unsafe and unsanitary housing. After the War, the Act was amended so as to focus on slum clearance and urban renewal (Karger and Stoesz, 1990, p, 243). The broad authority granted to local government coupled with the lack of advocacy by minorities and the poor resulted in federally-

funded projects which severely damaged working class communities (Gans, 1962), often replacing them with housing projects which resembled vertical concentration camps. In 1954, the Act was again amended, eliminating a requirement that residential housing be a substantial portion of federally-supported projects. As a result, African-Americans claimed, by an ironic semantic shift, that the "urban renewal" provision of the Act actually meant "Negro removal."

The War on Poverty, declared by President Johnson, ushered in a series of domestic programs which were intended to improve the plight of minorities and the poor. Because these populations disproportionately inhabited urban areas, programs targeted for them were beneficial for cities. Among them, the Manpower Development and Training Act of 1962 financed education and job training for the poor; the Civil Rights Act of 1964 enhanced the life opportunities for racial minorities; the Food Stamp Act of 1964 improved nutrition of the poor; the Community Mental Health Centers Acts of 1963 and 1965 funded psycho-social services for the poor; the Medicaid and Medicare amendments to the Social Security Act provided health insurance for the poor and elderly; and the Economic Opportunity Act of 1965 provided an umbrella for several important initiatives, including Head Start, the Job Corps, the Legal Services Corporation, Model Cities, and the Community Action Program.

The Community Action Program (CAP) quickly became the most controversial facet of the War on Poverty. Because local CAPs administered programs independent of municipal governance, they were viewed skeptically by city officials. However, when CAPs were required to have one-third representation by the poor in decision-making, and the poor challenged the power structure in many cities, mayors reacted strongly (Moynihan, 1969). The instability generated by "citizen participation" in poverty programs was punctuated by urban riots of the mid-1960s which were attributed to prevalent racism and an absence of opportunity for the poor (National Advisory Commission on Civil Disorders, 1968). Turbulence in federal urban policy was addressed in the Housing and Community Development Act of 1974, which reassigned virtually all of the CAP programs to other agencies, dismantled CAPs as they were known, and

relegated participation of the poor to an advisory function. Reinforcing the role of metropolitan government, the 1974 Act incorporated a range of programs—including urban redevelopment and beautification, Model Cities, neighborhood improvement, and historic preservation—which were budgeted at $11 billion for 1978–80. By 1981, the Department of Housing and Urban Development (HUD), the primary agency through which urban policy was implemented, subsidized about 3.5 million housing units (Karger and Stoesz, 1990, pp. 244, 245).

The Reagan Era

With the inauguration of Ronald Reagan, a half-century of progress in federal urban policy abruptly came to an end. The federal reversal of aid to cities was the result of a dual strategy—divesting the federal government of its responsibility for social problems while assigning that task to subordinate levels of government (federalism), and delegating as much of the program function as possible to nongovernmental providers (privatization). By the end of the decade, federalism and privatization had had a profound impact on the welfare of America's cities and their peoples.

For the record, it is important to recognize that the Reagan legacy in urban policy was not completely remiss. During the early 1980s, much legislative attention was directed at an initiative which promised to lure industry into the nation's, most economically depressed communities. Pioneered in Great Britain and imported to the U.S. by Stuart Butler, a British analyst recruited by the conservative Heritage Foundation, the Urban Enterprize Zone (UEZ) concept was poised as the Republican antithesis to a series of Democratic urban programs. In designating UEZs, government would offer business special considerations, such as tax rebates, reductions in the minimum wage, and waving certain occupational and health protections, in order to induce firms to relocate in poor areas. Aggressively promoted by then-Representative Jack Kemp, UEZ legislation attracted the endorsement of such disparate groups as conservative ideologues, Democratic mayors, and civil rights organizations (Stoesz, 1985). Yet, a combination of neglect on the part of the Reagan administration and what was later to prove glaring incompetence in the administration of the HUD, under the

direction of Samuel Pierce, who was later charged with misappropriating $2 billion in low-income housing aid (Ostrow, 1990), effectively killed any prospect that UEZs would become national policy. Ironically, the UEZ concept remains the most viable urban policy option for the Bush administration, and it is HUD Secretary Jack Kemp who is again promoting the idea in the face of even greater obstacles.

Federalism and privatization provided a powerful rationale for the withdrawal of the national government in urban policy. From 1980 to 1988, federal spending for housing decreased from $27.9 billion to $9.7 billion (Leonard, Dolbeare, and Lazere, 1989, p. 32). As a result, the supply of low-income housing failed to keep pace with the number of poor households. While the number of poor renter households increased by 3.2 million between 1974 and 1985, the number of low rent units fell by 2.8 million (Greenstein and Leonard, 1990, p. 21). This, of course, contributed significantly to increases in homelessness during the same period.

Federal grants to cities declined sharply during the Reagan administration. Between 1975 and 1980, federal aid to subordinate levels of government for community development block grants increased from $38 million to $3.9 *billion*—but had declined to $3.3 billion by 1987. Similarly, the federal contribution for community services block grants decreased from $557 million in 1980 to $354 million in 1986 (*Statistical Abstract of the United States, 1988*, pp. 260, 337). The House Ways and Means Committee reported that "for HUD's programs alone, appropriations of budget authority declined (in 1989 dollars) from a high of $57 billion in 1978 to a low of $9 billion in 1989 (Committee on Ways and Means, 1990: 1311). Still, in some respects the Reagan administration pales in its dunning of urban programs compared to that of his successor. The Bush administration budget for 1991 proposes to further reduce federal assistance for low-income housing by 4.2%. For the same year, federal allocations for community development block grants are dropped to $2.7 billion, and federal support for community services block grants plummet to only $42 million (Greenstein and Leonard, 1990, Table 1).

An Urban Diaspora

During the Reagan presidency, federal urban policy failed utterly to address problems associated with substantial shifts in demography and capital affecting American cities. During the last two decades millions of Americans abandoned older, industrial cities for the "sunbelt." John Kasarda reports that between 1975 and 1985, "the South and West accounted for more than 85% of the nation's population growth" (1988 p. 154). The consequence for select cities is depicted in Table 1 below.

Table 1

Population Changes of Selected Major Cities (in thousands)

City	Population 1970	Population 1984	Percentage Change
St. Louis	622.2	429.3	−31.0
Detroit	1,511.3	1,089.0	−27.9
Cleveland	751.0	546.5	−27.2
Buffalo	462.8	339.0	−26.8
Pittsburgh	520.2	402.6	−22.6
Los Angeles	2,816.1	3,096,7	+10.0
Dallas	844.2	974,2	+15.4
San Antonio	654.3	842.8	+28.8
San Diego	696.6	960.5	+37.9
Houston	1,232.4	1,705.7	+38.4
Phoenix	581.6	853.3	+46.7

Source: Dearborn (1988, p. 256).

Most of the explosive growth of southern and western cities was fed by flight from those of the Northeast and Midwest. Residents left behind in older cities tended to be minorities. Between 1975 and 1985, the minority population of northeastern cities increased from 33% to 42% (Kasarda, 1988, p. 156).

As the white population fled industrial urban areas, the economic base of America's cities changed dramatically—blue-collar jobs requiring less education vanished and were replaced

by those of the information and services sectors. This penalized particularly the unskilled and poorly-educated minority population left behind in industrial cities of the northeast and midwest. "Unfortunately, the northern cities that have lost the greatest numbers of jobs with lower educational requisites during the past three decades," concluded Kasarda, "have simultaneously experienced large increases in the number of their minority residents, many of whom are workers whose limited educations preclude their employment in the new urban growth industries" (1988, p. 178). The interaction of white flight and technological transformation has been devastating for minorities residing in older, industrial cities, particularly African American males, as shown in the table below.

Table 2

Unemployment Rates and Proportion of Male Central City Residents Aged 16–24 Who Are Not in School and Not in the Labor Force, by Race and Region, 1985

Region and Race	Unemployment Rate %	Percentage Not in School and Not in Labor Force
All regions		
White	13.5	6.1
Black	37.1	14.1
Northeast		
White	16.7	9.4
Black	43.5	24.5
West		
White	11.3	5.5
Black	29.6	9.3

Source: Kasarda (1988, p. 187).

If the unemployment rate is combined with the labor force nonparticipation rate, the plight of young blacks is immediately apparent. For example, in 1985 68.0% of young blacks living in the northeast were unemployed or not in school or not working, compared to 38.9% who lived in the West.

The Underclass

The consequence of these developments has been the spread of an urban "underclass." From exploratory investigations of the deterioration of poor, urban neighborhoods (Glasgow, 1981; Auletta, 1982; Lemann, 1986), social researchers have developed a more sophisticated understanding of the correlates with underclass status (Wilson, 1987; McLanahan, Garfinkel, and Watson, 1988). In a synthesis of previous studies, McLanahan and her associates identified three factors contributing to underclass status: persistent and weak attachment to the labor force, intergenerational dependence, and ghettoization. Of particular interest is the latter, the increased social isolation of the very poor, as shown in the following table.

Table 3

Trends in Social Conditions in Large Central Cities, 1970–1980

	Census Tracts with 20 Percent Poor			Census Tracts with 40 Percent Poor		
	Percentage			Percentage		
Indicator	1970	1980	Change	1970	1980	Change
Employment rate males, 16+	63.3	56.0	−13	56.5	46.0	−22
AFDC families	19.8	28.0	+40	30.2	42.0	+40
Black persons	27.2	26.5	−3	6.3	8.3	+32
Poor Blacks	28.3	30.5	+8	9.4	13.1	+40

Adapted from McLanahan, Garfinkel, and Watson, (1988, p. 130)

While poverty continued to impact poor neighborhoods (census tracts with 20 percent poor), it worsened considerably the conditions of poorer neighborhoods (census tracts with 40 percent poor).

A conspiracy of events, then, transformed the industrial city beginning in the 1970s. White flight decimated cities of the Northeast and Midwest, leaving behind larger concentrations

of minorities. Technological and economic shifts reduced the demand for unskilled labor, reducing sharply employment opportunities for African-Americans. Concommitantly, federal reductions in grants to the poor and to cities failed to help those left behind make up for lost ground. As a result, the social and economic circumstance of the poor worsened considerably, further isolating them from the American mainstream. Unarguably, a consequence of the Reagan administration's unwillingness to fashion a coherent urban policy is the emergence of an American underclass. By the 1990s, areas of many industrial cities had virtually imploded (Jencks, 1988; Williams, 1988).

The Overclass

While industrial urban areas withered, postindustrial cities expanded dramatically as a result of massive infusions of capital. Rejuvenating the economy had been a primary concern for the Reagan administration, of course, especially after a blistering campaign assault on the "stagflation" that plagued the Carter presidency. More immediately, the severe depression of the early 1980s made it imperative that the administration move swiftly. In short order, Congress agreed to a sizable tax cut which benefitted wealthy individuals and corporations, and it stripped much of the regulatory red-tape from the financial industry. The latter action would ultimately lead to the greatest financial debacle in the nation's history—the Savings and Loan (S&L) scandal.

Deregulation of the financial industry had direct implications for social welfare, since poverty programs were funded through public funds. According to "supply-side economic theory", government expenditures must be reduced since federal revenues are derived from taxes, monies that the private sector needs for capitalization. In effect, "Reaganomics" held that government competed with industry for capital by levying taxes on private revenue, starving the goose that lays the golden egg. As regards welfare, eventually an unfettered economy would generate an even greater surplus which could be taxed, thereby compensating for earlier reductions in expenditures for domestic programs. However flawless it may have seemed in theory, in practice "Reaganomics" proved abrasive to the nation's social

fabric. Reagan domestic policy led to a massive shift in wealth from the poor to the wealthy, creating an income gap that reached its widest point since data had been first collected in 1947 (Greenstein and Barancik, 1990). And, through the deregulation of the S&L industry, it resulted in an enormous development program—one which ultimately favors the burgeoning cities of the "sunbelt" at the expense of those of the "rustbowl."

By deregulating the financial industry, the Reagan administration was able to replace a diminished, yet enduring, government urban policy with a corporate policy which overwhelmed federal programs of the previous half-century. The amount of this "corporate urban policy" is roughly the amount taxpayers will have to fork-over to repay depositors for money lost to speculative investments, primarily in real estate—between $300 and $500 billion over the next ten years (Greider, 1990, p. 11). Because S&Ls in conservatorship tend to be located in the sunbelt, the S&L bailout represents an unprecedented, intranational transfer of funds. According to Hill, 37 states will finance the liquidation of debt incurred in the remaining 13. Of these, several stand to gain substantially: "Texas will receive 43.2% of the gross bailout funds, followed by Arkansas (7%), Florida (6.8%), California (6.7%), New Mexico (5.1%), Louisiana (4.6%), Arizona (4.2%)" (1990, p. 42). As presently conceived and assuming a final cost of $300 billion, the bailout will penalize the "frostbelt" states $123 billion.[1] In presenting his analysis, Hill identified the bailout as an "economic development program in the same sense that debt forgiveness" is offered to third-world nations, except in reverse. "The bulk of the transfer will be coming from the Northeast and Midwest, regions attempting to renew their economies. The recipients are mainly located in regions that have experienced rapid job growth," noted Hill. "Money capital is being taken from regions that are attempting to renew their infrastructure, or physical capital, and given to regions with the newest physical capital" (1990, p. 44).

While the S&L scandal has substantial implications for urban policy, it also affects the national culture. If one aspect of the Reagan legacy in urban policy is the rise of the "underclass" due to cutting benefits to the poor, its corollary is the rise of the "overclass" as a result of tax cuts for the wealth, and

fiscal wheeling and dealing. Here, Sidney Blumenthal's acerbic portrayal is worth reprinting.

> The overclass is the distorted mirror image of a caricature of the underclass. It is not the old establishment of Prescott Bush, George's father; it is, rather, the demimonde of rentiers who, under Reagan, elbowed their way to the top, where they hastily built mahogany-paneled offices to create an aura of settled legitimacy. This overclass piled up vast wealth shuffling junk bonds, paper assets, and real estate. Its monuments are not factories but Atlantic City casinos and boarded-up department stores. The overclass battened under Reagan; under Bush it sought to consolidate its respectability (1990, p. 20).

In an exhaustive analysis of the excesses of the Reagan era, Kevin Phillips (1990) profiled the American "plutocracy" which emerged during the 1980s. "Corporate executives and investors were the prime 1980s beneficiaries," he concluded (p. 166).

Yet, the contradictions posed by an ostentatious overclass are not so facilely reconciled with a stricken underclass. Consider that the $1 billion in indiscretions of Silverado S&L—in which the President's son, Neil, is implicated—easily exceeds the $691 million proposed by his father in aid for the homeless for 1991. Or, that the amount taxpayers will absolve Lincoln S&L's Charles H. Keating, Jr. of $2.5 billion, eclipses what the Bush administration proposed for the Women, Infants, and Children Supplemental Food Program for 1991.[2]

Reconstructing Urban America

As a result of the feoeral retreat from urban policy, momentum gained on several fronts to address the increasingly dire straights of many American cities. Since the programmatic articulation of these orientations has yet to be broadly demonstrated, they are largely expressions of ideology. Still, a post-Reagan urban policy is likely to be influenced by present discussions around "industrial policy," "public entrepreneurship," or "guerrilla welfare." While these differ in important ways, they share an important dimension—an acceptance of the premise that the federal government is not the sole actor in resolving urban problems.

Industrial Policy

Citing the decline of American industry in an increasingly competitive global economy, several analysts have called for the creation of a national industrial policy. Leaving the particulars aside, such a policy would be negotiated through a troika consisting of government, industry, and labor. Since an industrial policy would attempt to bolster existing industry threatened by international competitors as well as foster the emergence of new enterprises, it has direct implications for urban policy. Through a national urban policy, decaying urban infrastructure could be rebuilt, blue-collar workers retrained for new high-tech jobs, communities where heavy industry had predominated could be transformed to showcases for light manufacturing and information technology. As exemplars, proponents of national industrial policy point to Japan and West Germany which have benefited mightily from a high degree of economic management during the post-war era.

To some extent the prospects that urban America will benefit from an industrial policy are contingent on which form of economic management is proposed. Drawing from leftist theoreticians (O'Connor, 1973; Gough, 1979), some analysts called for an industrial policy heavily influenced by a national government (Thurow, 1980; Kuttner, 1984, 1987). Others, showing allegiance toward labor and community, advanced more populist initiatives (Bowles, Gordon, and Weisskopf, 1983; Alperovitz and Faux, 1984; Harrison and Bluestone, 1988). To the right, Kevin Phillips proposed a variant in which the corporate sector was dominant (1984). Playing a middle ground, Robert Reich opted for greater coordination among principles, a de facto industrial policy without calling it as much (1983, 1987).

Yet, for all the intellect aimed at developing a national economic recovery policy, a decade of deliberation failed to deliver such a policy. In fact, at the national level, government pursued a laissez-faire tack, seeking further integration of the U.S. economy in international capitalism. At the state level, the sole effort to develop industrial policy was rejected by Rhode Island voters in the mid-1980s (Reich, 1989, pp. 255–57). Short of a major economic dislocation—attributable to a global depression, the consolidation of the European Economic Community

in 1992, or, quite possibly, the S&L crisis—the prospects of the U.S. forging an industrial policy remain slim. In its absence, the industrial cities of the Northeast and Midwest will continue to lose capital and population.

Public Entrepreneurship

Facing the political equivalent to Chapter 11, mayors sought alternate supports as the federal government reneged on its commitment to the nation's cities. States would pick up some of the slack, though some, such as California and Massachusetts, had passed initiatives which limited state tax increases. Ultimately, city leaders had little choice but to turn to the private sector, experimenting with "public-private partnerships". Labeled "public entrepreneurship" by John Kirlin, urban leaders sought "to maintain local business and employment growth—and thus local government revenues—by stimulating private sector involvement in local economic development projects and urban service delivery" (Kirlin and Marshall, 1988, p. 349).

This strategy led mayors to innovative relationships with foundations and business. For example, after experimenting with locating computer assembly facilities in poor neighborhoods, Control Data Corporation established the City Venture Corporation to further its plans in civic responsibility (McKinnon et al., 1982). In order to wean community development programs from dependency on donors, the Ford Foundation established the Local Initiatives Support Corporation (LISC) to make them economically self-sufficient. By the mid-1980s, LISC claimed assets of over $100 million and projects in 23 cities (Osborne, 1988, pp. 304-5). The Enterprise Foundation, founded by developer James Rouse in 1981, used revenues from a profit-making subsidiary to fund housing developments for the poor. By 1984, the Enterprise Foundation claimed projects in 12 cities and had targeted 50 cities for intervention by the end of the decade (Enterprise Foundation, 1983).

Such endeavors led to the creation of Community Development Corporations in several cities in order to better focus the interests of government, foundations, and business on distressed neighborhoods. In a review of such efforts, Osborne urged the creation of "development banks" to regenerate poor

communities. Citing examples such as Chicago's Shorebank Corporation and the Kentucky Highlands Investment Corporation, Osborne concluded that

> the ideal community development strategy would build comprehensive development organizations, each tailored to the realities of the local community. These institutions would have significant resources. They would focus on both economic and social problems. Their goals would be investment, rather than spending. They would leverage as much private investment as possible. They would seek to build the capacity of local people and institutions. They would have built-in market feed back mechanisms. And they would have the capital and political commitment to remain in place for the long haul (1988, p. 302).

What remains to be seen of the public entrepreneurial strategy is whether it is possible to generate the capital and will to address the tenacious problems associated with deteriorating urban neighborhoods inhabited by the underclass. With present government expenditures already restricted by the deficit and future appropriations committed to the S&L bailout, public funds are not likely to be forthcoming. Private sources, either from foundations or corporations, are contingent on a healthy economy. The market crash of October 1987 and wild stock fluctuations accompanying events in the Mideast in 1990 tend to dampen the enthusiasm of business leaders for civic projects. Under the best of circumstances, private sector innovations are unlikely to produce the capital necessary to freshen the nation's economic backwaters. Still, considering the federal retreat from urban affairs and the fiscal straightjacket stifling city management, mayors have little choice but make the most of "public entrepreneurship".

Guerrilla Welfare

Inevitably, the social and economic pathology besetting many cities drove some community activists to radical tactics. Radicalism has been a continuous feature of the American urban experience, so this is hardly surprising. Much of the social programming of the American welfare state can be attributed to radical organizers of the labor movement, reflected in the New Deal, and the civil rights movement, reflected in the War

on Poverty. In their classic history of public assistance benefits, Piven and Cloward (1971) demonstrated that the "generosity" of welfare programs is actually cyclical, contingent on political and economic instability, which is, to a degree, generated by radical organizers. Saul Alinsky's organizing strategies (and antics) in Chicago and Buffalo have become as legendary as his writings (1972).[3]

Still, the 1980s marked a particularly mean period in the nation's treatment of the economically and socially dispossessed. Despite worsening conditions, civil disturbances of the 1980s failed to materialize on a scale of those of the 1960s. To address problems of the homeless in Washington, D.C., Mitch Snyder and other pacifist radicals, founded the Community for Creative Non-Violence (CCNV). While the Reagan administration launched its assault on poverty programs in the early 1980s, CCNV began its offensive against Reagan. Through such dramatic actions as creating a symbolic cemetery—in Lafayette Park across from the White House-of those having died of exposure, and undertaking several hunger strikes, CCNV seized the moral high ground. Ultimately, CCNVs radical tactics not only led to concessions by the Reagan administration in aid to the homeless in the nation's capital, but contributed to the passage of the McKinney Homeless Assistance Act in 1987 (Hombs and Snyder, 1983; Simon, 1990; Ifill, 1990). In Milwaukee, a classic example of the disinvestment affecting older, industrial cities, alderman Mike McGee formed the Black Panther Militia, threatening the city with violence unless $100 million was invested in the African-American community there. Milwaukee's director of the department of social services, Howard Fuller, pointed to the city's loss of 25,000 manufacturing jobs during the last 15 years as the source of growing militancy by Blacks. McGee has hinted at a terrorist strike at convention facilities or rolling burning tires onto freeways, tactics that do not seem so far-fetched once the uniformed and cadenced Militia is considered. "I've been studying this. I've got 1,001 ways that we can completely disrupt white life in Milwaukee," observed McGee, "It ain't going to take a lot" (Maraniss, 1990, pp. 9–10).

The 1990s are apt to see an upsurge in radicalism in American cities. As the federal government walked away from cities

and business migrated to the sunbelt (and overseas), mayors scrambled to cobble together resources to deal with a host of festering problems. Increasingly, urban factions had to compete for diminishing resources. In particular, competition increased among those trying to clean up the social debris left behind, a problem exacerbated since their constituents were economically and politically peripheral. Radical tactics were a quick and visible method of climbing to the top of the public agenda. The problem with guerrilla welfare, as Max Weber would have noted, is routinizing civil disobedience. With Snyder's suicide, it is difficult to identify a figure capable of transforming local achievements into a populist movement on behalf of the disenfranchised.[4] Insurgent tactics will probably become more plausible among frustrated urban activists, but radicalism in the U.S. has not always been progressive. Social and economic conditions which marginalize the poor, fostering the likes of CCNV and McGee, also marginalize the working class, breeding the intolerance of evangelical reactionaries and white supremacists.

Denouement

Approaching the end of the century, it is difficult to be sanguine about the emergence of an urban policy that is beneficent toward minorities and the poor. Evoking federalism and privatization, the Reagan administration was able to reverse a half-century of federal support for the nation's cities; yet, a conservative, governmental program of urban development failed to emerge. Instead, deregulation of financial institutions resulted in a massive, corporate urban aid program—more popularly known as the S&L crisis—which benefits cities of the "sunbelt" at the expense of those in the "rustbowl". To worsen matters, Reagan rhetoric was followed by Bush's ingenuous appeal to American altruism as a substitute for effective action. In a real sense, the Reagan legacy for urban policy has been "a thousand points of blight."

For their part, advocates for the urban poor have begun the task of fashioning a post-Reagan urban policy, but they have much work to do. The prospects of a comprehensive strategy through industrial policy are faint; private-public partnerships have been noteworthy, but spotty; and, radical action is even

more idiosyncratic, Still, it has been out of such confusion and despair that major initiatives have been advanced in the nation's welfare experience. Social activists can look to leaders of the Progressive and Civil Rights movements for models of those who have championed efforts to deal with urban poverty while advancing social justice. However discouraging the recent past, the future is redolent with opportunity.

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Notes

1. For this calculation, a ratio used by Hill was employed. Hill's penalty for the frostbelt states was placed at $51.6 billion, but this was based on an earlier, low assessment of bailout costs.
2. Details on Neil Bush's activities can be found in Day (1990), those on Keating, in Adams (1990). Budget figures are from Greenstein and Leonard (1990).
3. For details on Alinsky, see Horwitt (1989); on grassroots organizing, see Paget (1990).
4. The most-likely candidate is Jesse Jackson; however, his political philosophy has become more mainstream as a result of his involvement in presidential politics and those of the District of Columbia.

Social Work and the Reagan Era: Challenges to the Profession

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A priority item on the Reagan administration's social policy agenda was the creation of a charity model of welfare, in which well-meaning volunteers provide services to the deserving poor and for-profit enterprises cater to the middle and upper class. This model was implemented because human service budgets of public agencies were slashed and subsidies reduced for the not-for-profit sector. This reduction resulted in substantial unmet needs for social services, which have not been adequately addressed.

The authors contend that the profession of social work was not as directly affected by these changes as may be surmised since professional social workers did not constitute a large part of the public social service labor farce. Increased advocacy is recommended as part of the solution.

The impact of the Reagan era on this country's human services has been well documented. Funding was reduced, with consequent changes in the social service infrastructure, and ideological support built over the decades was significantly altered.

Although the challenges to the social work profession were many, they were not as direct, immediate, or fundamental as they were to the public social services targeted. To demonstrate this point, it is important to examine the historical development of the profession and the primary ideology of the Reagan era.

This article examines the size and centrality of the profession of social work to public social services before and after the Reagan era and the trickle down effect on the not-for-profit

services. Strategies to reduce the severity of future policies and funding cuts are described.

Development of the Profession: Charity to professionalism (1880–1980)

Social work had its beginnings in the friendly visitors of the settlement houses and the Charity Organization Societies, and in the activists who founded and staffed these early not-for profit organizations. Consequently, in the early days social work was synonymous with charity and volunteerism. However, with industrialization, urbanization, and immigration, city and community problems became more complex and family life more separated from work and less well supported.

Formally organized services emerged, creating the increased need for training for service deliverers which contributed to the establishment of the early schools of social work. With the depression of 1929, publicly funded social services began. They were strengthened and expanded twice more, in the 1960s and the 1970s: first with the enactment of the Economic Opportunity Act and the Community Mental Health Centers Act, and then with the passage of the Title XX amendments to the Social Security Act. Such expansions broadened the support and funding for social services, but did not include professional social workers either in the policy making process or in actual service delivery (Reeser & Epstein, 1991 p. 15).

Although the profession may have viewed these sweeping bills as opening new vistas, opportunities, and roles for professional social workers, in fact, there were insufficient numbers of Masters in Social Work (MSWs) to even begin to fill these new positions. By the late 1960s, there were only 70 graduate schools of social work in the United States, producing approximately 5,600 MSWs annually (Council on Social Work Education, 1971). Therefore, the profession was unable to fill all of the direct service delivery positions available. Similarly, policy making positions might have included social workers trained at the doctoral level in research and/or policy analysis. But by 1970 only 1,000 doctorates in social work had been awarded; again, an insufficient number for leadership in establishing policies.

Although the decade of the 1970s saw growth in social work education and its expansion to three educational levels (adding the Baccalaureate in Social Work [BSW] to the MSW and Ph.D. levels) this expansion did not occur early enough, or in sufficient scope, to create an impact on these public sector services. The initiation of BSW accredited programs in 1974 began the step to further differentiation of skills, but the total BSW labor force by the end of this decade was still inadequate to serve the social service labor force. While new doctoral programs begun during the 1970s produced another 1,000 graduates, most were employed by the expanding social work education programs.

The membership of the National Association of Social Workers (NASW) grew approximately 35% during the 1970s. Although this increase was dramatic, the total NASW membership was still under 75,000 by the late 1970s. Fewer than half of these professional social workers (37,000) were reported to be in the public sector. Therefore, despite this growth in the production of BSW and MSW social workers, they represented less than one quarter of the nation's social service labor force at the beginning of the Reagan era (Statistics on Social Work Education in the United States, 1979; Bureau of Labor Statistics, 1979). Additionally, the activism of the 1960s and the accountability focus of the 1970s occurred outside the boundaries of professional roles. Although community organization as a legitimated social work method began in the 1960s, many nonsocial workers were active and became organizers Further, the management focus of the 1970s caused many employers to look to other degrees to provide the technical expertise in budgeting, program evaluation, personnel management, and management information systems.

Thus the organizing and local initiatives required by the Economic Opportunity Act and the Community Mental Health Centers Act did not lure many professional social workers into either direct service or policy making positions. The managerial expertise required by the Title XX granting mechanisms appeared more compatible with the skills and values of graduates from masters degrees in business administration (MBA), public administration (MPA), and health administration (MHA) programs.

Another reason for social work's absence from the public sector was its focus on improving its professional stature. As a consequence, it turned its attention to issues of legal regulation of social work practice, labor force differentiation, and scientific research. The 1970s, more than any previous time, was a decade of the profession's internal reassessment, reorganization, and reprioritization. NASW created a new structure with state chapters, established a national Political Action for Candidate Endorsement (PACE) committee and an Education Legislation Action Network (ELAN), and drafted model legal regulation bills. Although PACE and ELAN were advocacy focused, they were in too early a developmental stage at the beginning of the Reagan era to be of significant utility.

A final reason is that the education of the vast majority of the professional social work labor force historically and at the beginning of this decade was directed at individual solutions and therapeutic interventions. Consequently, the fit between the new public social services labor force needs and the professional social worker's training was not compatible (Reeser & Epstein, 1991, p. 12).

Therefore, as the 1970s drew to a close, it was evident that: (a) the public support of services had expanded; (b) public social services had not replaced the traditional not-for-profit services; (c) professional social workers were still employed predominantly in the historic and traditional fields of practice such as not-for-profit family and children's services, mental health services, and hospital-based services and (d) social activism had diminished in social work, as it had throughout the nation, since the 1960s.

Thus, the authors contend that professional social workers historically were never a significant portion of the public sector, and were therefore not a large part of the huge federal/state bureaucracies created in the decades preceding the Reagan administration. This is not to diminish the important public policy roles of professional social workers such as Jeannette Rankin, Harry Hopkins, Jane Addams, and Wilbur Cohen, but to emphasize that there were not large numbers of professional social workers in the public sector to be displaced by Reagan's policies.

The Reagan Agenda: The Charity Model

The central thrust of the Reagan presidential agenda was to return to the former model of social services as charity delivered to the worthy poor by well-meaning volunteers. Since the enormity of the federal deficit had to be acknowledged and reduced, President Reagan chose to slash domestic social services, and espoused it as the return of decision-making to local units of government.

The blame for the deficit, rather than being focused on the escalating military expenditures, was placed on the increased public social service costs. Given no visible reduction in poverty, the blame was once again laid at the feet of the profession and the social welfare structure which had been incrementally established over decades, And once again the policies of welfare reform focused on reform of these antiquated systems rather than on the larger and real problems of illiteracy, high school dropouts, teen pregnancies, and unemployment.

Continuously the rhetoric in the early 1980s was the safety net for the worthy poor. However, the passage of the Gramm-Rudman Balanced Budget and Emergency Deficit Control Act of 1985 signalled that indeed these deficit reductions would only be achieved through benefit cuts and other reductions in virtually every low-income entitlement program. The Federal argument was that there would not be cuts in essential programs for the truly needy because state and local governments and philanthropic associations would replace the lost federal dollars. The further argument was that waste and fraud would be reduced.

One extremely detrimental effect on the profession which began in the 1970s and continued during the 1980s was declassification of social service positions. Arguments were that professionally educated social workers were not interested in public social services; that on-the-job training was sufficient; and that employees who were professionally educated were overqualified. Thus, by reducing educational qualifications, salaries could be reduced (NASW, 1981).

To provide empirical supports for this argument, bench mark task analyses were conducted and the public social service labor force was asked to describe what tasks it performed. The

tautology of this research design — given that this preponderance of this labor force was neither professionally educated nor trained and thus would describe tasks and skills that did not require professional training — was either lost on bureaucratic administrators or provided the desired assessment regardless of the flawed methodology.

Therefore, even in the more advanced states where enlightened administrators understood that qualified, professional staff might be part of the long-range solution, particularly in the reduction of recidivism, these research outcomes and the demand to cut budgets forced declassification to become an acceptable solution. Consequently, at what might have been a pivotal point in the movement of professional social workers into the public sector in large enough numbers and high enough places to make a difference, budget reductions and declassification activities occurred.

Thus professional social workers had to develop arguments and research in a reactive posture to attempt to protect against any further declassification efforts. Unfortunately, part of this debate included the opposition's argument that if these positions were not declassified (or conversely, if positions were reclassified to account for the need for professionally educated social workers), there would be insufficient numbers of professionally trained social workers to fill these positions.

While these reductions were not directed to the not-for-profit sector, the trickle-down effect reduced the number of people eligible for public services and the number and diversity of public social services, thereby increasing the demand on the not-for-profit sector, Although the planned Reagan agenda was to return to the private philanthropic model, the ability of the private sector to move in and replace these cuts in federal expenditures was greatly diminished by the recession and the emergence of new social problems. As a consequence, the biggest demand on the profession was to address the ever increasing needs for all services with reduced budgets.

Although differentially impacted, many private not-for-profit social services suffered reduced or stagnant budgets because the private mechanisms of the United Way campaigns,

annual donor drives, private foundations, and public demonstration and training grants were also affected by the recession. Most not-for-profits were hit with higher caseloads shifted from the public sector or due to new problems emerging. Consequently, many of these not-for-profit agencies experienced reductions in funding and increases in caseloads as did the public sector (Gibelman & Demone, 1990; Demone & Gibelman, 1984; Iatridis, 1988).

Unfortunately, the profession entered the 1980s without sufficient interest or expertise in political activity, neither entrenched in the public sector nor immersed in advocacy. As earlier noted, this was partly due to the management and accountability era of the 1970s; partly because political activity has always been somewhat suspect in professional social work circles; and partly due to our acceptance of the privatization model.

The New Right: Instituting the Charity Model

The profession of social work in the early 1980s found itself in the age-old dilemma of either being agents of social control or agents of social change and chose the former role. In order to cope with these reductions in funds and increases in service demands, not-for-profit agencies decided not to turn clients away or turn them against the government, which would have represented a social change model. Instead they utilized social control solutions that didn't increase service delivery budgets. Approaches such as higher caseloads, increased use of volunteers, consumers as deliverers of service, and increased fees for services were employed. In some instances, agencies have been able to compensate for federal reductions but have not increased revenues sufficient to cover the increased caseloads (Gibelman & Demone, 1990).

There are several explanations for the acceptance of a social control model and the utilization of privatization as a solution. First was the emergence of the New Right, which Reagan capitalized on and which represented a combination of economic libertarianism and social traditionalism. This paradoxical combination invoked different themes. The New Right spoke of

"freedom and individualism on economic matters, restraint and community on social matters, and total mobilization on national security matters" (Himmelstein, 1983, p. 17).

Given that these issues emerged with such force and had linkages in American culture, there was something for everyone to grab on to, even though one might not agree with the total package. For example, how could anyone disagree about the importance of the family? However, a simple position statement such as "keeping the family together" did not convey the total philosophy of this new American conservatism because the statement really meant that women should stay home. The subtle effectiveness of this strategy is evident when one realizes that to speak out against this message was then interpreted as an "against the family" statement. Reagan and the New Right artfully employed phrases which utilized a positive "pro" terminology and forced liberals and social workers to be labelled "anti": antifamily; antichoice.

Reagan and the New Right had as their enemy liberals who operated through the federal government. As previously noted, social workers were not employed in great numbers by the federal government but they did use these programs to assist their clients. Consequently, social workers were included on the enemy list. To combat this attack or to differentiate themselves from the untrained public employees, new labels were used to describe professional social workers clinical social worker, therapist, family or marriage counselor, manager.

Although it seems inconsistent with our professional history to adopt threads of the New Right philosophy, not only was it adopted, but it appears to have become quite imbedded in our practices. For example, with the renewed emergence of the issues of hunger and homelessness, social workers and the private sector were quick to mount food drives and create temporary shelters rather than to mount large-scale campaigns to expand AFDC benefits, food stamp eligibility, and public housing. As people began to beg in the streets, previously an uncommon sight in many parts of the country, the public became uncomfortable. Social workers responded with approaches such as meal tickets which the public could purchase and give to the beggars to use in the agency's soup kitchen. Such a response

was cited as a creative approach to addressing the needs of the new street people as well as to developing revenue for the agency. What this creative approach did was to accept begging rather than question hunger in this wealthy nation. It was creative in relieving the public's guilt.

The expanding problems related to the increase in AIDS or domestic violence resulted in similar creative mechanisms such as the increased use of self-help groups and reliance on volunteers for hospices and shelters, rather than to demand more professionals, increased funding for research on effective methodologies, or funding for preventive strategies.

Also, these creative solutions helped to set the profession behind other professions. For example, an additional creative response was to schedule time for essential training or planning activities through the use of staff's personal time. Administrators who argued that they could not spare social workers from direct service delivery because of the high caseloads suggested that these on-the-job training or long-range planning activities could be conducted after hours and on Saturday with no additional remuneration. Such approaches perpetuated the myth that social workers must be dedicated and altruistic and accept long hours, low pay, and negative public images, while other professionals, such as medical doctors, nurses, and lawyers, demanded and received better salaries and greater resources to accomplish their duties, particularly when their caseloads increased.

Traditional social service agencies were quick to call these solutions creative and proactive. Professional social workers began to defend, if not promote, them in professional circles as acceptable solutions. While it is clear that these ideas may be acceptable Band-aids, they cannot be conceived of as part of the long-term structural solution.

It has been argued by many, including the authors, that once again the profession accepted society's definition of the problem, which included the social work profession as part of the problem. The profession was labelled either as overly educated, liberal dogooders, or unscientific bleeding hearts.

Another reason that the profession accepted the social control model is the public's acceptance of Reagan's attitude toward

the disadvantaged. Unfortunately, the great communicator was successful not only in changing the public's attitude but the social work profession's as well (Reeser & Epstein, 1990, p. 14).

Shortly into the decade there was a change in attitude toward the unemployed. President Reagan was seen holding up the want ad page and saying that with all these jobs, anyone can work. While this may have been ludicrous for those who are knowledgeable about labor force supply and demand, it nonetheless left in the mind of the public a nagging thought that the unemployed could work if they wanted to. Similar rhetoric toward civil rights, poverty, and women's roles led to a resurgence and acceptance of previous stereotypical attitudes.

The community felt strongly that canned food donated to the poor was an acceptable method of feeding the hungry in this country. The public could feel charitable and helpful and again, the profession was placed in a position of being seen as anti-charity. Thus, professional social workers got behind these movements and convinced themselves that these were stopgap until such time as structural and institutional solutions could be reinitiated. The concern is that such a philosophy seems to have become well imbedded and mainstreamed.

For example, during the Reagan era, homelessness became a major national issue. The response to this new social problem was to provide programs such as daycare service for homeless children, special classes, meals, or mail delivery. The supply of public, low-income housing did not increase and consequently the country has now institutionalized homelessness.

Given this strong movement and the fact that the social work profession was caught short of social workers trained in or even interested in advocacy, either as a professional career choice or at least as an adjunct to clinical practice (Haynes & Mickelson 1991, p.xvi), and given that they did not exist in the public sector in large numbers, it is understandable that the profession accepted the social control model. Although it would seem logical that social workers would have been the professional group to defend and support human service programs, such support was almost nonexistent.

Therefore, instead of mounting proactive campaigns, the profession's position was of reacting to these cutbacks and

counting success by holding off further reductions. Thus social work strategies that were consistent with the privatization model, which had same bases in the New Right, were utilized.

The Reagan era found social workers using seemingly creative mechanisms to fill the holes in the safety net and trying to explain how this creativity did not diffuse professionalism in responding to human need — a professionalism that had taken 100 years to construct.

In Response to Reagan; Advocacy

While undoubtedly the Reagan era had a devastating effect on public social services and created new obstacles to professional social workers who wanted to enter or move up in the public social services, it may have had a positive although certainly unintended effect on the profession.

Although it was slow in starting, a resurgence of advocacy began in the 1980s. In 1982 the Council on Social Work Education included in its curriculum policy statement that students should be prepared "to exert leadership and influence as legislative and social advocates, lobbyists, and expert advisors to policy makers and administrators" . . . in ways that "will further the achievement of social work goals and purposes." The inclusion in curriculum is still uneven, as school bulletins, catalogue descriptions, and CSWE self-study submissions reveal.

Increased interest in social work education particularly during the latter half of the 1980s is well documented through the enrollment and application data (CSWE, 1979; 1985; 1990). Further, the managerial and bureaucratic language of the 1970s is being replaced in the classroom with the language of advocacy. In a 1989 survey, 42 of 100 graduate schools had courses on community organization, advocacy, and/or planned change (Cornman, 1989). In fact, one graduate program has established a specialization in political social work; another in social justice (Reeser & Leighninger, 1990).

Further evidence of this change is an increase in professional articles and textbooks addressing issues of advocacy. Some of these works are about political skills; Burghardt's *The Other Side of Organizing;* Fisher's *Let the People Decide; Neighborhood Organizing in America;* Haynes and Mickelson's *Affecting Change: Social*

Workers in the Political Arena; and Mahaffey and Hanks' *Practical Politics: Social Work and Political Responsibility* (Burghardt, 1982; Fisher, 1984; Haynes and Mickelson, 1986; and Mahaffey and Hanks, 1982). Others were about organizing and other advocacy roles to influence policy makers. still others found increases in the political awareness and advocacy of social workers in the late 1980s (Ezell, 1989; Reeser and Epstein, 1990).

The reduction of governmental supports coupled with the recession brought many social problems closer to home and made them more publicly visible. Additionally, unanticipated consequences of the new philanthropy, which promoted the use of affluent volunteers and consumers as service deliverers, were to broaden the base of support for services; to increase the understanding of human suffering; to enlighten more people about the cause of that suffering; and to value the need for professional, systematic, and institutionalized responses to that suffering.

The increased development of coalitions composed of an assortment of sometimes disparate groups were constructed to combat further reductions. Generations United is a good example of an effort to address the Reagan administration's question, "Where do we cut — children or senior citizens?" This divisive effort by the administration, although not entirely eliminated by such coalitions, was confronted. An additional by-product of these coalitions was that other professional and volunteer groups became more educated about and more supportive of professional social workers' roles and skills and of the need to form coalitions for increased advocacy.

Another example of this increased advocacy by both volunteers and social workers can be seen in support of one group of the population that was especially hard hit by the Reagan era (Phillips, p. 206). Children took the brunt of the Reagan administration's cuts (Kids Count, 1991). From this despair sprang a renewed form of child advocacy different from previous advocacy efforts.

In 1984 the Association of Child Advocates was established with 14 member organizations which grew to over 50 by the time Reagan left office and to 90 by the end of the decade. The Children's Defense Fund increased its staff and budget and

the Child Welfare League of America took a new and stronger role in advocacy. These efforts encouraged the profession to continue on this steady course of increased advocacy, not only in children's issues, but across the human service continuum as well.

With the increased pressure on the not-for-profit human service organizations, executive directors increased their political activities to advocate for clients to receive governmental social services. Although directors faced conflicting expectations and demands from different constituencies about political activities, research indicates that they were engaged in a variety of advocacy activities on and off the job (Pawlak and Flynn, 1991).

Social workers learned advocacy techniques from the Reagan administration as well. Advocates who had always struggled with the question of where the additional money was going to come from found the answer in Secretary of Defense Weinberger. His response to such a question when he proposed a tremendous increase in the defense budget: "That's not my problem. I'm here to tell you what needs to be done."

Also during this era there was a change in the number of social workers elected to political office. On local levels there was a greater effort to elect social workers to city council seats, county commissioner positions, and mayoral posts. MSW social workers became mayors of major cities and state legislators. Additionally, not only was one more social worker elected to Congress, but the first social worker in history was seated in the United States Senate, thereby establishing excellent role models of political advocates for others to follow.

In the early 1980s, social worker/politicians were reluctant to identify themselves with the profession because of public and professional pressure. As more support came from the profession, these social worker/politicians became mare public about their professional identity (Haynes & Mickelson, 1991, p. 146). The profession's support for political activity can also be measured in the growth of NASW's political action committee, PACE. From 1982 to 1988 annual contributions almost doubled. PACE also encouraged and supported student placements and created a paid political scholarship.

These activities may suggest that the profession has made significant strides in its advocacy efforts, However, it must be remembered that this resurgence in advocacy has occurred because of the devastation to social services and to clients. It is important to continue this trend, given the dark ages of the Reagan era.

Conclusion

The Reagan era had some detrimental effects on the profession, although these were neither as devastating nor as permanent as an uninformed or superficial examination might suggest. It is evident that the Reagan era did slow same gains which might have resulted in the profession's assumption of a greater leadership role in the public sector during the 1980s.

The profession found itself opposing Reagan's ideology, but nonetheless adopting the methodologies of the charity model. However, this conflict and the continued assault on clients gave rise to the seeds of advocacy. It had become self-evident that complacency and absence from the political and legislative arenas left the profession and our clients vulnerable to any ideological shift, Therefore, resurgence of advocacy in the profession, if nurtured and sustained, will serve as some protection to the profession and its clientele from capricious extremism in the future.

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