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Review of *The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs*. John F. Cogan

James Midgley
University of California, Berkeley

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Book Reviews

John F. Cogan, *The High Cost of Good Intentions: A History of U.S. Federal Entitlement Programs*. Stanford University Press (2018), 500 pages, \$45.00 (hardcover).

Many histories of government welfare in the United States have been published over the years. In addition to providing chronological narratives, most also offer analytical insights into the complex factors that fostered its expansion. As is well known, industrialization, class conflict, and interest group politics have all been identified as contributing to the emergence of the welfare system. Normative commentaries that assess the social, economic and political effects of government welfare have also been popular, and many writers have claimed that its expansion represents the country's social conscience and the desire of its citizens to care for each other. On the other hand, some have argued that social welfare in the United States has evolved haphazardly and that compared to other Western countries, a fragmented and reluctant welfare state has emerged. Still others contend that despite its expansion, government welfare has been characterized by racism and gender discrimination and has served to legitimate the capitalist system.

Cogan offers a very different interpretation, which contends that the expansion of government welfare since the time of the Republic's founding has been disastrous and, that unless curtailed, will have calamitous economic and social effects. As a result of the proliferation of social programs, more than half of Americans are the recipients of welfare so that the United States has now become a so-called entitlement state. He also believes that many of those receiving benefits, such as middle-class retirees, do not need assistance, and in order to reduce spending to manageable proportions, resources should be concentrated on those who are truly disadvantaged. This contention is consistent with the book's theme that the federal government may initially have been motivated by good intentions, but because of the political pressures exerted by undeserving interest groups, supported

by complicit politicians, the welfare system has swollen exponentially and social spending has become unsustainable.

This argument is forcefully expressed in the book's introduction and final chapter, but it is also reiterated in the intervening chapters, which trace the expansion of government welfare since the War of Independence, when the federal government first granted pensions to sailors and soldiers who were wounded, and to the widows and dependents of combatants. Cogan shows how political pressures resulted in these provisions then being extended to soldiers in the state militias and, after the Civil War, to an even larger numbers of beneficiaries. These events whetted popular appetites for the further expansion of social programs and resulted in the advent of the entitlement state during the New Deal. The Great Society initiatives of the Johnson era consolidated and fostered the further proliferation of social programs. This trend has persisted up to the present day and pressures from multiple interest groups for welfare benefits continue unabated.

The book is well written and informative, and some chapters deal with interesting topics that are not always covered in other historical texts. For example, Cogan gives a fascinating account of the creation of the Naval Pension Trust Fund in 1799 that financed benefits for disabled sailors from booty confiscated from enemy and pirate ships. However, because of poor investment decisions, the fund was bankrupted in the 1830s and required a sizable taxpayer bailout. Cogan observes that the fund is the precursor to the Social Security Trust Fund, which he believes will also need to be rescued by taxpayers in the near future. Another interesting chapter deals with President Roosevelt's attempt to curtail veteran's pensions at the time of the Great Depression. Faced with economic collapse and a huge federal deficit, he sought to abolish these pensions but, encountering stiff opposition from Congress, he only succeeded in reducing benefit levels. Cogan explains that Roosevelt did not favor veteran's pensions, believing instead that all citizens should be covered by social insurance and other social programs. Also of interest is the chapter on the GI Bill of 1944, which the author acknowledges had a positive impact on the lives of the millions of veterans after the Second World War. However, he claims that these achievements were sullied by widespread fraud and numerous scandals.

Although Cogan can be commended for clearly stating his own position, the book lacks balance and no mention is made of countervailing arguments that are supportive of government welfare. Despite claiming that social spending will ruin the economy, he fails to recognize that many other Western countries provide comprehensive social services (including health insurance) which have not impeded their own economic development. Since the United States spends significantly less on social welfare, it is unclear why its economy is being harmed by social spending, while other countries that spend more have respectable levels of economic growth. They also enjoy widespread prosperity. In view of today's booming economy, it is hard to accept that economic growth in the United States has been severely damaged by what Cogan denounces as profligate social spending.

Cogan acknowledges in the book's introduction that many interest groups in the United States benefit from tax expenditures, subsidies and outsourcing, but he glosses over this issue by claiming that a discussion of these policies is beyond the scope of his book. However, the issue cannot be dismissed so easily since tax expenditures in the United States, which overwhelmingly favor higher-income earners, currently amount to approximately \$1.5 trillion annually. Although the tax "reforms" introduced by the Trump administration in 2017 reduced mortgage tax relief and other deductions, tax breaks still feature prominently in the tax code. The Treasury estimates that just one of these breaks—the exclusion of contributions to employer sponsored health programs—will cost taxpayers about three trillion dollars over the next ten years. In addition, he does not mention that the administration's new tax policies will increase the federal deficit by an estimated \$1.5 to \$1.8 trillion over the same period. Instead, like other critics from the political right, he claims that the budget deficit is almost entirely attributable to social spending.

Despite recognizing the positive impact of some programs such as the GI Bill and nutritional programs for poor children, the author also ignores the investment effects of social spending. There is a substantial body of research to show that many social programs, including early childhood interventions, access to health care, nutritional supplements, the Earned Income Tax Credit, job training and educational programs among

others, facilitate the participation of many disadvantaged people in the economy and help them to lead productive lives. In fact, far from being an "entitlement" state, the United States prioritizes social spending on those engaged in regular employment, and thus arguably should be described more accurately as a "workfare" state. Various programs, including the Earned Income Tax Credit, Social Security, TANF and the exclusion of health insurance and retirement contributions all are designed to support employment and promote economic growth. Had he considered their contribution to development, Cogan may perhaps have approved of these programs.

In the book's final chapter, Cogan mentions the role of intellectuals in laying the groundwork for policy change by articulating their own vision of the Good Society. The political right has assiduously campaigned for its vision of the Good Society for many years—a society in which there is little room for government social welfare. The author makes clear that his book seeks to promote this vision by legitimating the retrenchment, if not abolition, of government social programs. Although he is not the first to mount a systematic attack on these programs, Cogan's book provides renewed academic support to those who oppose government welfare. Despite the mixed results of the 2018 mid-term elections—which resulted in a significant Democratic majority in the House but also an increased Republican majority in the Senate—the political right's campaign against "entitlements" will undoubtedly intensify. Those who believe that all citizens should have guaranteed access to government welfare in times of need should be fully acquainted with the arguments and prepared for the struggle ahead. It is in this context that Cogan's readable and informative book should be widely consulted.

James Midgley
University of California, Berkeley