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Book Reviews


*Individual and Social Responsibility: Child Care, Education, Medical Care, and Long-Term Care in America* is an edited volume of papers presented at a conference held by The National Bureau of Economic Research in October 1994. Those attending the conference represented a distinguished group of economists including some Nobelists and some would be Nobelists. This book is excellent in its individual parts, yet it fails to overcome the overall difficulty inherent in any edited volume: common areas of interest but no coherent theme holding everything together. Each of the ten chapters is interesting, comprehensive, and stimulating. We are certain that those who read this volume will gain an enormous amount of information, but they should be forewarned that there is little connection between the four service-related chapters and the rest of the book. Fascinating as the reading is, the book reads more like a high-quality journal issue. Compliments are due Timothy Taylor, managing editor of *the Journal of Economics Perspectives*. He has done a splendid job in summarizing the conference on which this volume is based and even provides material from the roundtable discussions that were not included in the book. Yet even he was unable to pull the papers together into a balanced whole, and he reports on each separately. For those pressed for time, we would recommend Taylor’s overview.

Reviewing *Individual and Social Responsibility* can be a humbling experience for social workers due to difficulties with some of the vocabulary. Many of this Journal’s readers would have difficulties with terms such as *externalities* (unaccounted consequences of an action, such as future political involvement as an outcome of education); *moral hazard* (lack of incentive to the insured party to avoid risks which may result in over-consumption of the insured service); or *market failure* (a situation in which markets do not function properly due to lack of information,
externalities, etc.) Consequently, this review was jointly written by a social worker and an economist.

We found the connections between the title and the book somewhat tenuous. Victor Fuchs, the editor, writes that he chose the title *Individual and Social Responsibility: Child Care, Education, Medical Care, and Long-Term Care in America* and notes that "the issue can be formulated as the tension between individual responsibility and social responsibility." Yet in a later paragraph, he hedges: "The papers and comments in this volume do not, for the most part, explicitly engage the issue of responsibility" (p. 5). Now, if the first part of the title doesn’t really mean what it says, how about the second? Does this book really deal with child care, education, medical care, and long-term care in America? We had hoped so. We really wanted to learn what this impressive group of experts had to say about these service issues. However, it seems that many contributors had been asked to write on whatever they wished. As a result, the book provides many interesting and thought-provoking ideas that really have little to do with the purported theme of the book. Four chapters in the first part of the book are each devoted to each of the four service issues. The other six chapters are free-standing and only slightly related to the four issues of the title. Paul Romer discusses voting patterns vis-a-vis political threats on and people’s sense of entitlements promised in social security benefits. Robert Frank has an interesting chapter on vouchers. According to Frank, if the government gives a voucher to all, the vouchers will not change the quality of service in the long run, but will escalate its cost. Kenneth Arrow provides insights into the economics of information and the ways in which problems arise (in medical care, education and child care) when full information is not available to those with the greatest personal interest in the outcomes. Henry Hansmann examines the roles of the public, for-profit, and nonprofit enterprises in providing human services and notes a recent expansion in for-profit firms providing human services. James Poterba raises the issue of whether market failures can provide a framework for the making and implementing of policy; and Theda Skocpol writes on the politics of American social policy: past and future.

Some notes on the four social service-related chapters are in order. Arleen Leibowitz notes that "The single largest government
child care program is the child-care tax credit" (60% of all federal spending) and that “this subsidy is available only to working mothers” (p. 38). She also asserts that “The AFDC program itself can be considered a large government subsidy of child care by mothers” (p. 38). Leibowitz notes that middle-upper class children usually consume the best services whereas children of lower-class parents gain most from formal organized child care.

Eric Hanushek notes that public education accounts for some 25 percent of public expenditures, yet no one “believes that our schools are doing particularly well” (p. 59). Hanushek questions the need for greater spending on public education unless there is a significant change in what additional resources are used for. He cautions that issues such as individual motivation, parents, friends, and community affect educational achievement and therefore aggregate statistics on education may be misleading.

Henry Aaron contends that both public and private health systems “display signs of accident and caprice” (p. 114). His chapter was written at the tail-end of the failed Clinton health reform and thus was highly influenced by the debate. He suggests that one reason for the failure was the large scale of the reform (10% of the GDP). “With the exception of war mobilization and the desperate measures of the Great Depression, U.S. history contains no example of legislation remotely approaching the ambition and complexity of major reform of health care financing and the magnitude of change in behavior and established institutions it requires” (p. 121).

Alan Garber finds that despite the huge expense of long-term care which averages $20,000 per-person a year, people do not purchase private insurance to protect themselves. Yet, he argues “that it [private insurance] is a promising approach to better risk protection for those persons in situations in which it is most appropriate” (p. 144). Like many of his co-contributors in this volume, Garber concludes that: “Financing universal long-term care insurance from public dollars hardly seems feasible today, and circumstances will not be more favorable in the coming years” (p. 145). This statement is somewhat surprising giving that “Medicaid pays nearly half of all nursing home expenditures . . . ” (p. 152).

One issue on which all these economists seem to be in agreement is that America’s child care, education, medical care, and
long-term care systems are operating in a less than optimal manner. The authors are also as one in cautioning that, due to fiscal/political reasons, the government cannot be expected to reform/financially increase/support these systems. They claim that increased government support can cause a moral hazard problem and therefore would not produce better services to more people. The fact that these fields of service have tremendous externalities makes them more difficult to study from economic point of view and adds little to their political or financial viability.

In sum, *Individual and Social Responsibility: Child Care, Education, Medical Care, and Long-Term Care in America* is a text for advanced readers that can be used in doctoral courses of social policy. Although this volume has no consistent theme that weaves its chapters into a coherent whole, it does present an original and thought-provoking review of four human-service domains from the perspective of distinguished economic scholars. As such, we believe *Individual and Social Responsibility*, edited by Victor R. Fuchs, deserves the attention of social workers and social welfare scholars concerned with the issue of individual and social responsibility in America.

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Social work courses and the textbooks used in courses about health and health care are often limited to discussions of the psychosocial effects of and treatments for various diseases, along with issues related to social work practice within a medical setting. Social workers are thus often lacking in knowledge and appreciation for the broader issues that have shaped health care in this country. This lack of context certainly hampers their