CHAPTER 1

Social Policy and the American Welfare State
Social welfare policy is best viewed through the lens of political economy (i.e., the interaction of economic, political, and ideological forces). This chapter provides an overview of the American welfare state through that lens. In particular, it examines various definitions of social welfare policy, the relationship between social policy and social problems, and the values and ideologies that drive social welfare in the United States. In addition, the chapter examines the effects of ideology on the U.S. welfare state, including the important roles played by conservatism and liberalism (and their variations) in shaping welfare policy. An understanding of social welfare policy requires the ability to grasp the economic justifications and consequences that underlie policy decisions. As such, this chapter contains a brief introduction to Keynesianism, free market economics, socialism, and communitarianism, among others.

American social welfare is in transition. Starting with the Social Security Act of 1935, liberals argued that federal social programs were the best way to help the disadvantaged. Now, after 70 years of experimenting with the welfare state, a discernible shift has occurred. The conservatism of U.S. culture—so evident in the Reagan, Bush (both Bushes), and even Clinton presidencies—has left private institutions to shoulder more of the welfare burden. For proponents of social justice, the suggestion that the private sector should assume more responsibility for welfare represents a retreat from the hard-won governmental social legislation that provided essential benefits to millions of Americans. Justifiably, these groups fear the loss of basic goods and services during the transition in social welfare.

The political trajectory shifted with the 2008 election. The election of Barack Obama as the 44th President of the United States not only broke a racial barrier but also swept away the strident conservatism that had defined the presidency of George W. Bush. Winning 52 percent of the vote and increasing Democratic majorities in both chambers of Congress, the Obama victory heartened liberals who anticipated an expansion of government social programs. Obama’s platform was crafted to appeal to middle-class voters who had lost ground economically during the second Bush presidency and included the following objectives:

- Increase capital gains taxes on individuals making more than $250,000 per year while providing tax credits for couples earning less than $200,000 annually.
- Jump-start the economy through a $700 billion stimulus package that included $25 billion for infrastructure projects as well as $25 billion for state and local governments.
- Introduce progressivity in the withholding tax by adding a tax of 2 to 4 percent for individuals whose incomes exceed $250,000 a year.
- Require that all children have health insurance, prohibit insurance companies from refusing to insure people with pre-existing conditions, and mandate that employers provide health insurance to workers or pay into a health insurance fund.
- Spend $10 billion to expand and improve pre-school education and $12 billion for higher education in the form of a $4,000 refundable tax credit in exchange for 100 hours of community service.1

While liberal pundits hailed the resurgence of “a vast new progressive movement,” structural limits would certain restrain Obama’s ambitions. Massive deficits left by the second Bush administration compounded by a looming recession mean that economic issues will not only trump other priorities, but that reduced tax revenues will impede the ability of the government to meet existing obligations let alone expand social programs. Moreover, the Republicans can filibuster Democratic initiatives in the Senate that are perceived as being particularly generous. Obama’s centrist inclinations will help build bipartisan support for his legislative agenda. This was evident in his understanding of welfare reform. Acknowledging that “conservatives—and Bill Clinton—were right” to scrap the Aid to Families with Dependent Children program, Obama also recognized that welfare reform had “swelled the ranks of the working poor.” Consequently, he argued that a post-welfare reform anti-poverty policy must entail increasing the Earned Income Tax Credit for low-income working families, but also expanding community-based health and education as well as law enforcement.5 Clearly, economic and political circumstances will test the new president’s leadership in managing domestic affairs and therein social welfare.

Despite the Democratic victory in 2008, structural features of the American welfare state militate against a major expansion of government, per se. A pluralistic mix of private and public services is an
overriding feature of U.S. social welfare. As in other realms, such as education, in social welfare private institutions coexist alongside those of the public sector. U.S. social welfare has a noble tradition of voluntary citizen groups taking the initiative to solve local problems. Today, private voluntary groups provide important services to AIDS patients, the homeless, immigrants, victims of domestic violence, and refugees.

Social welfare has become big business. During the last 30 years, the number of human service corporations—for-profit firms providing social welfare through the marketplace—has increased dramatically. Human service corporations are prominent in long-term nursing care, health maintenance, child day care, psychiatric and substance abuse services, and even corrections. For many welfare professionals, the privatizing of social services is troubling, occurring as it does at a time when government has reduced its commitment to social programs. Yet human service corporations will likely continue to be prominent players in shaping the nation’s social welfare policies. As long as U.S. culture is democratic and capitalistic, entrepreneurs will be free to establish social welfare services in the private sector, both as nonprofit agencies and as for-profit corporations.

The mixed welfare economy of the United States, in which the voluntary, governmental, and corporate sectors coexist, poses important questions for social welfare policy. To what extent can voluntary groups be held responsible for public welfare, given their limited fiscal resources? For which groups of people, if any, should government divest itself of responsibility? Can human service corporations care for poor and multiproblem clients while continuing to generate profits? Equally important, how can welfare professionals shape coherent social welfare policies, given the fragmentation inherent in such pluralism? Clearly, the answers to these questions have much to say about how social welfare programs are perceived by human service professionals, their clients, and the taxpayers who continue to subsidize social programs.

The multitude of questions posed by the transition of social welfare in this country is daunting. Temporarily satisfied by the draconian 1996 welfare reform bill (and the dramatic cuts in the nation’s public assistance rolls), conservatives later shifted their attention to “reforming” social insurance programs such as Social Security and Medicare through privatization. Yet past advocates of social justice such as Jane Addams, Whitney Young Jr., and Wilbur Cohen, to name a few, interpreted the inadequacy of social welfare provision and the confusion of their times as an opportunity to further social justice. It remains for another generation of welfare professionals to demonstrate the same imagination, perseverance, and courage to advance social welfare in the years ahead. Those accepting this challenge will need to be familiar with the various meanings of social welfare policy, differing political and economic explanations of social welfare, and the multiple interest groups that have emerged within the U.S. social welfare system.

Definitions of Social Welfare Policy

The English social scientist Richard Titmuss defined social services as “a series of collective interventions that contribute to the general welfare by assigning claims from one set of people who are said to produce or earn the national income to another set of people who may merit compassion and charity.” Welfare policy, whether it is the product of governmental, voluntary, or corporate institutions, is concerned with allocating goods, services, and opportunities to enhance social functioning. William Epstein defined social policy as “social action sanctioned by society.” Social policy can also be defined as the formal and consistent ordering of human affairs. Social welfare policy, a subset of social policy, regulates the provision of benefits to people to meet basic life needs, such as employment, income, food, housing, health care, and relationships.

Social welfare policy is influenced by the context in which benefits are provided. For example, social welfare is often associated with legislatively mandated programs of the governmental sector, such as Temporary Assistance for Needy Families (TANF). In the TANF program, social welfare policy consists of the rules by which the federal and state governments apportion cash benefits to an economically disadvantaged population. TANF benefits are derived from general revenue taxes (often paid by citizens who are better off). But this is a simplification of benefits provided to those deemed needy.
Benefits provided through governmental social welfare policy include cash, along with noncash or in-kind benefits, including personal social services. Cash benefits can be further divided into social insurance and public assistance grants (discussed in depth in Chapter 11).

In-kind benefits (provided as proxies for cash) include such benefits as food stamps; Medicaid; housing vouchers; Women, Infants, and Children (WIC) coupons; and low-income energy assistance. Personal social services are designed to enhance relationships between people as well as institutions, such as individual, family, and mental health treatment; child welfare services; rehabilitation counseling; and so forth. Although complicated, this classification reflects a common theme—the redistribution of resources from the better-off to the more disadvantaged. This redistributional aspect of social welfare policy is generally accepted by those who view social welfare as a legitimate function of the state.

Governmental social welfare policy is often referred to as “public” policy because it is the result of decisions reached through a legislative process intended to represent the entire population. But social welfare is also provided by non-governmental entities, in which case social welfare policy is a manifestation of “private” policy. For example, a nonprofit agency with a high demand for its services and limited resources may establish a waiting list as agency policy. As other agencies adopt the same strategy for rationing services, clients begin to pile up on waiting lists and some are eventually denied services. Or consider the practice of “dumping,” a policy that has been used by some private health care providers to abruptly transfer uninsured patients to public hospitals while they are suffering from traumatic injuries. Patients can—and sometimes do—die as a result of private social welfare policy.

Because U.S. social welfare has been shaped by policies of governmental and nonprofit agencies, confusion exists about the role of for-profit social service firms. The distinction between the public and private sectors was traditionally marked by the boundary between governmental and nonprofit agencies. Profit-making firms are “private” non-governmental entities that differ from the traditional private voluntary agencies because they operate on a for-profit basis. Within private social welfare, it is therefore important to distinguish between policies of for-profit and of nonprofit organizations. A logical way to redraw the social welfare map is to adopt the following definitions: Governmental social welfare policy refers to decisions made by the state; voluntary social welfare policy refers to decisions reached by nonprofit agencies; and corporate social welfare policy refers to decisions made by for-profit firms.

Social welfare policy often develops in response to social problems. The relationship between social problems and social welfare policy is not linear, and not all social problems result in social welfare policies. In many instances, existing social welfare policies are funded at ineffectual levels. For example, the Child Abuse Prevention and Treatment Act of 1974 was designed to ameliorate the problem of child abuse, yet underbudgeting left Child Protective Service (CPS) workers in a catch-22 situation. The act required CPS workers to promptly investigate child abuse reports, but agencies had inadequate staff resources to deal with the skyrocketing number of complaints. Caught in a resources crunch, many CPS workers were unable to properly investigate allegations of abuse, resulting in many children dying or undergoing serious injury.

Social welfare is not merely an expression of social altruism; it contributes to the maintenance and survival of society. In this respect, social welfare policy helps hold together a society that may fracture along social, political, and economic stress lines. Social welfare policy is also useful in enforcing social control, especially as a proxy for more coercive measures such as law enforcement and the courts. When the basic minimum needs of the disadvantaged are met, they are less inclined to revolt against the unequal distribution of resources. Social welfare policies also subsidize employers, because welfare benefits supplement low and nonlivable wages, thereby maintaining a work incentive. If wages are insufficient to meet basic food, clothing, and shelter needs, little incentive exists for workplace participation. Without social welfare, like earned income tax credit (EITC), employers would have to raise wages and prices for consumers. Social welfare also supports important industries, such as agriculture (food stamps), housing (Section 8 and various other housing programs), and health care (Medicaid and Medicare). If social welfare benefits were suddenly
eliminated, a segment of U.S. business would collapse and prices for commodities and services would rise dramatically. Social welfare benefits help maintain stable price structures and economic growth.

Social welfare policies also relieve the social and economic dislocations caused by the uneven nature of economic development. For example, one of the main features of capitalism and economic globalism is a constantly changing economy where jobs are created in one sector and lost (or exported) in another. The result is large islands of unemployment as workers transition from one employment sector to the other or are lost in the shuffle. Myriad social welfare programs, such as unemployment insurance and food stamps, help soften the transition. Without such social benefits, fundamental questions would also arise about the moral nature of U.S. society. Finally, social welfare policies are a means for rectifying past and current injustices. For example, affirmative action was designed to remedy the historical discrimination that denied large numbers of Americans access to economic opportunities and positions of power. School breakfast and lunch programs, teacher incentive pay, and other policies are designed to help ameliorate the unequal distribution of resources between underfunded inner-city and better-funded suburban school systems.

Social Work and Social Policy

Social work practice is driven by social policies that dictate how the work is done, with whom, for how much, and toward what ends. For example, a social worker employed in a public mental health center may have a caseload of well over 200 clients. Given that caseload size, it is unlikely that the worker can engage in any kind of sustained therapeutic intervention with clients because the size of the caseload permits little more than case tracking. Or consider the worker who must find employment for mothers on public assistance about to lose benefits because of the imposition of time limits, but who are unlikely to locate adequate work because of high area unemployment. In these instances, economic (i.e., underfunding) and political factors contribute to policies that determine the ability of the worker and agency to accomplish their jobs.

An ideological preference among policymakers for private sector social services has resulted in less funding for public agencies. The conservative focus on cutting taxes—evident in the dramatic tax cuts of the last Bush administration—led to reductions in public revenues and hence reductions for social programs. In response to diminishing revenues, public agencies adjust in predictable ways, such as cutting qualified staff and expecting existing staff to do more with less, utilizing less-qualified and lower-paid staff, promoting short-term or group interventions designed to cheaply process more clients, and freezing or reducing the salaries and benefits for professional staff. Combined, these strategies help shape an agency geared to processing more clients rather than helping individual ones. Hence, what a trained social worker can accomplish depends, in part, on the available resources within the agency.

Although not obvious at first glance, many social workers in private practice who depend on managed care for reimbursement experience similar constraints. Specifically, managed care plans dictate how much a social worker will be paid and how often they will see a client; accordingly, care management dictates the kinds of interventions that will be practical in the allotted time. In fact, these policies have as much impact on what social workers do in their day-to-day work as the microlevel theories taught in much of social work education. Accepted agency policy also helps to dictate what is taught in direct social work practice.

Values, Ideology, and Social Welfare Policy

Social welfare policies are shaped by a set of social and personal values that reflect the preferences of those in decision-making capacities. According to David Gil, “Choices in social welfare policy are heavily influenced by the dominant beliefs, values, ideologies, customs, and traditions of the cultural and political elites recruited mainly from among the more powerful and privileged strata.” Charles Prigmore and Charles Atherton list no fewer than 15 values that influence social welfare policy: achievement and success, activity and work, public morality, humanitarian concerns, efficiency and practicality, material comfort, equality, freedom, external conformity, science and secular rationality, nationalism and patriotism, democracy and self-determination, individualism, racism and group
superiority, and belief in progress. How these values are played out in the realm of social welfare is the domain of the policy analyst. Despite the best of intentions, social welfare policy is rarely based on a rational set of assumptions and reliable research.

One view of a worthwhile social policy is that it should leave no one worse off and at least one person better off, at least as that person judges his or her needs. In the real world of policy that rarely occurs. More often than not, policy is a zero-sum game, in which some people are advantaged at the expense of others. In fact, it can be argued that major social policies are based on values, not on the careful consideration of alternative policies.

Of course, there are serious consequences when social welfare policy is determined to a high degree by values. Since the late 1970s, social welfare policy has been largely shaped by values that emphasize self-sufficiency, work, and the omniscience of the marketplace. Because policymakers expected disadvantaged people to be more independent, supports from government social programs were significantly cut. Although these reductions saved money in the short run, most of the beneficiaries whose supports fell to the budget ax were children. Eventually, cuts in social programs may well lead to greater expenditures, as the generation of children who have gone without essential services begin to require programs to remedy problems associated with poor maternal and infant health care, poverty, illiteracy, and family disorganization. Although in 2006 the U.S. ranked fourth internationally in purchasing power parity (what a family income can actually buy in a given country), it ranked 22nd in public spending on family benefits.

Social values are organized through the lens of ideology. Simply put, an ideology is the framework of commonly held beliefs through which we view the world. It is a set of assumptions about how the world works: what has value, what is worth living and dying for, what is good and true, and what is right. For the most part, these beliefs are rarely examined and are simply assumed to be true. Hence, the ideological tenets around which society is organized exist as a collective social consciousness that defines the world for its members. All societies reproduce themselves partly by reproducing their ideology; in this way, each generation accepts the basic ideological suppositions of the preceding one. When widely held ideological beliefs are questioned, society often reacts with strong sanctions. Ideological trends influence social welfare when adherents of one orientation hold sway in decision-making bodies.

Ideology even more strongly influences social welfare policy during periods of threat, such as the current “War on Terror.” In this instance, social welfare policy fades into the background as the perceived need for personal and national security takes center stage. U.S. social history has been intermittently shattered when oppressed groups assert their rights in the face of mainstream norms. Such periods of social unrest strain the capacity of conventional ideologies to explain social problems and offer solutions. Sometimes social unrest is met with force, as during the period of the great labor strikes of 1877. In other instances, such as the Great Depression, social unrest is met with expanding social welfare programs.

The term political economy refers to the interaction of political and economic theories in understanding society. The political economy of the United States has been labeled democratic capitalism—an open and representative form of government that coexists with a market economy. In that context, social welfare policy plays an important role in stabilizing society by modifying the play of market forces and softening the social and economic inequities that the market generates. To that end, two sets of activities are necessary: state provision of social services (benefits of cash, in-kind benefits, and personal social services) and state regulation of private activities to alter (and sometimes improve) the lives of citizens. Social welfare bolsters ideology by helping to remedy the problems associated with economic dislocation, thereby allowing society to remain in a state of more or less controlled balance.

As noted earlier, the U.S. welfare state is driven by political economy. Ideally, the political economy of the welfare state should be viewed as an integrated fabric of politics and economics, but in reality, some schools of thought or movements contain more political than economic content, and vice versa. For example, most economic schools of thought contain sufficient political implications to qualify them as both economic and political dogmas. Conversely,
most political schools of thought contain significant economic content. It is therefore often difficult to separate political from economic schools of thought. For the purposes of this chapter, though, we will organize the political economy of U.S. welfare into two separate categories: (1) predominantly economic schools of thought and (2) predominantly political schools of thought. The careful reader will find a significant overlap among and between these categories.

**The U.S. Economic Continuum**

In large measure, economics forms the backbone of the political system. For example, we would not have the modern welfare state without the contributions of economist John Maynard Keynes. Conversely, we would not have the conservative movement without the contributions of classical or free market economists such as Adam Smith or Milton Friedman. Virtually every political movement is somehow grounded in economic thought. The three major schools of economics that have traditionally dominated American economic thought are Keynesian economics; classical or free market economics (and its variants); and, to a lesser degree, democratic socialism.

**Keynesian Economics**

Keynesian economics drives liberalism and most welfare state ideologies. John Maynard Keynes' economic theories formed the substructure and foundation of the modern welfare state, and virtually all welfare societies are built along his principles. Sometimes called demand or consumer-side economics, this model emerged from Keynes's 1936 book, *The General Theory of Employment, Interest and Money*.

An Englishman, Keynes took the classical model of economic analysis (self-regulating markets, perfect competition, the laws of supply and demand, etc.) and added the insight that macroeconomic stabilization by government is necessary to keep the economic clock ticking smoothly. He rejected the idea that a perfectly competitive economy tended automatically toward full employment and that the government should not interfere in the process. Keynes argued that instead of being self-correcting and readily able to pull themselves out of recessions, modern economies were recession prone and had difficulty providing full employment. According to Keynes, periodic and volatile economic situations that cause high unemployment are primarily caused by instability in investment expenditures. The government can stabilize and correct recessionary or inflationary trends by increasing or decreasing total spending on output. Governments can accomplish this by increasing or decreasing taxes (thereby increasing or decreasing consumption) and by the transfer of public goods or services. For Keynes, a “good” government is an activist government in economic matters, especially when the economy gets out of full employment mode. Keynesians believe that social welfare expenditures are investments in human capital that eventually increase the national wealth (e.g., by increasing productivity) and thereby boost everyone’s net income. Keynes's doctrine emerged from his attempt to understand the nature of recessions and depressions. Specifically, he saw recessions and depressions as emerging from businesses’ loss of confidence in investments (e.g., focusing on risk rather than gain), which in turn causes the hoarding of cash. This loss of confidence eventually leads to a shortage of money as everyone tries to hoard cash simultaneously. Keynes's answer to this problem is that government
should make it possible for people to satisfy their economic needs without cutting their spending, which prevents the spiral of shrinking incomes and shrinking spending. Simply put, in a depression the government should print more money and get it into circulation.\textsuperscript{14}

Keynes also understood that this monetary policy alone would not suffice if a recession got out of control, as in the depression of the 1930s. In a depression, businesses and households will not increase spending regardless of how much cash they have. To help an economy exit this trap, government must do what the private sector will not—namely, spend. This spending can take the form of public works projects (financed by borrowing) or of direct governmental subsidization of demand (welfare entitlements). To be fair, Keynes saw public spending only as a last resort to be employed if monetary expansion failed. Moreover, he sought an economic balance: Print money and spend in a recession; stop printing and stop spending once it is over. Keynes understood that too much money in circulation, especially in times of high production and full employment, leads to inflation. Although relatively simple, Keynes’s theories represent one of the great insights of twentieth-century economic thought.\textsuperscript{15} These ideas also formed the economic basis for the modern welfare state.

\textit{Conservative or Free Market Economics}

Whereas liberalism is guided by Keynesian economics, the conservative view of social welfare is guided by free market economics. It is predicated on a belief in the existence of many small buyers and sellers who exchange homogeneous products with perfect information in a setting in which each can freely enter and exit the marketplace at will.\textsuperscript{16} None of these assumptions hold in the real world of economics. For instance, the free market model does not address the dominance of distribution networks by a single retailer like Wal-Mart. There is nothing in the free market model that addresses the lack of equitable distribution of knowledge, experience, opportunity, and access to resources enjoyed by buyers and sellers. The free market model ignores theft, fraud, and deception in cases like Enron, and it ignores the competitive advantages that accrue through lobbying and special interest negotiations like Halliburton’s no competition bids for Iraq reconstruction projects. It also ignores the power of large retailers in controlling the market by instituting late shopping hours or even 24/7 businesses that make it impossible for small family-owned businesses to compete.

The ascendance of the conservative economic (and social) argument accelerated after 1973, when the rise in living standards began to slow for most Americans. Conservatives blamed this economic slowdown on governmental policies—specifically, deficit spending, high taxes, and excessive regulations.\textsuperscript{17} In a clever sleight of hand, government went from having the responsibility to address economic problems (à la Keynes) to being the cause of them.

Milton Friedman, considered by some to be the father of modern conservative economics, was one of Keynes’s more ardent critics. In opposition to Keynes, Friedman argued that using fiscal and monetary policy to smooth out the business cycle is harmful to the economy and worsens economic instability.\textsuperscript{18} He contended that the Depression did not occur because people were hoarding money; rather, there was a fall in the quantity of money in circulation. Friedman argues that Keynesian economic policies must be replaced by simple monetary rules (hence the term \textit{monetarism}). In effect, he believes that the role of government is to keep the money supply growing steadily at a rate consistent with stable prices and long-term economic growth.\textsuperscript{19}

Friedman counseled against active efforts to stabilize the economy. Instead of pumping money into the economy, government should simply make sure enough cash is in circulation. He called for a relatively inactive government in economic affairs that did not try to manage or intervene in the business cycle. For Friedman, welfare spending existed only for altruistic rather than economic reasons.\textsuperscript{20}

To the right of Milton Friedman is Robert Lucas, 1994 Nobel Prize winner and developer of the “theory of rational expectations.” Lucas argued that Friedman’s monetary policy was still too interventionist and would invariably do more harm than good.\textsuperscript{21}

Developing outside of conventional economics, \textit{supply-side economics} enjoyed considerable popularity during the early 1980s. Led by Robert Barth, editorial page head of the \textit{Wall Street Journal}, supply-siders were journalists, policymakers, and maverick economists who argued that demand-side policies and monetary policies were ineffective.\textsuperscript{22} They maintained that the incentive effects of reduced taxation would be so large that tax cuts would dramatically increase economic activity to
the point where tax revenues would rise rather than fall. (Former president George H. W. Bush referred to this as *voodoo economics* in 1980.23) Specifically, supply-siders argued that tax cuts would lead to a large increase in labor supply and investment and therefore to a large expansion in economic output. The budget deficit would not be problematic because taxes, increased savings, and higher economic output would offset the deficit. In the early 1980s, supply-siders seized power from the Keynesians and mainstream conservative economists, many of whom believed in the same things but wanted to move more slowly.24

Although some supporters preferred to think of supply-side economics as pure economics, the theory contained enough political implications to qualify as a political as well as an economic approach. Supply-side economics provided the rationale for the punishing cuts in social programs executed under the Reagan administration.

Despite their popularity in the early years of the Reagan administration, supply-side ideas fell out of favor when it became evident that massive tax cuts for the wealthy and corporations did not result in increased capital formation and economic activity. Instead, the wealthy spent their tax savings on luxury items, and corporations used tax savings to purchase other companies in a merger mania that took Wall Street by surprise. Other corporations took advantage of temporary tax savings to transfer their operations abroad, further reducing the supply of high-paying industrial jobs in the United States. For these and other reasons, the budget deficit grew from about $50 billion a year in the Carter term to $352 billion a year in 1992.25 Although the term “supply-side economics” fell out of favor by the late 1980s, many of its basic tenets, such as massive tax cuts and cuts in social welfare spending, were adopted by the G. W. Bush administration. The result mirrored the earlier effects of supply-side policies: huge federal and state budget shortfalls, corporate hoarding, greater economic inequality, and stagnant wages.26

Conservative economists argue that large social welfare programs—including unemployment benefits and public service jobs—are detrimental to the society in two ways. First, government social programs erode the work ethic by supporting those not in the labor force. Second, because they are funded by taxes, public sector social welfare programs divert money that could otherwise be invested in the private sector. These conservative economists believe that economic growth helps everyone because overall prosperity creates more jobs, income, and goods, and these eventually filter down to the poor. For conservative economists, investment is the key to prosperity and the engine that drives the economic machine. Accordingly, many conservative economists favor tax breaks for the wealthy based on the premise that such breaks will result in more disposable after-tax income freed up for investment. High taxes are an impediment to economic progress because they channel money into “public” investments and away from “private” investments.

In the neoconservative paradigm, opportunity is based on one's relationship to the marketplace. Thus, legitimate rewards can occur only through marketplace participation. In contrast to liberals who emphasize mutual self-interest, interdependence, and social equity, conservative economists argue that the highest form of social good is realized by the maximization of self-interest. In the conservative view (as epitomized by author Ayn Rand27), the best society is one in which everyone actively pursues their own good. Through a leap of faith, the maximization of self-interest can somehow be transformed into a mutual good. This premise was proved false by the 2008 global economic crisis. This premise was proved false by the 2008 global economic crisis.

Conservative economists maintain not only that high taxation and government regulation of business serve as disincentives to investment, but that individual claims on social insurance and public welfare grants discourage work. Together these factors lead to a decline in economic growth and an increase in the expectations of beneficiaries of welfare programs. For conservatives, the only way to correct the irrationality of governmental social programs is to eliminate them. Charles Murray has suggested that the entire federal assistance and income support structure for working-aged persons (Medicaid, the former Aid to Families with Dependent Children [AFDC], food stamps, etc.) should be scrapped. This would leave working-aged persons no recourse except to actively engage in the job market or turn to family, friends, or privately funded services.28

Many conservative economists argue that economic insecurity is an important part of the entrepreneurial spirit. Unless people are compelled to work, they will choose leisure over work. Conversely, providing economic security for large numbers of people through welfare programs leads to diminished ambition and fosters an unhealthy
dependence on the state. Conservatives further argue that self-realization can occur only through marketplace participation. Hence, social programs harm rather than help the most vulnerable members of society. This belief in the need for economic insecurity forms the basis for the 1996 welfare reform bill that includes a maximum time limit on welfare benefits.

Some conservative economists are influenced by “public choice” theory. The public choice school gained adherents among conservative analysts as faith ebbed in supply-side theories. Not widely known outside academic circles until its major proponent, James Buchanan, was awarded the Nobel Prize for economics in 1986, the public choice model states that public sector bureaucrats are self-interested utility-maximizers, and that strong incentives exist for interest groups to make demands on government. The resulting concessions from this arrangement flow directly to the interest group and their costs are spread among all taxpayers. Initial concessions lead to demands for further concessions, which are likely to be forthcoming so long as interest groups are vociferous in their demands. Under such an incentive system, different interests are also encouraged to band together to make demands, because there is no reason for one interest group to oppose the demands of others. But while demands for goods and services increase, revenues tend to decrease. This happens because interest groups resist paying taxes directed specifically toward them and because no interest group has much incentive to support general taxes. The result of this scenario is predictable: Strong demands for government benefits accompanied by declining revenues lead to government borrowing, which in turn results in large budget deficits. Adherents of public choice theory view social welfare as a series of endless concessions to disadvantaged groups that will eventually bankrupt the government.

The Global Economic Crisis and the Flaws in the Free Market Argument

In a rare occurrence in 2008, Alan Greenspan, the former 18-year Federal Reserve chairman, admitted he “made a mistake” in trusting free markets to regulate themselves without government oversight. He also conceded a serious philosophical flaw in his thinking. Namely, that an unfettered free market is an essential part of a superior economy. Greenspan further admitted that “I made a mistake in presuming that the self-interests of organizations, specifically banks and others, were . . . capable of protecting their own shareholders and their equity in the firms.” This was an amazing series of admissions from the man known as the “oracle”—or the one thought of as being almost infallible in his economic acumen. More importantly, Greenspan’s admissions repudiated the belief that largely unregulated free markets inevitably yield superior economic gain.

The initial event triggering the 2008 global economic crisis was the collapse of the U.S. housing market and the realization that domestic and foreign banks and investment houses and institutions were holding hundreds of billions of dollars of subprime mortgages (i.e., mortgages given to less creditworthy borrowers) that were essentially toxic debt with little hope of repayment. Moreover, investors realized that many subprime mortgages were underpriced in terms of risk. Specifically, the higher interest rate charged to credit-challenged borrowers was below the real interest rate that would have been required to justify the higher risk. Underpricing risk has been a major factor in the subprime mortgage crisis.

It is overly simplistic to blame the economic crisis solely on subprime loans or on families who took out mortgages they could not repay. Multiple factors converged to create the economic crisis, including the largely unregulated derivatives market and various other forms of dodgy financial instruments. Derivatives are used by major banks and businesses to hedge risk or engage in speculation. They are financial instruments whose value depends on that of an underlying commodity, bond, equity, or currency. Investors purchase derivatives to bet on the future (or as a hedge against the potential adverse impacts of an investment), to mitigate a risk associated with an underlying security, to protect against interest rate or stock market changes, and so forth. Derivatives are sold by hedge funds, investment houses, insurance companies, and banks. Derivatives are used in a variety of areas. For example, credit derivatives can involve a contract between two parties that allows one of them to transfer their credit risk to the other. The party transferring the risk pays a fee to the party that assumes it.

All forms of derivatives are risky investments since they are basically big bets made in amounts (often in the billions) that are astounding even to financially sophisticated investors. Like all forms of
gambling, derivatives only work if the casino has the money to meet their obligation to bettors. In turn, the system collapses if the house lacks the cash (i.e., it has a liquidity problem) to pay winners. The 2008 economic crisis was partly precipitated by the derivatives market (which hedged bets on portfolios that included subprime mortgages) and the resulting liquidity problem.

**Trying to Save the Economy**  The precursor to the massive federal bailout of Wall Street and the banking industry began in February 2008 when former president G. W. Bush signed the $168 billion stimulus package giving tax rebates to more than 130 million households. Bush administration officials hoped the tax package would be sufficient to kick-start the economy and steer it away from a full-blown recession. He was obviously wrong.

Shortly thereafter, federal loans and bailout proposals came at an almost dizzying pace. In March 2008, the Federal Reserve enticed JP Morgan with a $29 billion credit line to take over the failing Bear Stearns investment house. One financial institution after another failed or was taken over. Later in 2008, Bank of America bought Countrywide Mortgage (the largest U.S. mortgage lender with assets of $209 billion) for a paltry $4.1 billion in stock. Fearing that Merrill Lynch was next, CEO John Thain quickly sold out to Bank of America. In another stunning move, JP Morgan Chase (the third largest U.S. bank) bought Washington Mutual (WaMu), the nation’s largest thrift bank, after it was seized by federal regulators. Meanwhile, Wells Fargo was busy acquiring Wachovia Bank for $15.1 billion in stock.

When Freddie Mac and Fannie Mae were facing a bankruptcy that threatened to further destabilize an already devastated housing market, the Feds came to the rescue by buying up to $200 billion of stock (including bad mortgage debt). Since Freddie Mac and Fannie Mae guarantee $5.4 trillion in outstanding mortgage debt, the costs of the bailout could eventually run even higher; especially given the 1.3 million homes in foreclosure in 2008.

While the Feds let the investment banking house Lehman Brothers die (the largest bankruptcy in U.S. history), they relented with American International Group (AIG)—the world’s largest insurer—by providing a two-year $85 billion line of credit. In return, the federal government took control of some of AIG’s equity and assets. In September 2008, the Central Bank lent AIG an additional $37.8 billion. In total, by late 2008 the U.S. government had put about $123 billion at AIG’s disposal. Not wanting to be left out of the party, U.S. automakers also pressed for taxpayer subsidized loans.

After much jockeying, Congress finally approved a $700 billion (a number that swelled to $825 billion) bailout for Wall Street in September 2008. Despite this bailout, world markets continued to convulse with uncertainty. Frightened by increased market instability, the Federal Reserve further cut the U.S. prime rate, a strategy that seemed to have little effect. Taken together, these bailout obligations added up to more than $1 trillion, barring a few billion here and there.

With the exception of Bush’s tax stimulus package, the bailouts and financial help were largely directed at the supply side of the economy.

**Can the U.S. Government Pay the Bill?**  To put things into perspective, the proposed $825 billion bailout (inflated by pork) was more than the U.S. government spent on defense ($549 billion), Social Security ($581 billion), or Medicare and Medicaid ($561 billion) in 2007.

Much of the money to pay for the bailouts will come from foreign investors who purchase U.S. Treasury bills. As long as foreign investors are confident in the ability of the United States to solve its problems, the country can borrow. All bets are off if their faith in the United States is shaken, or if foreign investors begin to prefer hard assets like cheap buildings, land, or factories over paper.

Foreign investors are closely watching U.S. economic data. In 2008, the U.S. gross domestic product (GDP) was $14 trillion—the highest in the world. However, the International Monetary Fund (IMF) predicted U.S. economic growth to be 0.6% in 2008 or half that of other industrialized nations like Germany, the UK, France, Spain, Japan, and Canada. Moreover, the 2008 U.S. budget deficit was $410 billion, an amount that significantly added to the existing national debt of $10 trillion.

By 2009, government spending on bailouts and loans could exceed $1.4 trillion or about 10 percent of the GDP, adding 13 percent to the national debt. The national debt could total a whopping 81 percent of the GDP. If Wall Street is not properly regulated, or if the structural problems are deeper than anticipated, current bailout attempts will likely fail.

The 2008 economic crisis led to profound consequences for the nation and its social welfare system. The semi-nationalization of large chunks of...
the U.S. banking system calls into question the long-term belief in the sanctity of the marketplace and the viability of laissez-faire capitalism. Even more amazing is that the semi-nationalization of the banking system occurred under the former Bush administration. Regardless, the financial crisis will also prove a punishing experience for nonprofit human service organizations that depend on individual and foundation philanthropy as well as government agencies that rely on tax revenues. Not surprisingly, the collapse of Wall Street will chill any subsequent debate around privatizing Social Security (see Chapter 10).

**Democratic Socialism**

After a long dormant period, the cobwebs of socialism were dusted off in the 2008 presidential election when John McCain falsely accused Barack Obama of being a socialist. Democratic socialism (as opposed to old Soviet-style socialism) is based on the belief that radical economic change can occur within a democratic context. While eschewing capitalism, democratic socialists, such as the late Michael Harrington, have a fundamental belief in the democratic process.

Democratic socialism sharply veers from Keynesianism and conservative economics. Specifically, Keynesians basically believe in the market economy but want to make it more responsive to human needs by smoothing out the rough edges. Conservatives believe that the economy should be left alone except for a few minor tweaks, such as regulating the money flow. Other conservative economists argue that the market should be left totally alone. On balance, both Keynesians and economic conservatives have a basic faith that capitalism can advance the public good and be made compatible with human needs. In that sense, Keynesians and economic conservatives have more in common with each other than Keynesians have with socialists.

Proponents of **socialism** argue that the fundamental nature of capitalism is anathema to advancing the public good. Socialists contend that a system predicated on pursuing profit and individual self-interest can lead only to greater inequality. The creation of a just society requires a fundamental transformation of the economic system, and the pursuit of profit and self-interest must be replaced by the collective pursuit of the common good. Not surprisingly, socialists rebuff Keynesians because of their inherent belief that economic problems can be fixed by simple technicalities instead of major institutional change. Socialists differ from conservatives for obvious reasons, such as the primary importance they place on markets, their belief in subordinating individual interests to market forces, and their overall social conservatism.

Left-wing theorists maintain that the failure of capitalism has led to political movements that have pressured institutions to respond with increased social welfare services. They believe that real social welfare must be structural and can be accomplished only by redistributing resources. In a just society where goods, resources, and opportunities are made available to everyone, all but the most specific forms of welfare (health care, rehabilitation, counseling, etc.) would be unnecessary. In this radical worldview, poverty is directly linked to structural inequality: People need welfare because they are exploited and denied access to resources. In an unjust society, welfare functions as a substitute, albeit a puny one, for social justice.40

Some socialists argue that social welfare is an ingenious arrangement on the part of business to have the public assume the costs caused by the social and economic dislocations inherent in capitalism. According to these theorists, social welfare expenditures “socialize” the costs of capitalist production by making public the costs of private enterprise. Thus, social welfare serves both the needs of people and the needs of capitalism. For other socialists, social welfare programs support an unjust economic system that, in turn, continues to generate problems requiring social programs. For these radicals, social welfare programs function like junk food for the impoverished: They provide just enough sustenance to discourage revolution but not enough to make a real difference in the lives of the poor. Within this radical framework, social welfare is seen as a form of social control. Frances Fox Piven and Richard Cloward summarize the socialist argument:

Relief arrangements are ancillary to economic arrangements. Their chief function is to regulate labor, and they do that in two general ways. First, when mass unemployment leads to outbreaks of turmoil, relief programs are ordinarily initiated or expanded to absorb or control enough of the unemployed to restore order; then, as turbulence subsides, the relief system contracts, expelling those who are needed to populate the labor markets.41

In place of liberal welfare reforms, the radical vision proposes that the entire social, political, and economic system undergo a major overhaul. In the radical context, real welfare reform (i.e., a complete
redistribution of goods, income, and services) can occur only within a socialist economic system.

Various understandings of the political economy produce differing conceptions of the ultimate public good. Competition among ideas about the public good and the welfare state has long been a knotty issue in the political economy of the United States. Because shifts in government policy are driven largely by an ideologically determined view of the public good, any policy analysis must be based on whose definition is being examined. In a democratic capitalist society, beliefs about the public good often vary depending on the proponent’s position in the social order.

The major American ideologies, (neo)liberalism and (neo)conservatism, hold vastly different views of social welfare and the public good. Conservatives believe that the public good is best served when individuals and families meet their needs through marketplace participation. Accordingly, conservatives prefer private sector approaches over governmental welfare and advocate for smaller government social welfare programs. Conservatives are not antiwelfare per se; they simply believe that government should have a minimal role (i.e., serve as a “safety net”) in ensuring the social welfare of citizens. Traditional liberals, on the other hand, view government as the only institution capable of bringing a measure of social justice to millions of Americans who cannot fully participate in the U.S. mainstream because of obstacles such as racism, poverty, and sexism. Traditional liberals therefore view governmental social welfare programs as a key component in promoting the public good. One of the major differences between conservatives and liberals lies in their differing perceptions of how the public good is enhanced or hurt by welfare state programs.

The understanding of “the public good” is lodged in the political and ideological continuum that makes up the U.S. political economy. An appreciation of this requires an understanding of the interaction of schools of political thought and how they evolved. These ideological tenets also shape the platforms of the major political parties and can be divided into two categories: (1) liberalism and left-of-center movements, and (2) traditional conservatives and the far right.

**Liberalism and Left-of-Center Movements**

Since Franklin Delano Roosevelt’s New Deal, advocates of liberalism have argued for advancing the public good by promoting an expanding economy coupled with the growth of universal, non-means-tested social welfare and health programs. Traditional liberals used Keynesian concepts as the economic justification for building the welfare state. As such, the general direction of policy from the 1930s to the early 1970s was for the federal government to assume greater amounts of responsibility for the public good.

American liberals established the welfare state with the passage of the Social Security Act of 1935. Harry Hopkins—a social worker, the head of the Federal Emergency Relief Administration, a confidant of President Roosevelt, a co-architect of the New Deal, and a consummate political operative—developed the calculus for American liberalism: “tax, tax; spend, spend; elect, elect.” This liberal approach was elegant in its simplicity: The government taxes the wealthy, thereby securing the necessary revenues to fund social programs for workers and the poor. This approach dominated social policy for almost 50 years. In fact, it was so successful that by 1980 social welfare accounted for 57 percent of all federal expenditures.

By the mid-1960s, the welfare state had become an important fixture in America’s social landscape, and politicians sought to expand its benefits to more constituents. Focusing on the expansion of middle-class programs such as Federal Housing Administration (FHA) home mortgages, federally insured student loans, Medicare, and veterans’ pensions, liberal policymakers secured the political loyalty of the middle class. Even conservative politicians respected voter support for the middle-class welfare state, and not surprisingly, the largest expansion of social welfare spending occurred under Richard Nixon, a Republican president.

Yet the promise of the U.S. welfare state to provide social protection similar to that in industrialized European nations never materialized. By the mid-1970s, the hope of traditional liberals to build a welfare state mirroring those of northern Europe had been replaced by an incremental approach that narrowly focused on consolidating and fine-tuning the programs of the Social Security Act. One reason for this failure was the ambivalence of many Americans toward centralized government. "The emphasis
consistently has been on the local, the pluralistic, the voluntary, and the business-like over the national, the universal, the legally entitled, and the governmental,” observed policy analyst Marc Bendick.44

Liberalism lost ground for another reason. The Social Security Act of 1935—the hallmark of American liberalism—was primarily a self-financing social insurance program that rewarded working people. Public assistance programs that contained less political capital and were therefore a better measure of public compassion, were rigorously means tested, sparse in their benefits, and operated by the less than generous states. For example, although Social Security benefits were indexed to the cost of living in the mid-1970s, AFDC benefits deteriorated so badly that about half its value was lost between 1975 and 1992. At the same time that Social Security reforms reduced the elderly poverty rate by 50 percent, the plight of poor families worsened.

Neoliberalism By the late 1970s, the liberal belief that the welfare state was the best mechanism to advance the public good was in retreat. What remained of traditional liberalism was replaced by a neoliberalism that was more cautious of government, less antagonistic toward big business, and more skeptical about the value of universal entitlements.

The defeat of Jimmy Carter and the election of a Republican Senate in 1980 forced many liberal Democrats to reevaluate their party’s traditional position on domestic policy. This reexamination, which Charles Peters christened “neoliberalism” to differentiate it from old-style liberalism, attracted only a small following in the early 1980s.45 However, by the mid-1990s, most leading Democrats could be classified as neoliberal. Randall Rothenberg charted signs of the influence of neoliberalism on the Democratic domestic policy platform as early as 1982, when he observed that the party’s midterm convention did not endorse a large-scale federal jobs program, did not endorse a plan for national health insurance, and did not submit a plan for a guaranteed annual income.46

In the late 1980s, a cadre of prominent mainstream Democrats established the Democratic Leadership Council (DLC). In part, their goal was to wrest control of the Democratic Party from traditional liberals and to create a new Democratic Party that was more attuned to the beliefs of the traditional core voters. In 1989 the DLC released The New Orleans Declaration: A Democratic Agenda for the 1990s, which promised that Democratic Party politics would shift toward a middle ground combining a corporatist economic analysis with Democratic compassion. Two of the founders of the DLC were Al Gore and Bill Clinton, who chaired the DLC just before announcing his presidential candidacy.47 President Obama’s campaign platform and cabinet-level appointments point to him also being largely in the neoliberal camp.

Compared to traditional liberals, neoliberals were more forgiving of the behavior of large corporations and were opposed to economic protectionism. Grounded in realpolitik, neoliberals viewed the New Deal approach (with the exception of Social Security) as too expensive and antiquated to address the mood of voters and the new global realities. Consequently, neoliberals distanced themselves from the large-scale governmental welfare programs associated with Democrats since the New Deal. Like their neoconservative counterparts, they called for reliance on personal responsibility, work, and thrift as an alternative to governmental programs. Accordingly, their welfare proposals emphasized labor market participation (workfare), personal responsibility (time-limited welfare benefits), family obligations (child support enforcement), and frugality in governmental spending. They argued for reduced governmental spending while encouraging businesses to assume more responsibility for the welfare of the population.
CHAPTER 1  Social Policy and the American Welfare State  15

Former Secretary of Labor Robert Reich advocated a postliberal formulation that replaced social welfare entitlements with investments in human capital. Public spending was divided into “good” and “bad” categories: “Bad” was unproductive expenditures on welfare and price supports; “good” was investments in human capital, such as education, research, and job training.48

Neoliberalism altered the traditional liberal concept of the public good. Instead of viewing the interests of large corporations as antithetical to the best interests of society, neoliberals argued for free trade, less regulation, and a more laissez-faire approach to social problems. They also viewed long-time Democratic Party supporters, such as labor unions, with caution. For example, when labor unions fought to stop NAFTA (the North American Free Trade Agreement), former President Clinton continued to endorse it, despite labor’s threats to oppose his reelection bid in 1996. The same was true for the GATT (General Agreement on Tariffs and Trade) agreement. In both instances, Clinton was firmly aligned with conservative Democrats and Republicans. Traditional liberal Democrats found themselves alone, bereft of support from the first Democratic White House in 14 years. In effect, the new shapers of the public good had systematically excluded key actors of the old liberal coalition.

The neoliberal view of the public good reflects a kind of postmodern perspective. For neoliberals, the public good is elusive, and its form is fluid. Definitions of the public good change as a social order evolves and new power relationships emerge. Thus, neoliberals do not define the public good as tethered to industrial era allegiances but look to a postindustrial society composed of new opportunities and new institutional forms.

Neoliberalism, then, is more a political strategy and pragmatic mode of operation than a political philosophy embodying a firm view of the public good. This is both its strength and its weakness. Specifically, the strength of neoliberalism lies in its ability to compromise and therefore to accomplish things. Its weakness is that when faced with an ideological critique, neoliberals are incapable of formulating a cogent ideological response. When G. W. Bush argued for staying the course in 2004, voters knew exactly what he meant even if they disagreed with him. When Clinton argued for staying the course in 1994, the public were unsure of the course.

In the American and British contexts, neoliberalism represents a “third way.” Anthony Giddens offers a philosophical rationale for neoliberalism: “We should speak of a positive welfare, to which individuals and other agencies besides government contribute—and which is functional for wealth creation. The guideline for investment is human capital wherever possible, rather than the direct provision of economic maintenance. In place of the welfare state, we should put the social investment state, operating in the context of a positive welfare society.”49

The Self-Reliance School A perspective gaining influence in economically distressed areas and in developing countries is the self-reliance school.50 This school maintains that industrial economic models are irrelevant to the economic needs of poor communities and are often damaging to the spiritual life of people.51 Adherents of self-reliance repudiate the emphasis of Western economic philosophies on economic growth and the belief that the quality of life can be measured by material acquisitions. These political economists stress a balanced economy based on the real needs of people, production designed for internal consumption rather than export, productive technologies that are congruent with the culture and background of the population, the use of appropriate and manageable technologies, and a small-scale and decentralized form of economic organization.52 Simply put, proponents of self-reliance postulate that more is less and less is more. The objective of self-reliance is the creation of a no-poverty society in which economic life is organized around issues of subsistence rather than trade and economic expansion. Accepting a world of finite resources and inherent limitations to economic growth, proponents argue that the true question of social and economic development is not what people think they want or need but what they require for survival. The self-reliance school accepts the need for social welfare programs that ameliorate the dislocations caused by industrialization, but it prefers low-technology and local solutions to social problems. This contrasts with the conventional wisdom of the welfare state, which is predicated on a prescribed set of programs on a national scale, administered by large bureaucracies using sophisticated management systems.

Classical Conservatives and the Far Right

Classic Conservatism  Former conservative political leaders such as Nelson Rockefeller, Richard
Nixon, and Barry Goldwater represented traditional conservatism. Few traditional conservatives occupy important leadership positions in the Republican party, as most have been replaced by cultural conservatives. Other conservatives like John McCain have had to spin their message to try to gain the approval of cultural conservatives.

On one level, all conservatives agree on important values relating to social policy. Beneath this agreement, however, important differences exist among various conservative factions.

Older, traditional conservatives diverge with the newer cultural conservatives on a range of social issues. First, as strict constitutionists, traditional or classical conservatives believe strongly in the separation of church and state. They see prayer and religion as personal choices in which government has no constitutional right to intervene. Second, although both classical conservatives and cultural conservatives supposedly advocate for a weaker federal government, cultural conservatives also demand that the federal government use its power to implement their domestic agenda in areas they consider immoral, such as abortion and homosexuality.

Third, classical conservatives are more socially liberal than their cultural counterparts. For example, the late Barry Goldwater, a conservative icon and former U.S. senator and 1964 presidential candidate, stated that “I have been, and am still, a traditional conservative, focusing on three general freedoms—economic, social, and political. . . . The conservative movement is founded on the simple tenet that people have the right to live life as they please, as long as they don’t hurt anyone else in the process.”

Following that line of reason, Goldwater’s outspoken support of homosexuals in the military was directly opposed to the principles of neoconservatives. Regarding reproductive freedom, classical conservatives might challenge cultural conservatives on various measures that limit or ban abortions.

From the late 1970s onward, factions within the conservative movement became more pronounced. Old-style conservatives such as Nelson Rockefeller, Barry Goldwater, and William Cohen, who were more concerned with foreign policy than with domestic issues, were replaced by a new breed of cultural conservatives, such as Dick Armey, Newt Gingrich, Phil Gramm, and Sam Brownback. These cultural conservatives were committed to reversing 50 years of liberal influence in social policy. How the cultural conservatives came to shape social policy warrants elaboration, although it is first important to examine neoconservatives, the forerunners of cultural conservatism.

**Neoconservatism** Before the 1970s, conservatives were content to merely snipe at welfare programs, reserving their attention for areas more consistent with their traditional concerns such as the economy, defense spending, and foreign affairs. However, by the mid-1970s, younger conservative intellectuals recognized that the conservative stance toward social welfare was myopic because welfare was too important to be lightly dismissed. Consequently,neoconservatives sought to arrest the growth in governmental welfare programs while simultaneously transferring as much welfare responsibility as possible from government to the private sector. They faulted government programs for a breakdown in the mutual obligation between groups; the lack of attention to how programs were operated and benefits awarded; the dependency of recipients; and the growth of the welfare industry and its special interest groups, particularly professional associations.

To counter the liberal goals of full employment, national health care, and a guaranteed annual income, neoconservatives maintained that high unemployment was good for the economy, that health care should remain in the private marketplace, and that competitive income.
structures were critical to productivity. They argued that income inequality was socially desirable because social policies that promote equality encourage coercion, limit individual freedom, and damage the economy.56

The neoconservative attack on the welfare state was so well crafted because many neoconservatives, among them Irving Kristol and Norman Podhoretz, were former liberals who had developed misgivings about the welfare state and joined the conservative movement in protest. Neoconservatives were effective in critiquing the welfare state, in large measure because they were so familiar with its philosophical origins. (One commentator classified them as liberals who had been mugged.) Despite their opposition to the welfare state, former liberals found their new conservative home anything but tidy. Born out of an urban environment, neoconservatives fashioned themselves as cosmopolitan intellectuals and free thinkers. Social issues such as abortion, school prayer, and the like were not a hot button item for this movement.

By the late 1970s, the position occupied by neoconservatives in the conservative movement began to be usurped by the emerging cultural conservatives. Although the neoconservatives provided the intellectual wedge that fractured the liberal consensus around the welfare state, cultural conservatives, such as Trent Lott and Tom DeLay, attained the leadership positions necessary to take down what was left of the institutional structure of liberal public philosophy. Properly understood, neoconservatism is at odds with the culturally conservative Republican agenda. The rift between the more urbane neoconservatives and the cultural conservatives was illustrated by John McCain’s choice of Sarah Palin as his vice presidential running mate in 2008. Neoconservatives such as David Brooks, David Frum, Christopher Buckley, and others abhorred the choice of Palin whom they saw as unqualified but also as representing the culturally conservative faction of the party that believed in creationism, and were opposed to abortion regardless of the circumstances.

Cultural Conservatism The neoconservative assault on liberal social policy was soon taken over by cultural conservatives, who raged against governmental intrusion in the marketplace while simultaneously attempting to use the authority of government to advance their social objectives in the areas of antiwelfare planks, sexual abstinence, school prayer, abortion, and antigay rights proposals. Cultural conservatives cleverly promoted a dual attitude toward the role of government. Mimicking their classical conservative predecessors in demanding a laissez-faire approach to economics, they steadfastly refused to translate that orientation to social affairs. Instead, cultural conservatives argued for social conformity and a level of governmental intrusion into private affairs that made most classical conservatives gag. In contrast to the classical conservative skepticism about blending religion and politics, cultural conservatives opportunistically embraced the rising tide of fundamentalist religion. As a measure of their success, this cobbled-together coalition of economic conservatives, right-wing Christians, and opportunistic politicians had by the late 1980s virtually decimated what remained of Republican liberalism, whose adherents had become an endangered species like liberal Democrats.

Cultural conservatives view the state as the cause of rather than the solution to social problems. With the exception of protecting people (police and defense) and property, cultural conservatives argue that the very existence of the state is antithetical to the public good because government interferes with the maximization of individual self-interest. Hence, their posture toward government is adversarial, except when the state is used to further their social agenda. Even though cultural conservatives argue for a minimalist state, they have been willing to compromise these libertarian leanings by adopting the agenda of traditionalists in myriad social issues such as school prayer, abortion, sexual orientation, and drug testing.

The conservative agenda of the 1980s was fourfold: (1) end the liberal hegemony in social policy, (2) reroute public policy through the private sector; (3) curtail costly social programs that lessen profits and restrict the global competitiveness of corporations, and (4) preclude the possibility of a resurgence in social programs. In tandem with this agenda, conservative presidents such as Reagan and the two Bushes prohibited the future growth of the welfare state by employing multiple strategies such as tax policy and federal budget deficits that precluded any form of significant public spending. As such, few responsible politicians would argue for increased social welfare spending given the 2008 federal debt of around $10 trillion.

In 1994, frustrated voters seemed ready to give cultural conservatives control of the Senate and the House. Cultural conservatives had learned from past mistakes. Instead of toying with incremental policies, they proposed bold new social initiatives that were incorporated into the Contract with America.
Two groups that exemplify the differences between liberal and conservative political movements are the Green Party and the Moral Majority.

The Green Party
Ten key values serve as guiding principles for the Green Party—grassroots democracy, social justice and equal opportunity, ecological wisdom, nonviolence, decentralization, community-based economics and economic justice, feminism and gender equity, respect for diversity, personal and global responsibility, and future focus and sustainability. To learn more about these key values, go to the Green Party’s website at www.gp.org/tenkey.html.

The Moral Majority
Traditionalists are characterized by conservative evangelical groups such as the Moral Majority. The Moral Majority and other traditional groups believe that God’s laws must be translated into politics, and “higher laws” must become the laws of the state. Traditionalists are highly critical of governmental social programs, which they associate with a liberal social philosophy that is eroding traditional social institutions, particularly the family and the church. To learn more about the Moral Majority platform, visit the group’s website at www.faithandvalues.us.

Spotlight 1.1
(designed to alter most of the safety net programs within a two-year period), a document signed by more than 300 House Republicans in 1994.57 The crowning victory of the conservative movement occurred with the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996.

Libertarianism
Libertarians reflect another perspective. Specifically, this school of thought believes in virtually no government regulation.

We, the members of the Libertarian Party, challenge the cult of the omnipotent state and defend the rights of the individual. We hold that all individuals . . . have the right to live in whatever manner they choose, so long as they do not forcibly interfere with the equal right of others to live in whatever manner they choose. We . . . hold that governments . . . must not violate the rights of any individual: namely, (1) the right to life—accordingly we support the prohibition of the initiation of physical force against others; (2) the right to liberty of speech and action—accordingly we oppose all attempts . . . [at] . . . government censorship in any form; and (3) . . . we oppose all government interference with private property. . . .58

Libertarians argue that governmental growth occurs at the expense of individual freedom. They also believe that the proper role for government is to provide a police force and a military that possesses only defensive weapons. Libertarians are highly critical of taxation because it fuels governmental growth. Apart from advocating minimal taxation earmarked for defense and police activities, they oppose the income tax. Because libertarians emphasize individual freedom and personal responsibility, they advocate the decriminalization of narcotics and believe that government should intercede in social affairs only when an individual’s behavior threatens the safety of another.

Many welfare professionals envisioned a U.S. welfare state based on a European model.59 This vision was shared by virtually every social welfare scholar writing in the late 1960s and early 1970s.60 In turn, most social workers supported a liberal welfare philosophy grounded in a system of national social programs that would be deployed as more citizens demanded greater services and benefits. This framework was informed by European welfare states,
especially the Scandinavian variant that spread health care, housing, income benefits, and employment opportunities equitably across the population.\footnote{It also led Richard Titmuss to hope that the welfare state, as an instrument of government, would eventually lead to a “welfare world.”\footnoteref{62}}

For U.S. welfare philosophers, government programs that restricted the caprices of capitalism were both desirable and inevitable. In their classic \textit{Industrial Society and Social Welfare}, Harold Wilensky and Charles Lebeaux suggested that “under continuing industrialization all institutions will be oriented toward and evaluated in terms of social welfare aims. The ‘welfare state’ will become the ‘welfare society,’ and both will be more reality than epithet.”\footnoteref{63}

Despite the widespread acceptance of this liberal vision, an alternative vision arose that questioned the fundamental nature of welfare and social services. Throughout the 1970s and 1980s, conservatives (especially right-wing \textit{think tanks}, or conservative policy institutes) busily made proposals for welfare reform. In fact, no conservative policy institute could prove its mettle until it produced a plan to clean up “the welfare mess.” The Hoover Institution at Stanford University helped shape the early conservative position on welfare. “There is no inherent reason that Americans should look to government for those goods and services that can be individually acquired,” argued Hoover’s Alvin Rabushka, who listed four strategies for reforming welfare: (1) let users pay, (2) contract for services, (3) fund mandated services through the states, and (4) emphasize private substitution.\footnoteref{64} Martin Anderson, a Hoover senior fellow and later a domestic policy adviser to the Reagan administration, elaborated the conservative position on welfare in terms of the need to (1) reaffirm the need-only philosophical approach to welfare and state it as explicit national policy; (2) increase efforts to eliminate fraud; (3) establish and enforce a fair, clear work requirement; (4) remove inappropriate beneficiaries from the welfare rolls; (5) enforce support of dependents by those who have the responsibility and are shirking it; (6) improve the efficiency and effectiveness of welfare administration; and (7) shift more responsibility from the federal government to state and local governments and private institutions.\footnoteref{65} These recommendations formed the backbone of the 1996 PRWORA.

Another conservative think tank, the American Enterprise Institute (AEI), commissioned sociologist Peter Berger and theologian Richard John Neuhaus to prepare a theoretical analysis of U.S. society. Berger and Neuhaus’s \textit{To Empower People: The Role of Mediating Structures in Public Policy} identified the fundamental problem confronting the culture, such as the growth of megastructures (big government, big business, big labor, and professional bureaucracies), and the corresponding diminution in the value of the individual. The route to empowerment was to revitalize “mediating structures,” among them the neighborhood, family, church, and voluntary associations.\footnoteref{66} In a subsequent analysis, an AEI scholar recategorized the corporation from a megastructure to a mediating structure, thus leaving the basic institutions of liberal social reform—government, the professions, and labor—as the sources of mass alienation.\footnoteref{67}

Not to be outdone, the Heritage Foundation featured \textit{Out of the Poverty Trap: A Conservative Strategy for Welfare Reform} by Stuart Butler and Anna Kondratas.\footnoteref{68} Following along the same lines, the Free Congress Research and Education Foundation proposed reforming welfare through “cultural conservatism,” that is, by reinforcing “traditional values such as delayed gratification, work and saving, commitment to family and to the next generation, education and training, self-improvement, and rejection of crime, drugs, and casual sex.”\footnoteref{69}

A handful of other works also served as beachheads for the conservative assault on the liberal welfare state. George Gilder’s \textit{Wealth and Poverty} argued that beneficent welfare programs represented a “moral hazard” that insulated people against risks essential to capitalism and thus contributed to dependency.\footnoteref{70} Martin Anderson concluded that income calculations should include the cash equivalent of in-kind benefits, such as food stamps, Medicaid, and housing vouchers, thus effectively lowering the poverty rate by 40 percent.\footnoteref{71} Taken together, these ideas and recommendations provided a potent critique of liberal governmental welfare programs. Unlike classical conservatives of an earlier generation, neoconservatives not only did their homework on social welfare policy but they also prepared proposals for welfare reform.

As Peter Kindle earlier pointed out in a supplement to this book, perhaps the most enduring change engineered by the conservative movement is what Jacob Hacker calls the “Great Risk Shift.”\footnoteref{72} The private ownership of property and the acceptance of personal responsibility have long been core American values, which partly explains why opposition to
former President Bush’s “ownership society” has not materialized until recently. In The Great Risk Shift, Hacker exposes Bush’s ownership society and the Republican Party’s emphasis on personal responsibility as the code for shifting economic risk away from government and corporations and onto the back of the American family.

Simply put, private and public support mechanisms have fallen behind the pace of change in contemporary society. Almost half of marriages end in divorce. Over a third of employed Americans say that they are frequently worried about losing their jobs. Structural changes in the nature of employment, primarily seen in a shift away from manufacturing to the lower-paying service sector, have left many without the skills needed for new jobs or the resources to retrain. The likelihood of family income dropping 50% has almost tripled since the 1970s; personal bankruptcies and home foreclosures have increased by a factor of five; and over any two-year period more than 80 million Americans go without health insurance coverage.73 During a 30-year period in which middle-class incomes have been stagnant, the need for increased economic security has been met by neglect from private and public institutions.74

The risk shift is happening in almost all sectors. Corporate retirement programs are shifting away from defined benefit plans in which retirees are guaranteed a set retirement income to defined contribution plans in which retirement depends on the investment savvy of the employees’ investments. Whether these changes will help or hurt the individual depends on many factors, but it is clear that it is a shift in risk from corporation to the individual worker.

The absence of universal health care has underscored the importance of employer-provided health insurance; however, the increasing instability of employment often means that job transitions are accompanied by the inability to acquire health coverage. Conservatives have proposed Health Savings Accounts as a means of activating market forces to control health costs, but they reflect another risk shift from the corporation to the individual worker. The former Bush administration suggested the elimination of employer-provided health insurance in favor of tax deductions for health insurance premiums, yet another shifting of risk from corporations to the individual or family.75 An important implication of Hacker’s argument is that good social welfare policy analysis can no longer be restricted to a focus on income; it also must attend to the shifting dynamics of risk. As such, progressive social welfare policies must help to mitigate the degree of risk the individual family must bear.

**Conclusion**

John Judis and Michael Lind argue that “Ultimately American economic policy must meet a single test: Does it, in the long run, tend to raise or depress the incomes of most Americans? A policy that tends to impoverish the ordinary American is a failure, no matter what its alleged benefits are for U.S. corporations or for humanity as a whole.”76 To this we would add: “What are the effects of an economic policy on the social health of the nation?” Researchers at Fordham University’s Institute for Innovation in Social Policy contend that the nation’s quality of life has become unhinged from its economic growth. “We really have to begin to reassess this notion that the gross domestic product—the overall growth of the society—necessarily is going to produce improvements in the quality of life.”77 Constructing an Index for Social Health that encompassed governmental data from 1970 to 1993, researchers found that in six categories—children in poverty, child abuse, health insurance coverage, average weekly earnings adjusted for inflation, out-of-pocket health costs for senior citizens, and the gap between rich and poor—“social health” hit its lowest point in 1993. These indicators have worsened in the years since 1993, and we presume that the downward trend continues.

A corollary question is “What’s the economy for, anyway?” In other words, do we exist to serve the economy or should the economy serve us? Economists often talk about the gross national product (GNP) or gross domestic product (GDP), productivity, and overall economic growth as if they were religious truths. Discussions typically revolve around how to best grow the economy, not whether the economy should grow. Meanwhile, too little of the economic discussion involves environmental sustainability or quality of life issues. John de Graaf has addressed these issues in Affluenza (the film and the book) as have other authors in various forms. (See Spotlight 1.2.)

As this chapter has demonstrated, social welfare in the United States is characterized by a high degree of diversity and is not a monolithic, highly
What's The Economy For, Anyway?
by John de Graaf

In the global economy, it seems everyone is dissatisfied and looking for different models. One by one, Latin American countries are moving from Right to Left. On the other hand, in Europe, the parties of social democracy have been losing ground to the Center (Europe’s “right-wing” parties would be Centrist or Left in the United States), one after another.

All of this frenetic searching begs the fundamental question: What’s the Economy for, Anyway? How much stock can we take in the Dow Jones? Is the Gross Domestic Product the measure (the grosser the better), and stuff the stuff, of happiness? Is the good life the goods life?

If so, then there’s little doubt that the freer-market regimes win big. U.S. per capita GDP is still 30 percent higher than the average in Western Europe, just as it was a generation ago. We’ve got bigger homes, bigger cars, and more high-definition televisions. On the other hand if we measure success by the happiness, health, fairness and sustainability of economies, the picture looks very different.

I’ve been doing a little number-crunching lately, comparing data from such sources as the 2007 OECD (Organization for Economic Cooperation and Development) Fact Book, the World Health Organization, and the UN (United Nations) Human Development Index, trying to see how countries are doing in real, empirical terms when it comes to health, quality of life, justice, and sustainability. The results, I’m afraid, would come as a shock to those who look to the United States as the model of economic success.

Let me do a few of the numbers: compared, for example, to western European nations, the United States ranks worst or next-to-worst when it comes to child welfare, health care, poverty, income equality, pollution, CO₂ emissions, ecological footprint, personal savings, income and pension security, balance of payments, municipal waste, development assistance, longevity, infant mortality, child abuse, depression, anxiety, obesity, murder, incarceration, motor vehicle fatalities, and leisure time. We do slightly better in education. Our unemployment rate looks pretty low, unless you count those 2.3 million people we’ve got behind bars, an incarceration rate 7 to 10 times as high as Europe’s.

Since 1970, Europeans have traded a portion of their productivity gains for free time instead of stuff, a trade that pays off in many ways. New studies show that long working hours, the norm in the United States, contribute to poor health, weakened family and community bonds, and environmental damage. Americans, far less healthy than Europeans, spend twice as much for health care per person. In fact, we spend nearly half the world’s total health care budget, an amount that will reach 20 percent of our GDP by 2010—with the worst outcomes. Yet, all of that spending counts as a plus when it comes to GDP. The leisure that Europeans enjoy, the long meals and café conversations, the long walks and bike rides, count only as wasted time, adding not a single point to GDP. La dolce vita, by that measure, is for losers.

But which countries come out on top in measures of quality of life? It’s the northern European nations, those that combine a strong social safety net with shorter working hours, high but progressive tax rates and strong environmental regulations. The pattern is as clear as can be.

I have found no one who refutes these figures. They simply explain them away by saying that the United States can’t be like Europe. Why not?

One argument for why the United States can’t even have such things as paid maternity leave—a reality in every country on the globe except the United States, Swaziland, Lesotho, Liberia, and Papua New Guinea—is that we’re so affected by globalization. But with its massive domestic market, the United States is just about the least affected by globalization of all industrial countries.

American conservatives argue that Europeans can’t continue to compete in the global economy. But according to the World Economic Forum, over the past few years, four of the six most globally competitive countries have been in Europe. Even American businesses invest five times as much each year in Germany as they do in China and more in Belgium than in India. And they make money doing it.
When all else fails, there’s the final appeal: the United States may not be very healthy, fair or sustainable, but it’s “the land of opportunity,” where anyone can make it big if they’re willing to work hard enough. Yet a recent study finds that Americans actually have only about one-half to one-third as much chance as Europeans of escaping low-income lives and rising to the top.

The steady drone from some European business leaders about the American economic miracle masks what should be obvious—they’d like to join our CEOs in making 400 times as much as their average workers, instead of the miserable 30 to 40 times as much they now make. Their voices speak louder than those of the average European citizen, who enjoys his or her six weeks of vacation, restful meals, family leave, health care, sick pay, free college education, and secure pension plan.

Since Ronald Reagan declared that “government cannot be the solution because government is the problem,” indices of American quality of life, fairness, economic security, and environmental sustainability have all fallen sharply in comparison with those in Europe. The conservative economic revolution has produced a gush-up instead of a “trickle-down.” For most of us, the “ownership society,” emphasizing privatization, deregulation and massive tax cuts for the wealthy, is really a “you’re on your ownership” society.

To make America better, our President tells us, we must do even more of these things, making tax cuts for the wealthy permanent, for example. But the working definition of insanity is to keep doing the same things hoping for a different result.

If we want to build societies that really work for people, we need to ask, “What’s the Economy for, Anyway?” And then we need to separate the real results from the myths, shed a little of our American hubris and start looking at how other countries are actually edging us out by providing policies that succeed. That way lies a happier, healthier, more just and sustainable world.

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centralized, well-coordinated system of programs. Rather, a great variety of organizations provide a wide range of benefits and services to different client populations. The vast array of social welfare organizations contributes to what is commonly called “the welfare mess.” Consequently, different programs serving different groups through different procedures have engendered an impenetrable tangle of institutional red tape that is problematic for administrators, human service professionals, and clients.

The complexity of U.S. social welfare policy can be attributed to several cultural influences, some of which are peculiar to the American experience. For instance, the U.S. Constitution outlines a federal system whereby states vest certain functions in the national government. Although the states have assumed primary responsibility for social welfare through much of U.S. history, this changed with Franklin Delano Roosevelt’s New Deal which ushered in a raft of federal programs. Over subsequent decades, federal social welfare initiatives played a dominant role in the nation’s welfare effort. Still, states continued to manage important social welfare programs, such as mental health, corrections, and social services. Over time, the relationship between the federal government and the states has changed. From the New Deal of the 1930s through the Great Society of the 1960s, federal welfare programs expanded, forming the American version of the “welfare state.” Beginning in the 1980s, the Reagan administration sought to return more of the responsibility for welfare to the states, a process called devolution. This devolution was furthered by the Clinton administration with the signing of the PRWORA.

A second confounding element can be attributed to the relatively open character of U.S. society. Often referred to as a melting pot, the national culture is a protean brew of immigrant groups that competed with one another to become an established part of national life. A staggering influx of
Europeans in the late nineteenth century gave way to waves of Hispanics and Asians entering the United States a century later. Historically, social welfare programs have played an important role in the acculturation of these groups. At the same time, many ethnic groups brought with them their own fraternal and community associations, which not only provide welfare benefits to members of the community but also serve to maintain its norms. Other groups that have exerted important influences on U.S. social welfare are African Americans, the aged, women, and Native Americans. The very pluralism of U.S. society—a diverse collection of peoples, each with somewhat different needs—contributes to the complexity of social welfare.

Third, the economic system exacerbates the complexity of social welfare. The U.S. economy is predominantly capitalist, with most goods and services being owned, produced, and distributed through the marketplace. In a capitalist economy, people are expected to meet their basic needs in the marketplace through labor force participation. When people are unable to participate fully in the labor market, social programs are deployed to support these groups. These programs take various forms. Many are governmental programs. Private sector programs often complement those of the public sector. Within the private sector, two organizational forms are common—nonprofit organizations and for-profit corporations. Often these private sector organizations coexist, proximate to one another.

Finally, various religious or faith-based organizations strongly influence social welfare in the United States. This is seen most clearly in the range of faith-based agencies that offer social services, such as Jewish Family Services, Lutheran Social Services, Catholic Charities, and the Salvation Army. In many cases, religious-based agencies provide services to groups that would not otherwise receive them. Today many faith-based agencies receive federal funds for various services they provide to the public. It is likely that this trend will grow.

The complexity of social welfare in the United States helps account for changes in welfare policies and programs. For example, since 1980 a convergence of social, political, and economic forces has led to a reappraisal of welfare. Liberal and conservative scholars have questioned the dominance of government programs in welfare provision. At the same time, a firestorm of fundamentalism has swept across the nation, attracting the allegiance of groups associated with evangelicalism. The traditionalist movement flexed its muscles through the elections of Ronald Reagan, the two Bush administrations, the installation of a Republican Senate in the early 1980s and a conservative House of Representatives in 1994, and an effective grassroots mobilization that challenged government policies on issues ranging from the family to affirmative action. By the early 1990s, social conservatism had begun to influence Democratic party leaders, traditional supporters of government welfare programs. To reestablish credibility in an increasingly conservative political milieu, liberals distanced themselves from the large-scale government welfare programs they had been associated with since the New Deal. In place of these programs, many liberals called for a reliance on personal responsibility, work, and thrift.

Conservative public sentiment has served as a backdrop for the debate on the future of welfare policy. An ascendant conservatism has not only checked further expansion of federal social programs, but the unprecedented tax cuts engineered by the former Bush administration threatened to dry up the revenues upon which social programs are dependent. The magnitude of this cannot be overstated: The tax cuts of the George W. Bush presidency eliminated the federal surplus; after September 11, 2001, Social Security and Medicare funds that had been set aside for retiring baby boomers were diverted to national security. As a result, the unfunded obligations of Social Security and Medicare and those of the federal retirement programs totaled $16.7 trillion in 2007. The impact of this on social programs is profound, and the future solvency of social insurances for retirees would require a 91 percent increase in the withholding tax or an 81 percent increase in the income tax paid by individuals. If future workers reject such tax increases, pressure will build to convert Social Security and Medicare to means-tested, welfare programs. “This is the death trap of the welfare state,” concluded Paul Samuelson, “here and in Europe and Asia.” Given these developments, welfare professionals face a formidable challenge: How can basic goods and services be brought to vulnerable populations within a context of such complexity and uncertainty?
1. According to the authors, American social welfare is undergoing a transition. Which ideologies, schools of political economy, and interest groups within social welfare stand to gain most from this transition?

2. Ideology tends to parallel schools of political economy. How would classical conservatives and liberals address current social welfare issues such as health care, long-term care for the aged, and substance abuse? How would neoconservatives and neoliberals diverge from traditional conservatives and liberals on these issues?

3. Which schools of political, social, and economic thought discussed in this chapter would come closest to being classified as moderate? Why?

4. The chapter argues that in large measure social policy dictates social work practice. Do you agree with that premise? Explain your position. Can you think of any instances (historic or otherwise) in which social work practice has led to changes in social welfare policy?

5. In your opinion, which schools of economic and political thought are the most compatible with social work practice? Why? What are the incompatibilities in the various schools of thought with macro- and micro-level social work and practice?

**Notes**

6. Education would logically be included here, except that in the American experience it has been treated separately.
15. Ibid.
17. Ibid.
20. Ibid.
22. Ibid.
23. Ibid.
24. Ibid.
CHAPTER 1
Social Policy and the American Welfare State

73. Ibid.