

A Liberal in Wolf's Clothing: Nixon's Family Assistance Plan in the Light of 1990s Welfare Reform

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When President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in August 1996, it brought to an end the much vilified sixty-one-year-old Aid to Families with Dependent Children (AFDC) programme.¹ Although few mourned the passing of AFDC *per se* many liberals were alarmed by the nature of the changes. AFDC had effectively been a cash maintenance programme for poor single-parent families with the costs shared between federal and state governments.² The PRWORA repealed AFDC and some smaller related programmes, with Washington giving its former share of funding to the states in the form of a new block grant, Temporary Assistance to Needy Families (TANF). The existing entitlement nature of AFDC was ended with the states given new discretion in determining TANF eligibility. Overall considerable responsibility for the implementation of welfare policy was devolved to the states.³ The bill, however, did set a maximum time limit for individual receipt of federal TANF funds. After two years, welfare

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¹ Thanks are due to the anonymous reviewer of an earlier draft of this article whose comments led to much rethinking, particularly about the place of the FAP in the wider context of American welfare policy.

² AFDC was available under certain circumstances to two-parent families, but in 1995 only 7% of recipient families were in this category.

³ The policy options open to the states make it difficult to talk in absolute terms about the PRWORA. The elements described here refer to the law as written before the states opt to make changes. At times this may slightly exaggerate the impact of the bill as states may opt to exempt some people from the new requirements; but at other times it may underplay the change as states also have options which will accelerate the introduction of the new rules. It is important to note that there are many controversial aspects to the bill which are not discussed in this article. Examination of these measures,

recipients must engage in a recognized work effort to continue to receive help, with a total five-year limit on TANF money.⁴ Opposition to these measures was overwhelmed by the demand for significant reform of the welfare system. Previously this demand had been thwarted through a combination of Washington gridlock and the limited scale of those changes which were enacted. In 1996, however, the dam holding back reform was breached at the high tide of anti-welfare sentiment. The despair this provoked among liberals should perhaps have caused them to reflect on their part in blocking previous attempts at an overhaul of AFDC. In particular, the elder statespersons of liberalism might regret their role in helping defeat President Nixon's Family Assistance Plan (FAP).

The FAP, introduced in 1969, offered to guarantee an income of \$1,600 to a family of four with the qualification that the head of household was making a genuine work effort.⁵ Using a negative income tax (NIT) formula such families would have been eligible to continue receiving benefits, as they earned, on a diminishing scale up to a total household income of \$3,920. This was passed by the House of Representatives but was killed off by a strange coalition in Senate Finance Committee which included liberal Senators Eugene McCarthy and Fred Harris and arch-conservative Senator John Williams. Their opposition reflected very different perspectives of what was on offer. Conservatives were shocked by a guaranteed minimum income proposal which they felt would undermine work incentives: liberals denounced what they labelled a sub-minimal base income tied to punitive work requirements. As these reactions suggest, the FAP was ideologically ambiguous, but, in the context of the wider traditions of American attitudes towards social welfare issues and the type of public policies this tended to generate, liberals should not have dismissed the plan so easily as derisory and coercive. Nixon insisted that the bill would maintain traditional values, but re-examination, particularly in the light of the premises and conclusions which led to reform in the 1990s, provides a fascinating retrospective on a proposal which today appears as a considerably more liberal and distinctive scheme than it seems to have done to those contemporary liberals who were instrumental in its demise.

particularly those relating to the eligibility of legal immigrants and disabled children for federal aid, only adds weight to the general argument about the punitive and discriminatory nature of the law.

⁴ This is a lifetime limit. People cannot "earn" a return to welfare in the future.

⁵ The \$1,600 figure was based on a payment of \$500 for each adult and \$300 for each child. Families of different sizes would be assessed accordingly.

In hindsight it does seem that in helping defeat the FAP some senior members of the liberal community were unable to look past their animosity towards Nixon and overestimated their capacity to direct future reform of the welfare system. They appear to have assumed that an enhancement of benefits was inevitable and that the real argument was over how extensive this should be. This, however, was to misread both the political situation and the public mood. The evidence suggests that there was little popular support for a guaranteed minimum income, and it seems likely that the FAP was not greeted with popular dismay *because* it was introduced by a president with conservative credentials who insisted that he was acting in accord with those credentials.⁶ In the longer term, AFDC fell further into disrepute and, critically, the emphasis was increasingly placed on the supposed demoralization side-effects of the programme rather than on the fact that it provided only a low level of benefit with a steadily declining real value. What some liberals seem to have either missed or ignored in 1969 is that the FAP would have replaced AFDC, which was particularly vulnerable to criticism because of the manner in which it isolated mostly non-working single-parent families, with a system which integrated all poor families into a single income programme. It is important not to overstate the expansive nature of what was on offer – a \$1,600 income for a family of four was well below the poverty line – but it does appear that liberals scorned a chance to reform the welfare system in a way which would have it made more inclusive, which, in turn, might at least have opened the door to the possibility of further, more generous, enhancements of benefits at a rare time when that door was at all ajar. It is, of course, impossible to say what would have happened in the long-term had the FAP been enacted. The measure would certainly have pushed up the overall government welfare bill and this might have led to a quick backlash,⁷ but prolonging the life of the existing system simply preserved arrangements which did little in material terms to help many poor families but which provided a sitting target for the emerging Reaganite conservatism.

Ironically, however, the repeal of AFDC did not come during the Reagan–Bush years but when a Democrat was back in the White House. The text of the PRWORA was largely the work of congressional

⁶ For opinion-poll data showing general opposition to a guaranteed income but a more sympathetic response when the FAP was specifically mentioned see, H. Erskine, “The Polls: Government Role In Welfare,” *Public Opinion Quarterly*, 39: 2, 257–74.

⁷ This possibility was raised by a reviewer.

Republicans, but Clinton's decision to sign the Bill reflected his understanding of the public mood on welfare matters. Indeed, in 1992 it was Clinton who promised to "end welfare as we know it."⁸ This idea was fleshed out in June 1994 when the administration unveiled the Work and Responsibility Act (WRA). This was an extensive package, but at its centre it was a proposal to limit welfare receipt to two years, after which beneficiaries would have to find work. Public service posts would be available as a last resort for those who could not find work in the private sector, but those who refused to work would lose their benefits. The WRA made no legislative progress, but it did place the idea of time limits at the centre of the welfare debate. It drew a mixed response within Democratic ranks. It was welcomed by party centrists as a sensible step which would reduce welfare dependence while maintaining a government safety-net. Liberals, however, feared that this safety net would be inadequate and worried that the bill manifested a "blaming the victim" philosophy. If, however, liberals were apprehensive about the likely consequences of the WRA, they were truly horrified by the provisions of the PRWORA and infuriated by Clinton's decision to sign rather than veto the bill.⁹

The ideology – welfare nexus

In order properly to explore the dynamics of liberal and conservative responses to reform proposals, it is important to develop an ideological map of welfare policy. This, however, raises problematic definitional issues. First, the meaning of welfare: in contemporary American political dialogue the phrase "welfare" has a narrow jurisdiction. As popularly understood, "welfare" does not refer to the major programmes of the American welfare state but to those means-tested, residual type, programmes which redistribute money to the poor. The much bigger universal type programmes, most notably Social Security, are not perceived as welfare. The federal government programme most commonly identified as constituting welfare has been AFDC.¹⁰

⁸ See Clinton's speech accepting the Democratic Party's nomination in *Congressional Quarterly Weekly Report*, 18 July 1992, 2130. The Clinton/Gore position paper on welfare issued during the 1992 campaign used the phrase three times.

⁹ Clinton's senior social policy advisers David Ellwood and Mary Jo Bane, who had helped design the WRA, called for a veto. They subsequently made their disquiet public (D. Ellwood, "Welfare Reform as I Knew It," *The American Prospect*, No. 26, pp. 22–29; M. J. Bane, "Welfare as We Might Know It," *The American Prospect*, No. 30, pp. 47–55).

¹⁰ In 1992, the Old Age and Survivors Insurance programme paid out \$255 billion. Total government spending on AFDC was \$22.3 billion (Committee on Ways and Means, US

Second, even within this limited framework, there remain complications which make it difficult to map a meaningful ideological continuum with identifiable fault-lines. Indeed, in a comparative context, the debate in the US about the suitable role for government in the provision of welfare appears restricted and almost conducted within the confines of a single, anti-welfarist, ideological framework. The need for government intervention to manage the inequalities produced by market forces has been more reluctantly accepted in the US than in comparable industrial democracies. The dominant ideology in the US has been to support help for the “genuinely needy,” but to make those who are deemed to be capable of looking after themselves do so. In practical terms, the problem is that this philosophy does not, of itself, define which people cannot be reasonably expected to look after themselves, and who therefore deserve government help, and which can, and therefore do not. The US welfare system has always emphasized the principle of work requirements, and with the Work Incentive Program (WIN) of 1967 and the Family Support Act (FSA) of 1988 had tried to write these into federal law. Both of these acts, however, were followed by periods of accelerated growth in the AFDC rolls with the rise in numbers in the late 1960s due more to an easing of the policing of the eligibility criteria than to a simple increase in eligibility itself.¹¹ Thus, although the view of collectivism embraced by significant sections of the European centre-left has been missing from the American mainstream, policy-makers are still, in Hecló’s phase, “left with the choice of preferring to err” either towards programmes which do not attempt too rigorously to discriminate between different categories of the poor, or towards those which apply more definitive eligibility criteria. In broad terms, the former is the liberal, the latter the conservative, predisposition.¹²

Since, however, different aspects of the FAP upset groups at each end of the political spectrum, it remains difficult to give the plan a categorical

House of Representatives, *1994 Green Book: Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, US Government Printing Office: Washington D.C., July 1994, Tables 1–2, p. 5 and 10–11, p. 325).

¹¹ In the early 1960s, about 33% of families applying for welfare were successful. By 1971, around 90% were (Michael Katz, *The Undeserving Poor: From War on Poverty to War on Welfare*, New York: Pantheon Books, 1989, 106). The role of the Supreme Court in liberalizing the eligibility criteria is examined in Steven Teles, *Whose Welfare: AFDC and Elite Politics*, University of Kansas Press, 1996, 107–17.

¹² Hugh Hecló, “Poverty Politics” in Sheldon Danziger, Gary Sandefur, and Daniel Weinberg eds., *Confronting Poverty: Prescriptions for Change* (Cambridge, Mass.: Harvard University Press), 402.

ideological label. Thus, to attempt to map out a traditional linear liberal–conservative scale, with the aim of placing the overall FAP package at a fixed point on this scale, is likely to prove self-defeating. A better understanding of the FAP and its ideological implications comes by comparing it with what followed in the 1990s. Clinton’s WRA did share some of the FAP’s ideological ambiguity;¹³ the PRWORA, however, quite clearly highlights FAP’s relatively liberal features. To provide a coherent framework to explore this comparison, the paper employs the “welfare conundrums” outlined by David Ellwood in his seminal book, *Poor Support*.¹⁴

The conundrums

Ellwood’s conundrums break down the welfare debate into three areas. First, the security–work conundrum: does government-sponsored financial assistance to the poor discourage people from working their way out of poverty? Second, the assistance–family structure conundrum: this focusses on the manner in which welfare benefits, because they are designed to protect vulnerable groups in the community, have sometimes compensated single-parent families rather than traditional family units. The questions arise of whether this has undermined the conventional family, and whether the protection offered to single-parent households because of their likely greater economic insecurity has in fact perpetuated the problem that it was supposedly solving. Third, the targeting–isolation conundrum: does the very act of giving means-tested aid stigmatize the poor by identifying them as a section of the community who cannot look after themselves?¹⁵

The conundrums: liberal and conservative positions

Comparing different answers to these dilemmas over time is somewhat complicated by shifting social attitudes between 1970 and 1996 over issues

¹³ The political reaction to the WRA mirrored the confusing response to the FAP as Clinton came under fire from both liberals and conservatives (see A. Waddan, *The Politics of Social Welfare: the Collapse of the Centre and the Rise of the Right*, Edward Elgar, 1997, 158–61). The ideological markings of PRWORA were evidenced by the final Congressional vote with Republicans unanimously supportive and Democrats evenly split between centrist supporters and liberal opponents. Prior to the vote, some uncertain House Democrats looked to the White House for a lead. Once Clinton acknowledged that he would sign the bill, a number who still had reservations voted “yes” so as not to be cast as (futile) opponents of reform in the upcoming elections.

¹⁴ David Ellwood, *Poor Support: Poverty in the American Family* (New York: Basic Books, 1988).

¹⁵ *Ibid.*, 18–24.

such as the meaning of dependency and mothers in the workforce which forced both liberals and conservatives into some readjustment.¹⁶ On the other hand, it does remain possible to identify relatively consistent differences between the responses of liberal and conservative advocates to the conundrums.

Thus, with regard to the security–work trade-off, liberals tend to place relatively more emphasis on achieving financial security, while conservatives feel that encouraging work should be the primary goal. In response to the assistance–family structure conundrum, liberals are likely to have a higher toleration to potential disruption caused by welfare benefits if this is the only way of helping vulnerable families. In reality, debate over how to resolve these first two conundrums is rarely straightforward. Liberals are very reluctant to admit that assistance *per se* induces either idleness or family breakdown, and efforts to find real-world answers to these questions have been inconclusive. Conservatives have interpreted the available data to suggest that the incentive structure of the benefits system made it a rational economic choice to be a single parent in the short-term.¹⁷ Liberals have disputed this evidence, arguing that, even when there appears to be a correlation between the availability of state benefits and non-traditional behaviour, this is due to a host of sociological factors (particularly those associated with life in the ghetto) and external economic pressures (persistent involuntary unemployment) which have undermined adherence to conventional societal standards rather than the meagre financial benefits offered by the welfare system.¹⁸ Thus a conservative policy response is more likely to favour coercive measures putting pressure on welfare recipients to find work and to enter into traditional family units. Liberals, on the other hand, while also championing the values of work and family, are more likely to accept a need for direct financial support to the poor even if they fall outside social norms.

With regard to the targeting–isolation conundrum, liberals favour the use of universal benefits in order to reduce the differentiation between

¹⁶ The very fact of the PRWORA's passage into law suggests that the political momentum generated by changes in popular attitudes was of most benefit to the conservative cause. Even a development generally more welcomed by liberals – that is, the increased labour-force participation of women – ironically boosted conservatives insisting that single mothers should have to work rather than be paid to stay at home.

¹⁷ Charles Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984).

¹⁸ W. J. Wilson, *The Truly Disadvantaged: the Inner-City, the Underclass, and Public Policy* (University of Chicago Press, 1987).

those receiving benefits and those not doing so. Conservatives maintain that in economic terms targeting can be the most efficient way of distributing aid, and indeed some argue that suffering stigmatization can be a useful incentive which encourages recipients to work harder in order to move off welfare.

The next question is, what do the conundrums tell us about the ideological implications of the FAP and the PRWORA? Both plans resulted from a sense that existing arrangements were in crisis. In quantifiable terms these fears were fuelled by sharp rises in the AFDC rolls. In 1960, there were 3.1 million AFDC recipients. By 1970, there were 9.7 million.¹⁹ In 1988 there were 10.9 million beneficiaries which rose to 13.6 million in 1992.²⁰ Less quantifiable, but very real, was the worry that there was a developing welfare underclass with values alien to Main Street America. Both Nixon and the 1990s' reformers were driven by a desire to stop the growth in the AFDC rolls and to clear up the "welfare mess." Their respective legislative proposals, however, showed that they came to quite different conclusions about how this would best be done.

Welfare reform and the American work ethic

The welfare reform debate at the start of the 1990s centred on how to extend the principles of the 1988 FSA. This contained a strongly worded training and work requirement, but its real-world impact was undermined by its limited scale of implementation. Still, in the 1992 election campaign both candidates praised its aims, with President Bush calling it a "philosophical turning-point."²¹ The underlying belief was that the best way to provide security for the welfare poor was by encouraging (or where necessary coercing) recipients to work, which, in turn, assumed that American capitalism offered economic opportunity to all.²² The FSA and WRA did acknowledge that some extra money would be needed for

¹⁹ US Bureau of the Census, *Statistical Abstract of the United States: 1972* (Washington D.C.: US GPO, 1972), Table 486, p. 299.

²⁰ *1994 Green Book*, Table 10-1, p. 325.

²¹ The President's Objectives for Welfare Reform; position paper issued during the 1992 general election campaign. As the Chairperson of the National Governors Association in 1988, Clinton had been a particularly influential advocate for the bill.

²² This idea was fleshed out by Lawrence Mead in *The New Politics of Poverty: the Non-Working Poor in America* (New York: Basic Books, 1992). Mead argued that the poor were not taking up available jobs. He acknowledged that many of these were low waged, but insisted that workforce participation provided the only effective long-term route out of poverty and off welfare.

training, and possible public service employment to help former recipients take advantage of this opportunity and move into the world of work.²³ The PRWORA, however, while allocating no new money for the implementation of workfare schemes demands more dramatic results: yet the underlying premise, that the private sector has the capacity to absorb all of those who want to work, remains, at best, unproved. Indeed, in 1969, the idea had been explicitly rejected by the report of the President's Commission on Income Maintenance Programs.

This body, better known as the Heinemann Commission, was set up by President Johnson in January 1968 and comprised leading figures from the business world and professional economists as well as politicians and union leaders. The final report, published in November 1969, questioned whether the American economy could sustain decent living standards for all. With Marxist undertones it certainly did not intend the report reflected, "Our economic and social structure virtually guarantees poverty for millions of Americans. Unemployment and underemployment are basic facts of American life." It added, the "simple fact is that most of the poor remain poor because access to income through work is currently beyond their reach."²⁴ If accepted as accurate, this view of the capacity of the American economy to generate wealth had serious policy implications, challenging not just conservative but also traditional liberal policy approaches and undermining the legitimacy of discriminating between the deserving and undeserving. President Johnson's War on Poverty, for example, started with the liberal view that the poor were not to blame for their condition and wanted and deserved a hand-up, but assumed that general economic growth coupled with programmes targeted at pockets of poverty would provide sufficient opportunity. Thus the War on Poverty was founded upon an essentially optimistic view of how

²³ It might be argued that the FSA and WRA are based on the "hand-up rather than hand-out" philosophy of the War on Poverty. This, however, would be to ignore the greater level of government intervention anticipated in the 1960s' programmes. These were not all adequately funded, but they did represent a greater paper commitment than the residual role for government encompassed in the FSA or WRA. Desmond King has been particularly sceptical of the integrity of training and employment strategies behind the workfare rhetoric (D. King, *Actively Seeking Work?*, University of Chicago Press, 1995). In the final analysis Clinton's signing of the PRWORA makes the subtleties of the WRA redundant; and, in putting the idea of time limits so explicitly on the agenda, a Democratic president gave Republicans the scope to push for further restructuring.

²⁴ President's Commission on Income Maintenance Programs, *The Report of the President's Commission on Income Maintenance Programs: Poverty Amid Plenty* (Washington D.C.: US GPO, 1969), 23. The report estimated that only 3% of the unemployed who could work chose not to.

American capitalism, albeit stoked up by government, could correct the social injustice apparent within it. In contrast, the Heinemann Commission doubted that the anomaly of poverty amidst affluence could be so easily remedied, and thus recommended a government guaranteed minimum income of \$2,400 a year.²⁵ This approach, however, was too radical for Johnson, and Nixon came to office emphasizing his conservatism as an antidote to the problems he maintained had been caused by liberal social engineering through the 1960s: yet Nixon introduced a minimum income plan for families in August 1969, before the Heinemann Commission published its findings.

It should be emphasized that Nixon did not encourage the view that he was advocating a liberal, or even a different, approach to social policy, and he never openly signed on to the downbeat view of economic capacity implicit in Heinemann. Nixon argued that his plan promoted conservative values; and many liberals either believed him or, for political reasons, chose to believe him. Ignoring the novelty of the NIT idea, some immediately complained that \$1,600 was an inadequate minimum. It is revealing, however, that other voluble opposition came from California's Governor Ronald Reagan, the American Conservative Union and the Chamber of Commerce. The ACU complained that Nixon had proposed "a far more liberal welfare programme than any Democrat ever dared."²⁶ The FAP thus provides a good example of both the value and the problems involved in separating reality from strident rhetoric. For example, many liberal critics seem to have made little effort to understand how the plan would have worked. The first reaction of George Wiley, executive director of the National Welfare Rights Organization (NWRO), was to say that the plan "discriminates against black people" because it proposed to eliminate AFDC which disproportionately benefited blacks and directed an emphasis on the working poor who were mainly white.²⁷ While the FAP did help the mainly white working poor, Wiley was ignoring the fact that blacks (and whites) on AFDC in the South would have gained significantly as a result of the FAP. In 1970, the average AFDC payment per family in Alabama was \$60 a month and only \$46 in Mississippi.²⁸ Thus, although

²⁵ Gareth Davies has impeccably detailed Johnson's consistent hostility to the guaranteed income idea. Davies does acknowledge, however, that other leading figures of the Great Society were gravitating towards this approach (G. Davies, *From Opportunity to Entitlement: the Transformation and Decline of Great Society Liberalism*, University of Kansas Press, 1996). ²⁶ *New York Times*, 11 Jan. 1970, 46.

²⁷ *New York Times*, 11 Aug. 1969, 25.

²⁸ US Bureau of the Census, *Statistical Abstract of the United States, 1971* (Washington D.C.: US GPO), Table 467, p. 294.

\$1,600 was an inadequate yearly sum for a family with no other income, it was more than AFDC families were then receiving in eight southern states and, at least according to the initial FAP provisions, the other states would have had to make up the difference between the FAP entitlement and what they were already paying.

Liberals also railed against the work requirement; and here Nixon's conservative rhetoric did feed contemporary misunderstanding. For example, the *New York Times* referred to "substantial differences...in fundamental outlook" between the Heinemann recommendations and the FAP, as Nixon "stressed work as an antidote to poverty" while the Commission refuted that the poor were workshy.²⁹ This interpretation was largely due to Nixon's public presentation of his plan; for instance, campaigning for Senatorial candidate George Bush in Texas in 1970 Nixon declared,

I will put it bluntly: If a man is able to work, if a man is trained for a job, and then he refuses to work, that man should not be paid to loaf by the hardworking taxpayer.³⁰

In the *New Republic*, which was then still committed to the liberal cause, John Osborne's column, "The Nixon Watch," had provided a sympathetic commentary on the FAP. Early on, Osborne described it as "an enormous advance toward a humane and sensible national welfare system,"³¹ but he later reflected that in trying to placate conservative sentiment Nixon had paid "a heavy price in terms of true public understanding of the measure on which...[he] has staked his principal claim to social enlightenment."³² Pat Moynihan, a key advisor to Nixon at the time, has claimed that Nixon in truth cared little for the work requirement and did include it *only* as a means to winning over conservative sceptics in his own party. He quotes Nixon as saying, "I don't care a damn about the work requirement... This is the price of getting the \$1,600."³³ Liberals, who did not have the same access to the President's thoughts, perhaps cannot be blamed for taking Nixon at his more public word, and some expressed legitimate fears about how the requirement might be used as a tool of coercion by the local officials who would run the programme at ground level. Nevertheless, even allowing for the justice of some liberal anxieties, in its legislative detail it seems

²⁹ *New York Times*, 13 Nov. 1969, 1.

³⁰ D. P. Moynihan, *The Politics of a Guaranteed Income* (New York: Random House, 1973), 530.

³¹ *The New Republic*, 17 Jan. 1970, 13.

³² *The New Republic*, 7 Nov. 1970, 12.

³³ Moynihan, 219–20.

clear that the work requirement was not too serious a qualification on the guaranteed income aspect of the FAP.³⁴

It is particularly instructive to compare the coercive and punitive clauses in the FAP with the more draconian temper of the 1996 bill. Most obviously the FAP did not have a time limit on benefit receipt and, even in the event of the work requirement clause being invoked, only the family head's proportion of the household benefit would have been withdrawn if he or she refused to work; the PRWORA stops the whole family's benefits after the time limit. Furthermore, while the FAP's work requirement exempted single parents with children under six, the PRWORA only exempts those with a child under one, as long as some child-care is available. More broadly, the reform plans of the 1990s paid little attention to the clear evidence of the declining value of AFDC benefits through the 1980s and of continuing inequities in the system.³⁵ Instead the empirical evidence which drew most attention was that which pointed to the existence of a class of Americans whose long-term security was provided by welfare: and, although the long-term presence of people on the welfare rolls did not prove that they had chosen such a lifestyle, the dominant political and ideological interpretation of these "facts" insisted that even the minimal degree of income security provided by AFDC had undermined work incentives and fostered a crisis of welfare-bred dependency which needed to be tackled *per se*.³⁶ Thus the PRWORA assumes that the fundamental problem is one of labour supply rather than labour demand, and in doing so strongly evokes the principle of dividing the deserving from the underserving. Nixon's rhetoric suggested that the FAP did likewise, but the proposal's details tell a different story and liberal critics might have reacted more positively if they had analyzed these details and their implications more constructively. As Jill Quadagno points out, it seems unlikely that Nixon himself fully understood how his plan would have undermined the low-wage basis of the southern political economy even with a minimum income well below the \$5,500 a year demanded by

³⁴ See, M. K. Bowler, *The Nixon Guaranteed Income Proposal: Substance and Process in Policy Change* (Cambridge, Mass.: Ballinger, 1974); V. Burke and V. Burke, *Nixon's Good Deed: Welfare Reform* (New York: Columbia University Press, 1974); L. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1986).

³⁵ Measured in 1993 dollars, the average monthly AFDC benefit per recipient family in 1980 was \$483. In 1990 it was \$434 and \$373 in 1993 (1994 *Green Book*, Table 10-11, p. 325).

³⁶ Studies showed that most AFDC spells, if calculated over a period of time, were relatively short; however, a point in time survey of AFDC recipients found that at least 50% were in the midst of a spell lasting eight years or more. See particularly, David Ellwood and Mary Jo Bane, *Welfare Realities: From Rhetoric to Reform* (Cambridge, Mass.: Harvard University Press, 1994).

the NWRO. The \$1,600 figure was enough to cause Phillip Landrum, a member of the House Ways and Means Committee from Georgia, to fret, "There's not going to be anybody left to roll these wheelbarrows and press these shirts."³⁷

Welfare and family structure

By the mid-1980s it was a stock conservative theme to argue that social dislocation and poverty was more likely in female-headed families, and that these were encouraged by a welfare system which rewarded non-conventional behaviour.³⁸ The relationship between benefits and family structures had in fact been broached in 1965 by the infamous Moynihan Report. Moynihan, then at the Department of Labor, noted a correlation between the rise in AFDC rolls and the breakdown of the black family. The tone of the report was ambiguous – at times it is unclear whether Moynihan saw blacks as active agents in this process or as victims of socio-economic conditions – but Moynihan's key role in the design of the FAP gave him the chance to flesh out his earlier ideas. The FAP, however, did not specifically deal with family structure as a separate matter. Two-parent families would have a higher income floor (because there would be more people in the household) which provided some financial incentive to form a traditional family unit, but generally it provided a relatively neutral commentary on social worthiness and did not set out to further penalize and impose conditions reflecting moral judgments on those who remained in single-parent units. In contrast, the PRWORA saw part of its task as being to change the behaviour of those low-income Americans who were not abiding by conventional family values.

It is now clear that contemporary liberals who denounced the FAP and demanded a more generous social settlement for one-parent families were swimming against the prevailing tide. In the 1990s, liberals were bypassed as a series of features effectively expressing moral disapproval of the lifestyle choices of unmarried welfare mothers were included in the PRWORA. Thus teenage mothers must now live with their parents and paternity must be established at the time of birth for babies of any

³⁷ Jill Quadagno, *The Color of Welfare: How Racism Undermined the War on Poverty* (Oxford University Press, 1994), 130.

³⁸ Through the 1970s, there was a rise in the number of poor female-headed households. In 1970, there were 7.5 million poor people in single parent families. By 1975, there were over 8.8 million and over 10.1 million in 1980. In 1992, there were 13.7 million. (US Bureau of the Census, Current Population reports, Series P60-183, *Poverty in the United States: 1992*, Washington D.C.: US GPO, 1993, Table 2, p. 2).

unmarried mothers. Failure to comply or co-operate without good reason will lead to a reduction in TANF benefit.

The Welfare stigma

One liberal opponent of the FAP, Senator George McGovern, protested it “simply isolates the poor...more efficiently.”³⁹ Technically he was correct to describe a NIT scheme as an extension of means-testing, but his analysis was still a misleading one. A NIT would only benefit those below a certain income; but, crucially, it would not, *per se*, distinguish between potential recipients by cause of poverty. That is, a NIT scheme is in essence non-categorical and so in determining eligibility would not use criteria about (un)deservingness.⁴⁰ This was obscured in the context of the FAP by Nixon’s rhetoric and references to work requirements. Ultimately, however, it did provide an income floor. This was not generous but it was universal, and its implementation would not necessarily have been any more intrusive than the existing procedures for establishing AFDC eligibility or compliance with the existing WIN criteria. Indeed Nixon later reflected that he had hoped one effect of the FAP would have been to end the “patronizing surveillance” which made people feel “stigmatized and separate.”⁴¹ Yet again a comparison with the legislation of 1996 is instructive. The implementation of the PRWORA will demand constant and potentially heavy-handed policing of the behaviour of recipients. Indeed, the whole tenor of the bill suggests that it is dealing with people who are not expected to respond to the normal socio-economic incentives without an element of bullying.

Conclusion

Senator Hubert Humphrey dismissed the FAP as constituting “nothing new, nothing startling.”⁴² In reality the plan offered much that was new and which should have been startling. This is not to say that it was

³⁹ Moynihan, 443.

⁴⁰ Welfare economist Nicholas Barr comments, NIT “schemes concentrate on outcome rather than cause” (N. Barr, *The Economics of Welfare*, California: Stanford University Press, 1993, 263). This is not to say that the principle of a NIT is necessarily liberal. On the right Milton Friedman embraced the idea (*Capitalism and Freedom*, University of Chicago Press, 1962). The attraction for conservatives is that a NIT would provide a basic minimum which would make irrelevant questions of inequality.

⁴¹ E. Berkowitz, *America’s Welfare State from Roosevelt to Reagan* (Baltimore: Johns Hopkins University Press, 1991), 128.

⁴² *New York Times*, 11 Aug. 1969, 25.

unreservedly liberal. Michael Katz, while recognizing, and indeed emphasizing, the radical policy change represented by the minimum income approach reflects that it was also compatible with some of American business's favourite themes.⁴³ Neither Heinemann nor Nixon proposed coupling their income guarantees with either regulation of working practices or a minimum wage and the fact that the government would supplement low wages relieved employers of their responsibility to pay a living wage. Thus, a NIT scheme with a government guaranteed income floor can be seen as part of a package which accepts the inevitability and in effect the legitimacy of a low-wage economy. On the other hand, since a significant section of the US economy had always been low waged, an income floor at least represented a recognition that some level of state protection for the worst off was necessary.

The Clinton administration has supplemented low pay by increasing the Earned Income Tax Credit, but, critically, the administration did not portray this as an expansion of state welfare (however much this is what it was) and spent much more time trumpeting its intention to reform welfare.⁴⁴ The cumulative effect of dealing out tax credits to the working (that is, deserving) poor and rewriting the welfare laws for the non-working (perceived as ranging from less deserving to downright undeserving) poor has been to treat dependency as a separate condition from poverty which requires a separate remedy. This divides the poverty population and treats the problems of the working poor as a different concern from those of the non-working poor. In contrast, the FAP covered both these groups simultaneously. It would be misleading to say that Nixon's priority was to establish an effective cash benefit for those who today might be called the underclass (it promised nothing to out of work young single males). The FAP was most immediately designed to boost the incomes of the working poor by incorporating them into the benefits structure through the NIT scheme; but the plan also constituted an implicit acknowledgement that there were people with dependants who would not be catered for by the mainstream economy and who would need government help. Furthermore, if the FAP had been enacted it might have been possible in the future to have raised the minimum income level which would have had the effect of pushing up wage levels as employers would be forced to pay more in order to attract workers.

⁴³ Katz, *The Undeserving Poor*, 102–05.

⁴⁴ In 1992, 14.1 million families received an average credit of \$921 p.a. In 1996, it was estimated that 17.9 million families would receive an average of \$1,400 (1996 *Green Book*, Table 14–14, p. 809).

Even in hindsight it remains difficult to identify what was at the ideological heart of the FAP; but, given subsequent developments, modern liberals should perhaps have cause for regret at the actions of their predecessors who helped defeat “the most ambitious effort for welfare reform in... forty years.”⁴⁵ The fact that Nixon presented the FAP as a means of dealing with the “welfare mess” did not mean that liberals had to respond on this relatively one-dimensional level. From the perspective of the 1990s, it really does seem that those liberals who conspired with the conservative opponents of the FAP were guilty of both political and policy short-sightedness. The minimum income idea continued to be discussed through the 1970s but the FAP was the only real opportunity to have institutionalized a more integrated and inclusive cash benefits system which would have diminished the concentration on single parent families as the primary recipients of welfare. Katz is perhaps correct to say that the guaranteed income idea “blended sophisticated conservatism with liberalism,” but by the mid-1990s there was not much left of either of these features.

⁴⁵ J. T. Patterson, *America's Struggle Against Poverty, 1900–1994*, 3rd edn (Cambridge, Mass.: Harvard University Press), 197.