

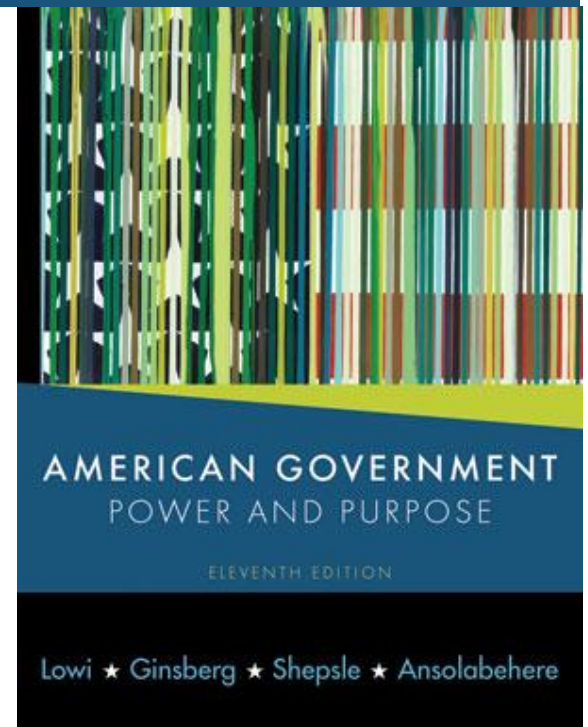
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Social Policy

AMERICAN GOVERNMENT

POWER AND PURPOSE

Lowi ♦ Ginsberg ♦ Shepsle ♦ Ansolabehere



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The Aims of Social Policies

Part of the aim of government is to devise and implement policies that improve society.

Social policies aim to:

1. Protect people against the risks and uncertainties of life;
2. Promote equality of opportunity;
3. Alleviate poverty.



The United States Welfare System



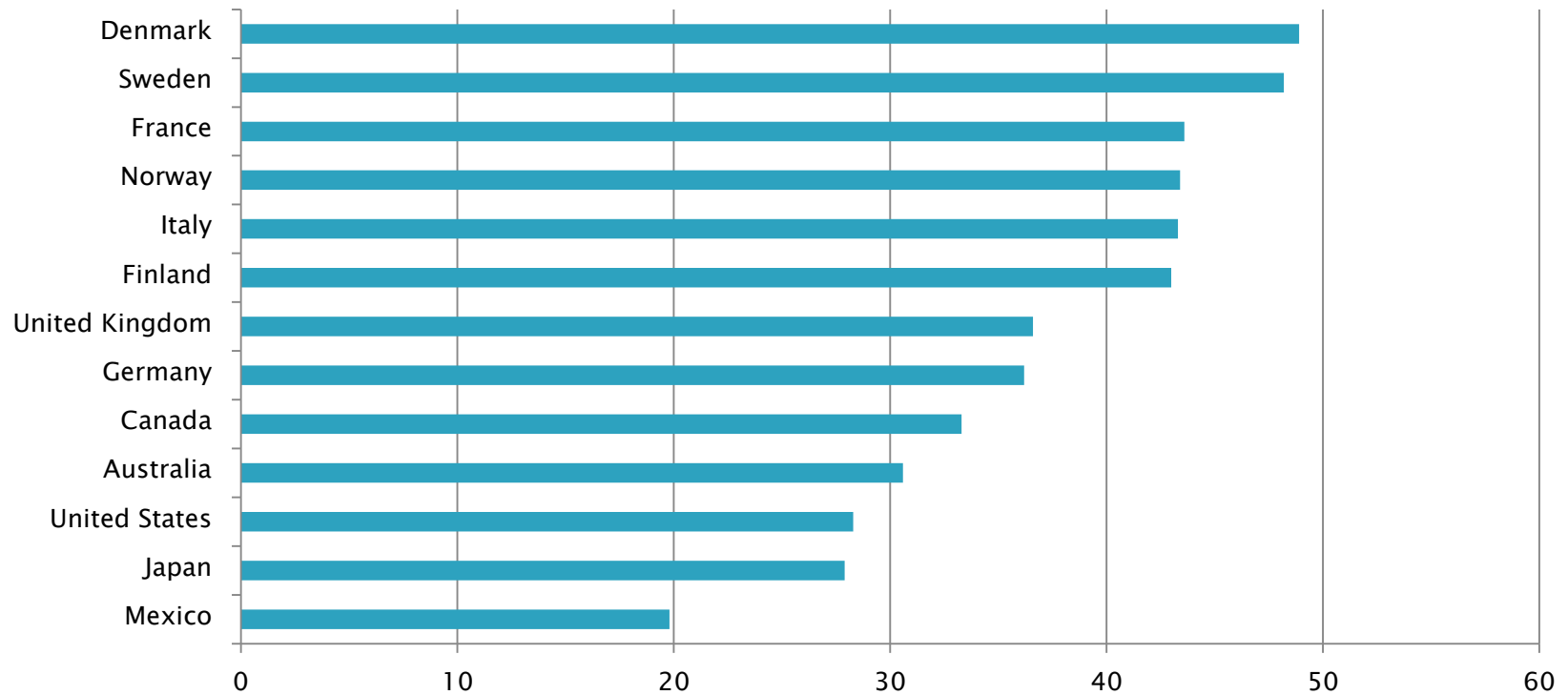
Compared to many European and especially Scandinavian governments, the United States has a small “welfare state.”

Compared to such “cradle to grave” systems, a culture of individualism and a small American “state” has led to a limited role for the American government in providing for social welfare.

Many political scientists argue that America is “exceptional” among most comparable democratic governments in its disposition toward “big government,” particularly in the area of social policy.

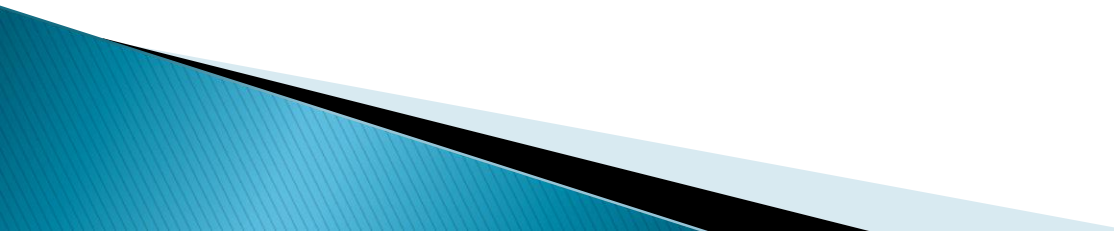
Although America spends a great deal on military and defense, it has an *exceptionally small* domestic policy state and, as a result, an *exceptionally low tax burden*.

Tax Receipts as a Percentage of Gross Domestic Product, Selected Countries, 2007

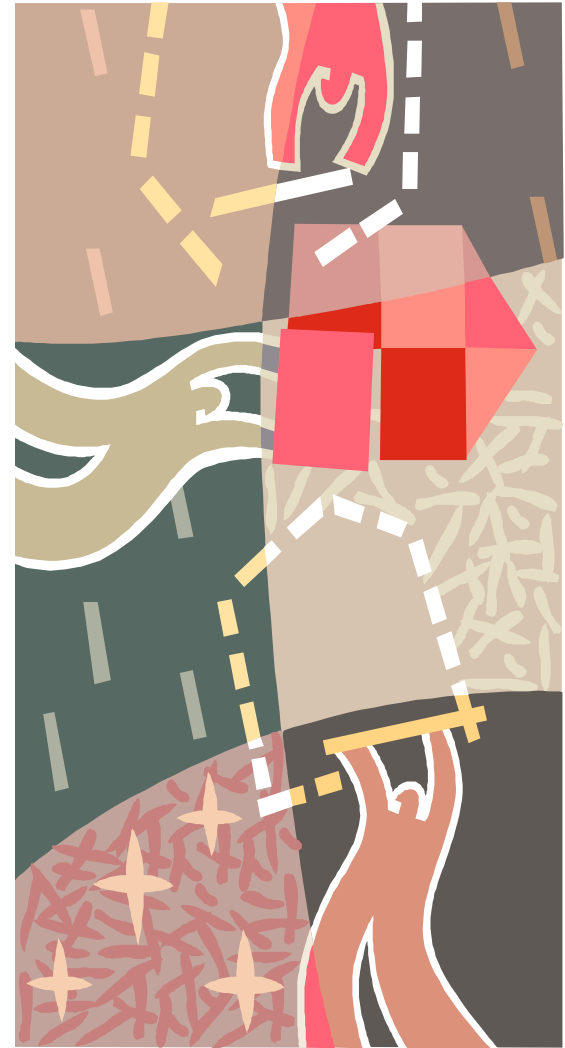


Source: Organization for Economic Cooperation and Development, "Revenue Statistics: Comparative Tables," *OECD StatExtracts*, <http://stats.oecd.org/index.aspx#>, accessed 10/4/09.

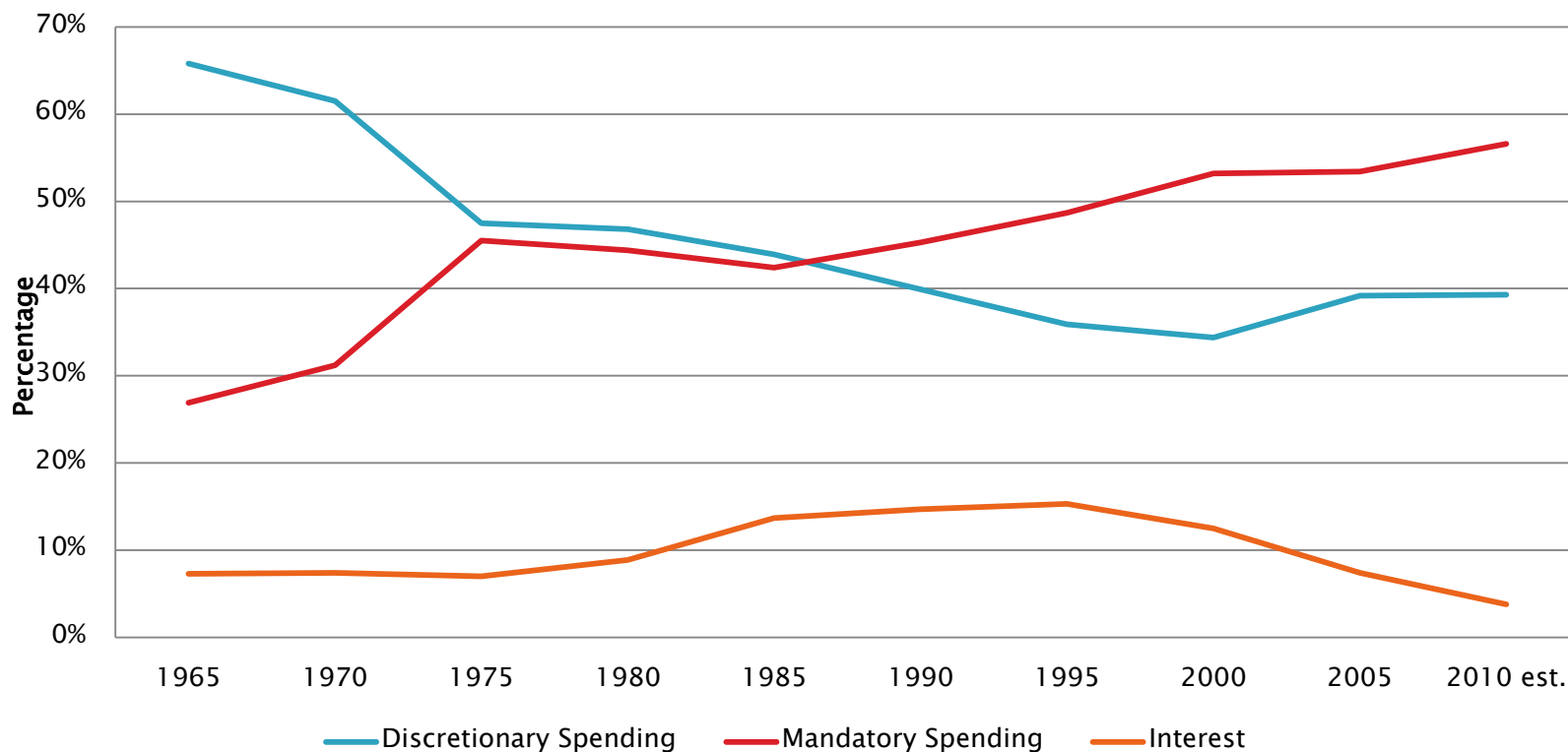
Despite this continued “exceptionalism,” in the twentieth century, the U. S. social welfare system has played increasing roles in:

1. Providing support to the poor, the elderly, and the infirm;
 2. Aiding citizens in covering the costs of health care and health insurance;
 3. Providing greater national guidance on education policy;
 4. Assisting citizens in finding suitable housing.
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Increases in the “mandatory spending”—especially in social policies like Social Security and Medicare—have come to dominate the budget decisions of the American national government.



Federal Outlays—Discretionary, Mandatory, and Interest Spending, 1965–2010 (est.)



Source: U.S. Office of Management and Budget, Table 8.3, "Percentage Distribution of Outlays by Budget Enforcement Act Category, 1962–2014," *Historical Tables, Budget of the U.S. Government, Fiscal Year 2010* (Washington, DC: U.S. Government Printing Office, 2009), <http://www.gpoaccess.gov/usbudget/fy10/hist.html>, accessed October 4, 2009.

State and Society

Social policy involves the complex and reciprocal relationship between government and society.

- ▶ Democratic governments reflect and represent their societies;
- ▶ Once established, government institutions constitute and affect society.

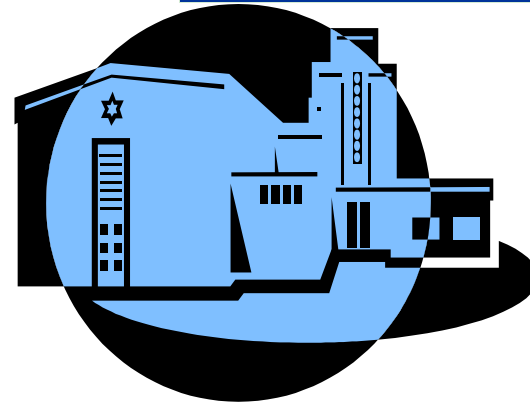
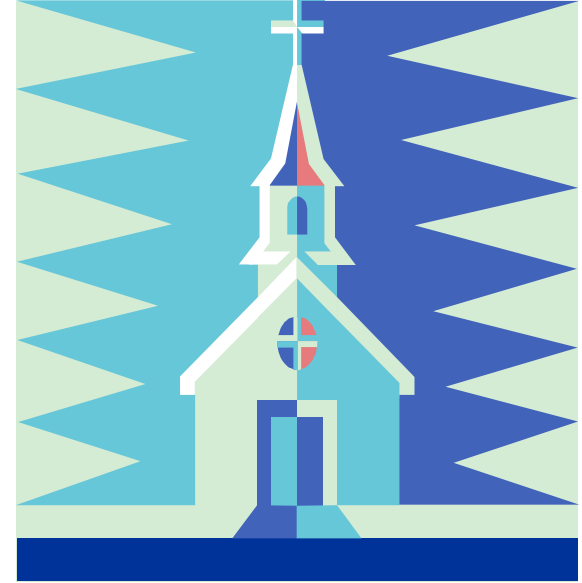




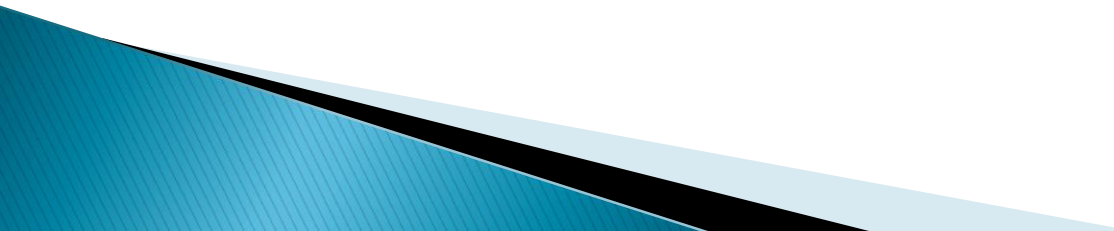
The scope and character of the American welfare system exemplifies the tension in American political culture between “equality of opportunity” and “equality of outcomes.”

But, importantly, as our politics and values change, so too do our government’s social policies.

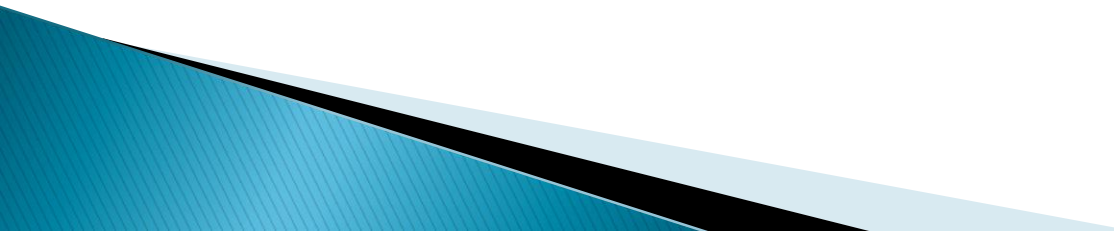
Traditionally, the national government has deferred to private and religious societal actors when it came to providing for the needy.



Since the New Deal, a change in government philosophy has facilitated the rise of the American welfare system.

- ▶ The large numbers of poor during the Great Depression increased the sense that the government should provide relief;
 - ▶ President Franklin Delano Roosevelt offered a program of increased government intervention in the economy and society.
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Other Post–New Deal Changes

- ▶ Franklin Roosevelt argued that government should observe an “Economic Bill of Rights” that recognized the material needs of citizens;
 - ▶ This new philosophy emphasized the importance of social policies to alleviate or overcome social problems and spurred many new programs and a great deal of new government spending.
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Public Welfare Programs

	Year Enacted	Federal Outlays (2008 estimate in billions of dollars)	Federal Outlays (2009 estimate in billions of dollars)	Federal Outlays (2010 estimate in billions of dollars)
Contributory				
Old-Age and Survivors Insurance; Disabil- ity Insurance (Social Security)	1935	617	652	690
Medicare	1965	403	413	427
Unemployment compensation	1935	37	43	41
Noncontributory				
Medicaid	1965	204	216	230
Food Stamps	1964	39	40	41
Supplemental Security Income	1974	38	40	42
National School Lunch Program (listed as Child Nutrition and Special Milk Programs)	1946	14	15	15
Temporary Assistance for Needy Families (TANF, listed as Family Support Payments to States)	1996	21	21	21

SOURCE: Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2008, Historical Tables* (Washington, D.C.: Government Printing Office, 2007), Table 11.3, pp. 205–229.

Mirroring broader changes in the federal balance of power, the post-New Deal growth of the American welfare system has expanded the power of the national government.

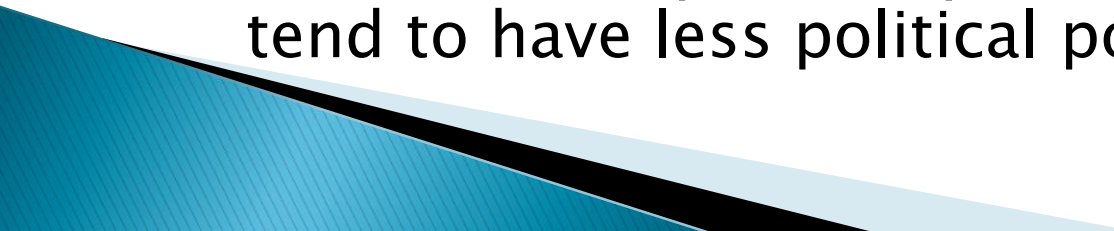
Still, the “new federalism” of the Reagan era and of the Republican Revolution has led to a return of some state power.

The Politics of Social Policies

The making of social policy, then, is essentially a political struggle.

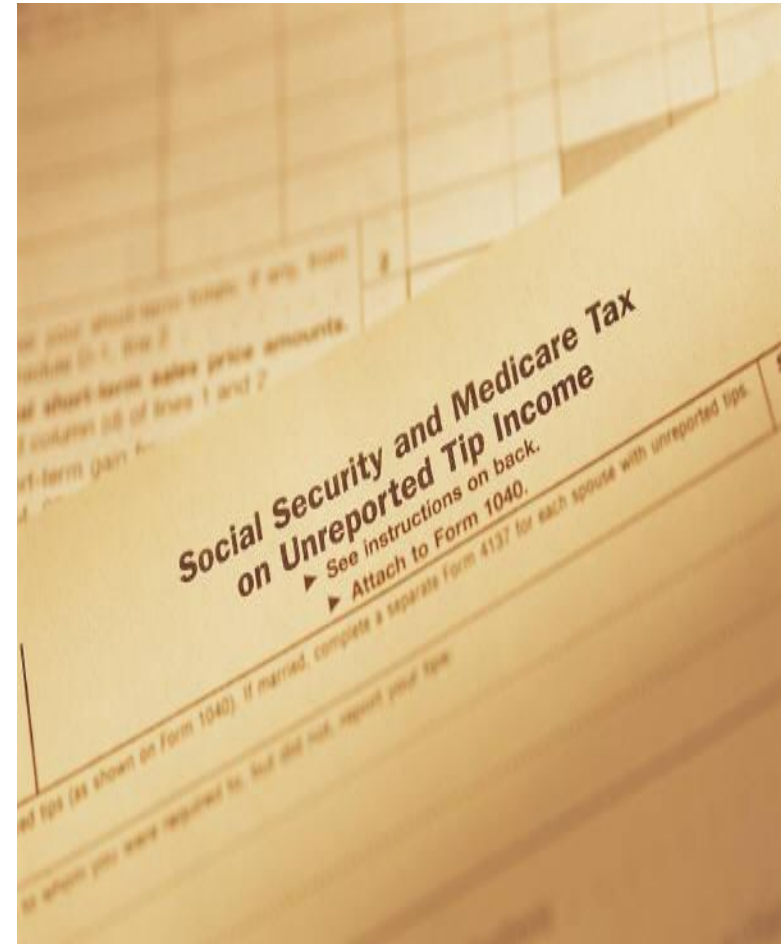
Two New Deal programs—welfare (Aid to Families with Dependent Children, or AFDC) and Social Security—exemplify the politics of social policies.

Welfare Programs engender widespread conflict:

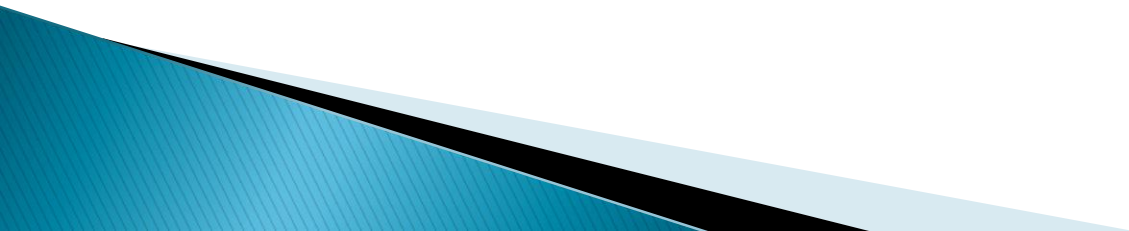
- They are **noncontributory** programs (beneficiaries do not, and in most instances cannot, contribute to the support they get from this program);
 - The program is funded by redistributing resources from others in society to the needy;
 - Resentment from contributors who perceive few personal benefits make welfare programs widely unpopular;
 - Welfare lacks political protection because recipients tend to have less political power than contributors.
- 

Social Security, by contrast, is a remarkably popular social policy:

- ▶ Social Security, a system of forced savings, is a **contributory** program, in which recipients contribute to their own benefits.



Most Americans support Social Security, in part, because they do not perceive that it is aimed at redistributing wealth and because they expect, one day, to benefit from the program.



Increasing Social Security costs and the impending large number of retirements of the “baby boom” generation have convinced some policy makers that Social Security, as popular as it is, needs restructuring.

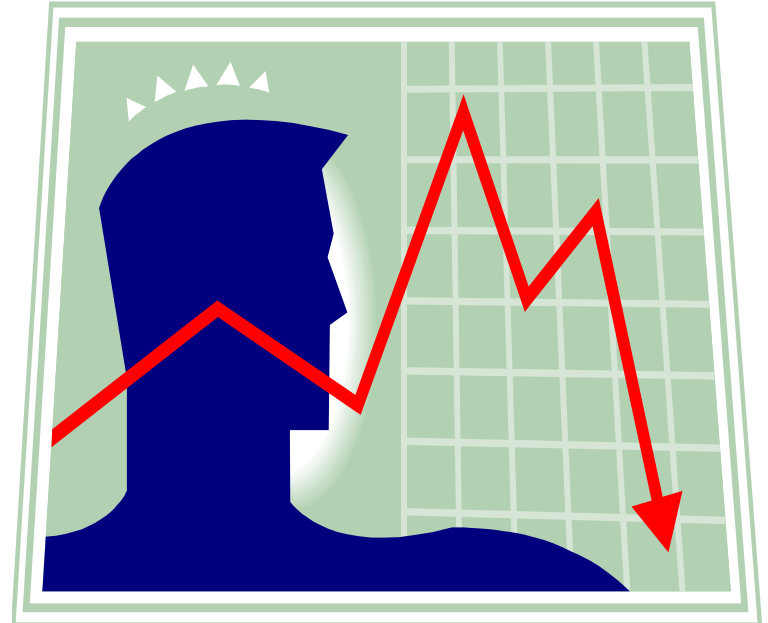
At the beginning of his second term, George W. Bush sought to reform Social Security by providing “private savings accounts” for recipients, a plan that failed, in part, because critics successfully characterized the proposal as an effort to “privatize” Social Security.

Whereas politicians are reluctant to even talk about “reforming” or changing Social Security, the unpopularity of welfare policies led both Democrats and Republicans to champion reform in the 1980s and 1990s.

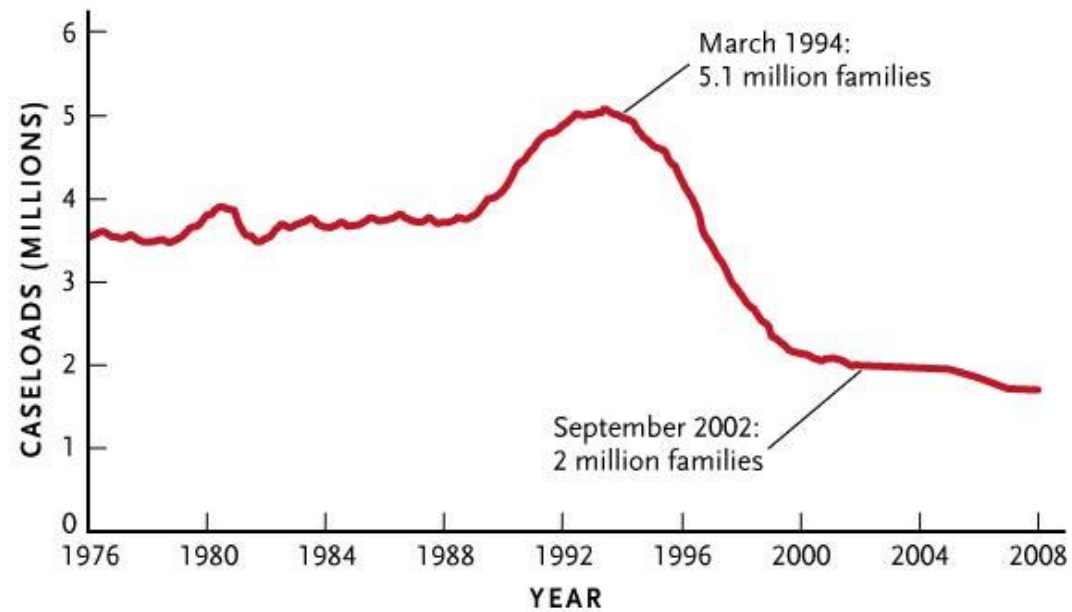
By the mid-1990s, Democrats and Republicans replaced AFDC with a program called Temporary Assistance to Needy Families (TANF).



**Temporary Assistance to
Needy Families (TANF)**
established guidelines aimed
at moving people from
welfare to work, significantly
decreasing the welfare
caseload in America.



Average Monthly AFDC/TANF Caseload

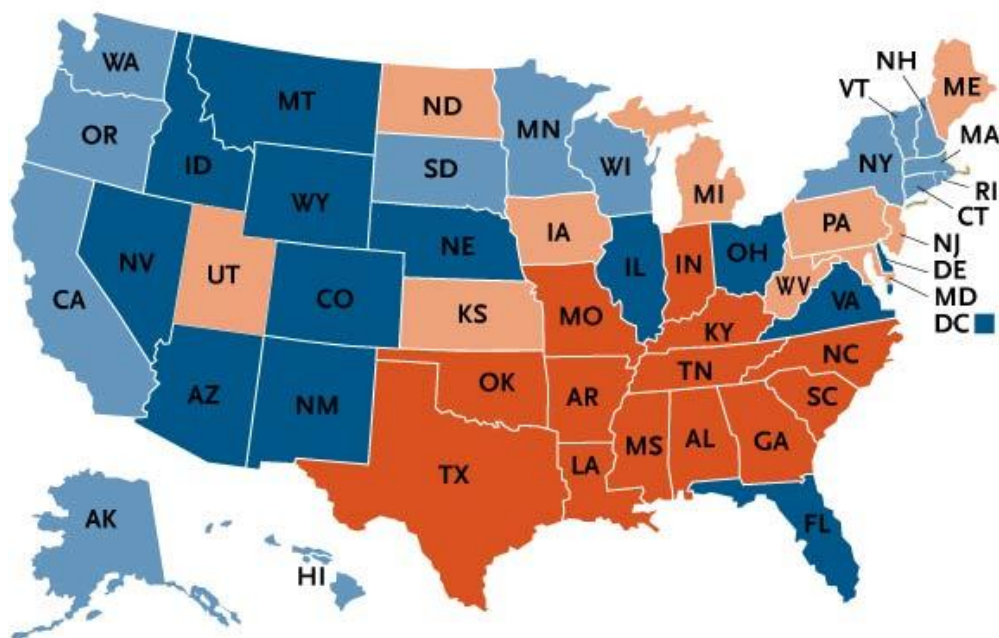




TANF also transferred the administration of welfare from the national government to the state level, where states could tailor their welfare policies to their own political values and particular needs.

Variations in State Spending on TANF Benefits

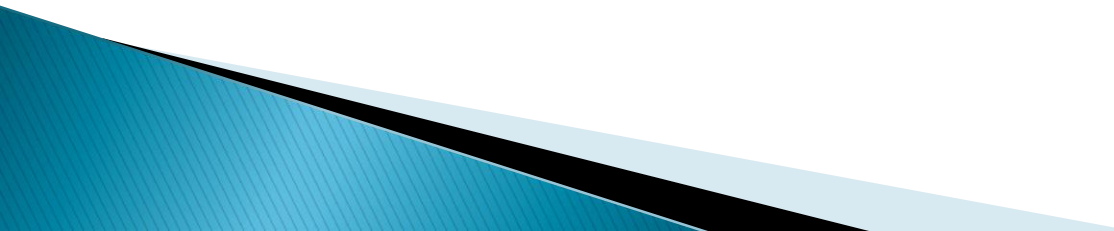
Below \$300 \$300 to \$399 \$400 to \$499 \$500 and above




Explaining the Small American State

Perhaps the most significant question in regard to American social policy is: What makes us so different or exceptional?

Why doesn't the United States have an administrative capacity in scope and size analogous to that of other democracies with similar economies?

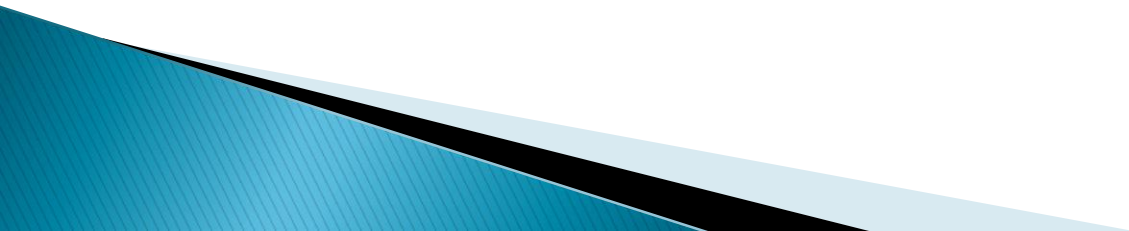




*The Policy Principle:
Political outcomes are
the products of
individual preferences
and institutional
procedures.*

Besides the cultural
explanation mentioned
earlier, American
institutions matter as well.

American political institutions mitigate the extent to which any changes in government philosophy and political attitudes will lead to policy change.



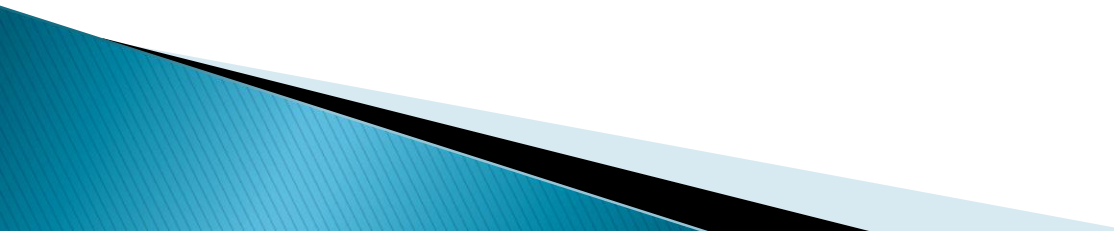
“The most common and durable source of factions has been the various and unequal distribution of property. Those who hold and those who are without property have ever formed distinct interests in society. Those who are creditors, and those who are debtors, fall under a like discrimination The regulation of these various and interfering interests forms the principal task of modern legislation.”

—James Madison,
Federalist 10

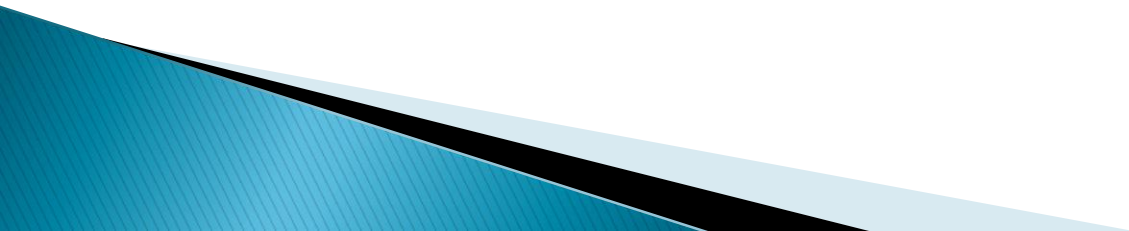


Aware of democracy's potential to be used to redress such economic imbalances, James Madison and other Founders established institutions and proliferated the factions in American society in efforts to temper social change.

For both better and worse, only overwhelming changes in culture and politics in regard to social policies will be able to overcome the institutional barriers posed by the separation of powers and federalism.



Additional Art for Chapter 15



ANALYZING THE EVIDENCE

The Social Security Crisis: Arguing From the Evidence

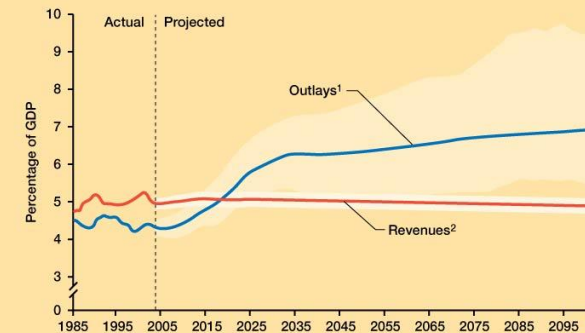
Policy advocates often present evidence designed to convince readers that a particular set of programs and policies is needed to deal with a problem or to avert some future disaster. One common form of evidence is the projection. In a projection, data are arrayed to indicate what is likely to happen in the future if present trends continue. Projections should be read cautiously. First, present trends do not always continue, and second, the same evidence can support a number of alternative policy recommendations—not simply the one offered by the particular advocate. Take the case of Social Security.

Since Franklin D. Roosevelt signed the Social Security Act into law in 1935, millions of Americans have come to depend on monthly Social Security checks as their chief source of retirement income. Benefits are based on the number of years an individual worked and the amount of income he or she earned prior to retirement. Individuals can retire as early as age 62 and be eligible for Social Security benefits. However, the amount they receive each month increases if they delay retirement for several years. In 2006, the U.S. Social Security program paid out more than \$500 billion in retirement, health care, and disability benefits. The Social Security program is funded through payroll taxes called FICA (after the Federal Insurance Contributions Act), which are collected through payroll withholding from nearly every wage earner in the United States and matched by their employers. At the present time, revenues collected by FICA exceed program expenditures by nearly \$50 billion per year. However, government projections indicate that by 2019 Social Security expenditures will exceed revenues and the system will gradually become unable to meet its obligations to retirees. Social Security, according to some analysts, will be “bankrupt,” relegating millions of retirees to a state of poverty.

These and similar projections of a Social Security crisis are often used to support plans for overhauling the nation's pension system, including a total or partial substitution of private retirement accounts for Social Security. Polls suggest that many Americans are concerned that there may be no pension for them when they retire.

The idea, however, that Social Security can go bankrupt is based on the mistaken assumption that Social Security is an insurance program whose revenues must exceed its expenditures. Social Security is actually a spending program funded by tax revenues. In that sense, it is the equivalent of the defense program, the farm program, or the space program. If tax revenues become inadequate to fund Social Security, Congress can increase taxes, cut spending, or shift money from other programs. Whatever projections may show, the Social Security Administration cannot land in bankruptcy court.

PROJECTED SOCIAL SECURITY OUTLAYS AND REVENUES UNDER CURRENT LAW, 1985–2103



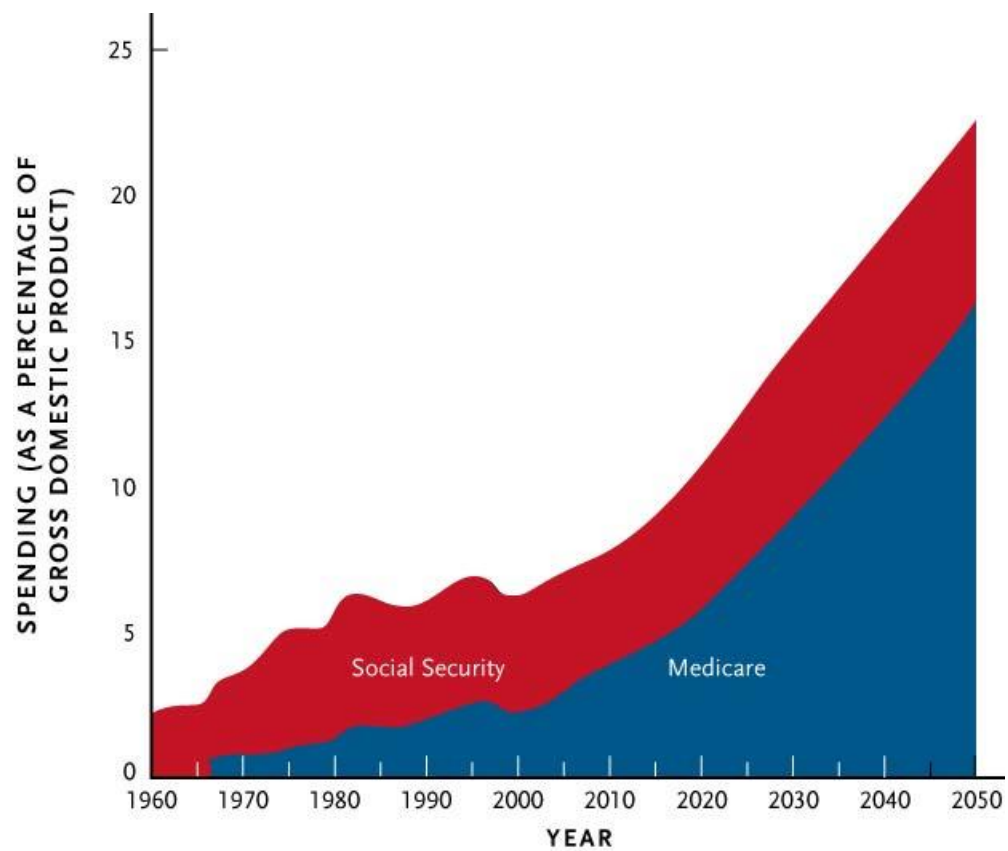
¹ Scheduled benefits and administrative costs.

² Payroll taxes and revenues from taxation of benefits.

Source: Congressional Budget Office, 2004

The red and blue lines indicate projections by the Congressional Budget Office (CBO) of expected outcomes. In these projections, annual Social Security outlays exceed revenues starting in 2019, and scheduled benefits cannot be paid beginning in 2053. Lighter areas indicate the 80 percent range of uncertainty around each projection. (In other words, there is a 10 percent chance that actual values will be above that range, a 10 percent chance they will be below it, and an 80 percent chance that they will fall within the range. These uncertainty ranges are based on a distribution of 500 simulations from CBO's long-term model.)

The Increasing Cost of Entitlement Programs



Growth of The Welfare System

Welfare	Education	Health and Housing
State Era (1789–1935)		
Private and local charity	Northwest Ordinance (1787, federal)	Local public health ordinances
State child labor laws	Local academies	
State unemployment and injury compensation	Local public schools	
State mothers' pensions	State compulsory-education laws	
	Morrill Act (1862) for land-grant colleges (federal)	
Federal Era (1935–present)		
Social Security (federal)	GI Bill of Rights	Public housing
Disability insurance	National Defense Education Act (1958)	Hospital construction
Volunteers in Service to America, Office of Economic Opportunity	Elementary and Secondary Education Act (1965)	School lunch program
Supplemental Security Income	School desegregation	Food Stamps
Cost-of-living adjustment (indexing)	Head Start	Medicare
		Medicaid

This concludes the presentation slides for Chapter 15: Social Policy

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