"Summary of by Frances Fox Piven and Richard Cloward: Poor Relief and the Dramaturgy of Work" in Frontier Issues in Economic Thought, Volume 5: The Political Economy of Inequality. Island Press: Washington DC, 2000. pp. 162-166

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The chapter summarized here argues that welfare provision responds to shifting motivations held by powerful interests. During economic crises the threat of civil unrest must be controlled, so welfare expands, offering more benefits to more people. Once the danger of unrest subsides an underlying problem reasserts itself: motivating a low-wage labor force.

In the first edition of their book, published in the wake of the urban riots and civil rights protests of the 1960s, the authors predicted that a campaign to regulate labor would overtake the need to regulate civil disorder. That campaign did indeed take place, intensified by changes in the nature and conditions of work. "The problem that thus lent special urgency to work-enforcing reforms in relief policy in the 19970s and 1980s was how to get people to accept lower wages, fewer benefits, and less job security." [346]

Labor Regulation

Empirical research supports the proposition that mass disorder influences welfare growth and offers some evidence that welfare growth mitigates civil unrest.   However, the moment of crisis is short-lived. Taxpayers resent rising welfare costs, but a deeper objection comes from employers' desire to discipline labor. Social programs protect potential workers from the need to take undesirable jobs, undermining the power of employers. Employers respond with a political agenda designed to cut benefits, restrict eligibility, and stigmatize welfare recipients.

The post-World-War-II economic boom, marked by rising profits, wages and living standards, peaked by the early 1970s. The U.S. industrial sector declined under competitive pressure from both developed and developing countries. Employment shifted from heavily unionized manufacturing industries to service sectors where many jobs offered low pay, few benefits and little job security. It is not necessary to resolve debates over causality to understand that labor regulation came to the forefront of the welfare agenda. "The salient point is that the peak of the welfare explosion in the early 1970s coincided with a growing crisis in the economy, and with the mounting of a campaign by business to solve its problems of profitability by forcing workers to take less." [348]

Other industrial countries faced similar pressures but many promoted investment, innovation and retraining workers. For a time these strategies - enabled by strong unions, left political parties and income support programs - upheld profits, wages and stable class relations. In the U.S., corporate and government elites preferred plant closings, speculation, leveraged buyouts and mergers. The Reagan administration reduced taxes on corporations and the wealthy and gutted programs that protected the environment and workers' health and safety.

A major part of the campaign to restore profitability was an assault on labor costs. "The threat of plant closings accompanied by capital flight struck fear in the hearts of workers." [350] Union-busting, violations of fair labor practices, and replacement, or threats to replace, striking workers diminished the power of the labor movement. Union membership fell and contracts contained many concessions and few gains. Permanent jobs were cut, real wages declined, health and pension benefits shrank, and part-time, temporary and subcontract workers increased. Real hourly wages for non-supervisory personnel (81% of the workforce) fell 15% between 1973 and 1992. In 1990 18% of full-time year-round workers earned less than a poverty level income for a family of four, compared to 12% in 1979. The purchasing power of the minimum wage was 40% less in 1990 than in 1978.

Business interests objected to the redistribution of income through expansion of welfare in the 1960s. "However, we think the more fundamental reason for the attack on these programs is that social benefits strengthen workers in labor market bargaining." [354] This position follows from Marxist insights about the reserve army of labor: unemployed workers compete for work against the employed. Although unemployment rose in the 1960s and 1970s, wages did not fall. Many analysts concluded that expanding social programs insulated wages from the effects of rising unemployment. Broader coverage under social security, disability, AFDC and food stamp programs enabled many people to withdraw from the labor force, while generous unemployment insurance allowed unemployed workers to hold out for better jobs.

Popular support protected some programs like social security, but many faced drastic changes. Unemployment benefits were taxed for the first time and eligibility was curtailed. Cuts in job training programs threw 400,000 people into the labor market. Changes in eligibility rules and/or benefit schedules cut disability and food stamp programs. The expanding service sector, with many low-wage jobs held mostly by women and minorities, benefitted. "The resulting cut-backs in social programs ...made this new service proletariat all the more vulnerable to onerous working conditions. And restricted access to unemployment benefits or disability benefits or AFDC benefits intensified the fear of being fired which underlies employer power." [362]

The Reordered Class Structure

Altogether these changes in the structure of labor markets, taxes, and social programs produced a massive redistribution of income from poorer to wealthier segments of U.S. society. Inequality increased as both poverty and wealth grew. "Between 1977 and 1992, the poorest tenth lost 20% of its post-tax income. The top tenth gained 41%, the top 5% gained 60%, and the top 1% gained 136%." [363] The wealthiest 1% of families went from a 31% share of net private wealth to 37%. Poverty, after falling from 22% of the population in 1959 to 12% in 1977, rose again to 14% in 1991. But the official statistics underestimate actual poverty because the definition has not changed with changes in the expenditure share of necessities like food or housing. A more realistic poverty line would fall at 155% of the current one, $21,700 for a family of four, rather than $13,360. By this measure, 62.8 million people, or 26 % of the population, would have been in poverty in 1989 - twice as many people as shown by official count.

Justifying Labor Regulation

Along with restrictions on benefits and eligibility, welfare recipients were subjected to a relentless campaign of stigmatization. Politicians shifted attention on inequality away from deteriorating wages onto the nonworking poor. Mothers on AFDC, the majority of whom were black and Hispanic, were convenient scapegoats for white resentment of deteriorating economic conditions. In line with historical precedent, social commentators alleged that welfare fosters dependency, prolonging poverty rather than alleviating it. They failed to acknowledge that welfare expansion usually follows economic dislocation.

"At the same time...economic dislocations also produce widespread disorganization. They wipe out the resources on which social life is constructed....The costs of these market developments for people at the bottom thus go beyond material hardship to the rupture of ties to place, kin, and community, and to the fraying of cultural patterns which make coherent social and personal life possible." [369] Relief programs may mitigate hardship, but cannot by themselves repair the social ruptures or halt disorganizing processes. Welfare critics, however, equate social disorganization with welfare rather than with the underlying economic dislocation.

In the early 1970s welfare benefits became competitive with falling real wages; but soon AFDC payments eroded as well. The purchasing power of AFDC benefits fell 42% from 1970 to 1990 (27% from 1972 to1990 when combined with food stamps which maintained their value). Eligibility rules, which had become more inclusive during the 1960s, were rewritten in the Nixon era and state-level administrative procedures became more complicated - increasing the risk that benefits would be denied due to incomplete applications.

Welfare to Work

Programs to encourage welfare recipients to enter the workforce date to the 1960s, however, they were often expensive to administer rather than cost-saving . Work incentive programs supplemented wages (rather than deducting earnings from welfare grants). Workfare programs placed recipients in government or non-profit agencies to gain experience and earn their welfare grants. Other programs required recipients to look for work or acquire training.

Welfare to work programs have not been successful. High unemployment rates during the 1970s and 1980s meant there were not enough jobs for unskilled workers. Available jobs often did not pay enough to support a family. Many women lacked skills needed in the labor market. Welfare supplements were designed as a bridge to self-sufficiency, but poor working women combined welfare and earnings to support their families.

Irrational claims have been made that "work would transform family structure, community life, and the so-called 'culture of poverty.'" [392] Yet welfare reform alone could not alter the underlying conditions that reduced work opportunities for men or nor could it provide adequate socialization for poor children. Welfare mothers struggle to protect their children from the dangerous environment of urban poverty. One observer stated, “In many poor communities they are the only signatures on the social contract, the glue that keeps our communities from spinning out of control.” [393-4]

Both liberal and conservative politicians have taken up the campaign against dependency. Early in his presidency Bill Clinton proposed to limit welfare to two years. This focus on self-sufficiency has a hidden agenda. The degraded status of the welfare mother serves as a warning to others of a fate worse than even the most miserable job.