WHY IS THERE NO RIGHT TO EMPLOYMENT IN AMERICA?
LIBERAL LIMITS ON AMERICAN EMPLOYMENT POLICY,
1933-2000

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Acronyms

Acronyms in the Text
AAA ........ Agricultural Adjustment Act
ADC ........ Aid to Dependent Children
AFDC ...... Aid to Families with Dependent Children
BOB ........ Bureau of the Budget
BBA ........ Balanced Budget Act
CEA ........ Council of Economic Advisors
CES ........ Committee on Economic Security
CETA ...... Comprehensive Employment and Training Act
CWA ...... Civil Works Administration
DOL ........ Department of Labor
EA ........ Employment Act
EITC ...... Earned Income Tax Credit
FAP ........ Family Assistance Plan
FEA ........ Full Employment Act
FERA ...... Federal Emergency Relief Administration
HEW ...... Health, Education and Welfare
HHS ........ Health and Human Services
JTPA ...... Job Training Partnership Act
MDTA ...... Manpower Development and Training Act
NIRA .......... National Industrial Relations Act
NRPB .......... National Resources Planning Board
OAI .......... Old Age Insurance
OAA .......... Old Age Assistance
OBRA .......... Omnibus Budget Reconciliation Act
OEO .......... Office of Economic Opportunity
OMB .......... Office of Management and Budget
PRWORA .......... Personal Responsibility and Work Opportunity Reconciliation Act
PWA .......... Public Works Administration
SSA .......... Social Security Act
TANF .......... Temporary Aid to Needy Families
TJTC .......... Targeted Jobs Tax Credit
UI .......... Unemployment Insurance
WIN .......... Work Incentive Program
WOP .......... War on Poverty
WOTC .......... Work Opportunity Tax Credit
WIA .......... Workforce Investment Act
WPA .......... Works Progress Administration/Work Projects Administration

Acronyms in the Sources
BB .......... Bureau of the Budget
CEA .......... Council of Economic Advisors
EX FG .......... Executive Federal Government
EX LA .......... Executive Labor Files
EX LE .......... Executive Legislative Files
EX LE/FI .......... Executive Legislative/Finance Files
EX WE ...... Executive Welfare Files
FDRL ...... Franklin Delano Roosevelt Library
GRFL ...... Gerald Reginald Ford Library
HSTL ...... Harry S. Truman Library
JFKL ...... John Fitzgerald Kennedy Library
LBJL ...... Lyndon Baines Johnson Library
LBDC ...... Legislative Background Domestic Crisis
NARA ...... National Archives and Records Administration
NRPB ...... National Resources Planning Board
OF .......... Official File
OFWHA ...... Office Files of the White House Aides
PSF .......... President’s Secretary’s File
RG ........ Record Group
RMNL ...... Richard Milhous Nixon Library
RWRL ...... Ronald Wilson Reagan Library
SMOF ...... Staff Member and Office Files
SUL ........ Stanford University Library
WHCF ...... White House Central Files
WHSF ...... White House Special Files
WJCL ...... William Jefferson Clinton Library
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WHY IS THERE NO RIGHT TO EMPLOYMENT IN AMERICA?

LIBERAL LIMITS ON AMERICAN EMPLOYMENT POLICY, 1933-2000

Anaïs Miodek Bowring

Abstract

This project looks at American employment policy development between the 1930s and the 1990s and asks why government policies did not do more to ensure that there was enough employment for all would-be workers. I start with two key premises: first, that sufficient employment is essential to America’s economic goals, both at a national level and at an individual level; second, that in America, paid, private employment has long been a marker of social inclusion, which makes access to stable and secure work even more important. This means that the limited scope of employment policy – particularly the general lack of intervention to guarantee sufficient jobs – is puzzling. I follow a case study approach, analyzing employment policy in three periods: the New Deal, the Great Society, and the Reagan Revolution. Using extensive archival material I demonstrate that America’s liberal tradition has created an enduring constraint on employment policy: enshrining the responsibility to obtain work as individual rather than governmental and mandating that the government minimize its labor market intervention.

I break this liberal constraint down into two “currents” that pertain to employment. The first current – work-as-citizenship – establishes a tie between paid private employment and social citizenship, and further instructs that individuals must obtain such work for themselves. The second current – labor-market anti-statism – restricts federal intervention in the labor market, particularly restraining governmental efforts to create employment outside the private sector and impos-
ing additional conditions on the employment interventions the government can take.

Between the 1930s and 1990s there were periodic challenges to the currents’ boundary condition on employment policy. The elite level policy debates within the executive branch that embodied these challenges serve as my dissertation’s empirical sites of investigation. These challenges, resulting from both economic and political circumstances, resulted in a variety of policy adaptations that stretched the liberal currents’ limits, though the boundary condition itself remained intact. However, employment policy debates and outcomes in the 1980s-1990s also show that there is potential for work-as-citizenship to be leveraged as a basis for employment policies that ensure greater economic stability for all Americans.
For my mother, Eileen Faulkner,
and grandparents, Harriet and Wilkie Faulkner,
whose unconditional love and support will always hold me up.
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Beyond that, I am deeply indebted to my dissertation advisors, Michael Brown, Eva Bertram, and Dan Wirls, whose support and incisive engagement over the years has made the completion of this project possible. The consistently thoughtful and insightful critiques you gave me as I sorted out my evidence and claims added immeasurably to this work’s clarity and theoretical rigor, and I cannot thank you enough. But I’ll try anyway. I especially want to thank you, Michael, for encouraging me to take on liberalism’s contradictions, for your enthusiasm for discussing the ins and outs of both policy and ideology all along the way, and for helping me move back and forth between the big picture and the nitty gritty. Eva, thank you for your extremely thorough and always constructive comments, for helping me identify and articulate the essence of my argument, and for pushing me to always give competing arguments their due. Dan, I’m grateful for your positive and detailed feedback throughout and for being the first to tell me that
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Anais Miodek Bowring, 2015
Chapter 1

Introduction: Ideological Constraint in American Employment Policy

Supplying enough jobs is both vital to America’s economic security and a fundamental prerequisite for the pursuit of the American dream. The economic repercussions of insufficient employment resonate at the individual as well as the national level. When individuals are involuntarily without jobs, they cannot provide for themselves or their families. When the national unemployment rate rises, productivity and economic growth generally fall. Among political leaders there has been bi-partisan agreement that high levels of employment are an important indicator of national well-being. Poor economic and employment performance can negatively impact an incumbent president’s or party’s re-election bid. \(^1\)

Yet, America has a longstanding problem of insufficient employment. This has

been the case during both Republican and Democratic led presidential administra-
tions. Since the late 1930s the United States federal government has accepted
responsibility for ensuring economic stability and adequate employment, particu-
larly during downturns in the business cycle. However, American employment
policies have routinely failed to provide enough jobs to eliminate slack in the la-
bor market and, partly as a result of this, the quality of jobs has failed to provide
economic security for a significant number of workers. During the 20th-century,
aside from periods when the U.S. was engaged in war, substantial numbers of
Americans were unable to find work. Of course, there were even greater numbers
experiencing involuntary unemployment during serious economic downturns, in-
cluding the Great Depression, and shorter recessions between the 1960s and 1990s.
Figure 1.2: Civilian unemployment rate, 1948-2015 (monthly, seasonally adjusted).

Such unemployment obviously negatively affects those who are out of work, and it also decreases the country’s productive capacity.\textsuperscript{2}

In addition, certain types of employment do not convey economic security. Since the 1960s there has been steady growth in the proportion of jobs in the labor market that are characterized by low wages, insufficient work hours, and short-term employment, which prevents an additional segment of the population from experiencing economic security. Such jobs also contribute to underemployment, which describes people holding part-time jobs or multiple jobs, when they would prefer to work full-time or at one job.\textsuperscript{3}


Moreover, the problems that ensue from inadequate levels and types of employment are expanding because changes in the American labor market during the past few decades have been accompanied by steady increases in housing and education costs and changes in America’s social safety net. Thus, many factors contribute to greater economic insecurity among America’s workers and would-be workers: short and long-term unemployment, the proliferation of low wage service sector jobs with few benefits, the mounting proportion of families that rely on two incomes to meet their basic needs, and the rise in contingent rather than

\[4\] In addition to adding stress in terms of familial care-taking responsibilities, reliance on two incomes often means that any health problem or loss of a job can quickly deplete a family’s resources and threaten their access to housing and their general financial stability (Elizabeth Warren and Amelia Warren Tyagi, The Two-Income Trap: Why Middle-Class Mothers And
Given the myriad negative consequences of an underperforming labor market, why has the federal government not done more to ensure access to employment? Since the 1930s, the United States federal government has consistently backed away from committing to policies – such as public jobs programs – that would ensure sufficient employment such that all slack in the labor market was eliminated. In fact, the most striking and enduring feature of American employment policy, over time, is what it lacks. There is no right to a job in America, and no guarantee that a having a job will lead to economic security.

The absence of a government entitlement to employment has deep political implications, given the relationship between employment and social and political inclusion in America. Historically, employment has been important in America not just for its economic function but also because work serves as a marker of social status or standing. Those who earn are seen as worthy citizens and their value has long been recognized through political inclusion and public policy provision. Those who do not work, or who perform unpaid labor (such as domestic or familial care-taking work) have been accorded less esteem and fewer public policy benefits. In this context, involuntary unemployment is a serious threat. Yet, during the 20th-century, American employment policy designed to ameliorate unemployment and employment-related insecurity relied on minimal labor market intervention

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and relatively low levels of spending on employment programs. Proposals to establish a permanent public jobs program and a positive right to work were consistently defeated. The U.S. is something of an outlier in this respect. Most comparable advanced, industrialized countries spend more, have much more active and involved employment policies, and provide economic security benefits to all citizens regardless of whether or not they work.\footnote{Gary Mucciaroni, \textit{The Political Failure of Employment Policy, 1945-1982} (Pittsburgh, PA: University of Pittsburgh Press, 1990), p. 215; Stone, \textit{From Widgets to Digits}, p. 245.}

These, then are the central questions in this work: \textit{What explains the apparent disconnect between the value placed on work and the lack of policies to support access to employment? More specifically, why have Americans historically linked work to status but resisted a right to employment?}

My answer to these questions is that the liberal tradition in America has shaped our understandings of and policies toward work, citizenship, and governmental responsibility.\footnote{In this work I will use \textit{liberal and liberalism} to refer to the political philosophy that derives from theorists such as John Locke, rather than the set of political ideas associated with the political left or the American Democratic party.} More specifically, two elements within the American liberal tradition construct limits around acceptable employment policy: one which connects paid, private sector employment with social standing, and another which conceptualizes the labor market and the government as necessarily separate entities. These two aspects of the American liberal tradition, referred to here as liberal or ideological “currents,” work together to mandate that employment is an individual responsibility that government intervention, particularly in the form of public jobs programs and an entitlement to employment, threatens to disrupt. The work that counts is paid, private sector employment obtained by individuals. Since public jobs programs, a government income guarantee, and an employment entitlement all fall outside those parameters, they arouse considerable political
opposition when proposed, and a strong backlash when implemented (as in the case of public jobs programs). Thus, the contradiction implied by the valorization of employment alongside resistance to government policies guaranteeing employment, simply has not historically registered in discourse on American employment policy. This means, though, that there is yet unrealized potential for the relationship between work and social standing to serve as a rationale for policies ensuring access to employment, and furthermore as justification for policies ensuring that employment enable workers to rise out of poverty and into the middle-class. Tapping this potential would require a substantial shift in the existing limits on employment policy, which the record of employment policy development during the 20th-century suggests would be extremely difficult.

A close look at the intersection between ideology and employment policy provides new insights into the historical trajectory of American employment policy. Ideology has never been the main focus of scholarship on U.S. employment policy. This oversight hides from view how elements in the American liberal tradition have served as a consistent constraint or “boundary condition” on U.S. employment policy, limiting both the terms of political debate and the employment policies implemented from the New Deal to the Reagan Revolution. Only by looking specifically and closely at ideology is it possible to see how and understand why the varied forms of U.S. employment policy during this period were consistently constrained.

This pattern of constraint is visible in employment policy developments be-

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9 In his seminal work on the liberal conflict that grounded the political debate over slavery in the U.S. leading up to and during the Civil War, J. David Greenstone argues that ideology, or “shared values,” can serve as “boundary conditions,” in politics, rather than simply as causal factors. This concept will be more fully explored and elucidated in my theoretical framework (The Lincoln Persuasion: Remaking American Liberalism (Princeton, New Jersey: Princeton University Press, 1993), p. xxvii.).
between the 1930s and the 1990s, and characterizes both Democratic and Republican responses to rising unemployment during economic downturns, or to persistent unemployment during times of greater prosperity. I demonstrate that the boundary constraint around American employment policy in the 20th-century consisted of several major elements, including:

1. solely relying on economic stabilization policies, such as monetary and fiscal measures that reinforce the labor market’s demand and supply mechanisms, but ignoring policies that would substantially alter the labor market;
2. an aversion to public jobs programs, except as an emergency expedient;
3. a related aversion to a positive right to employment;
4. the preference for time-limited unemployment insurance and job training programs over public jobs programs;
5. a programmatic bias favoring workers with skills and established work histories over those with fewer skills and less labor market attachment; and
6. the general exclusion of underemployment and wage stagnation as grounds for government intervention.

The years between the New Deal and the Reagan Revolution also brought periodic challenges to the liberal boundary constraint around employment policy. The elite level policy debates within the executive branch that embodied these challenges serve as this work’s empirical sites of investigation. These challenges arose from both exogenous and endogenous factors, and resulted in a variety of policy adaptations that stretched the liberal currents, though the boundary condition itself remained intact. I focus on presidential administrations because as unemployment became and remained a salient barometer for national economic health over the time period in question, presidents have been forced to confront
and respond to economic conditions, and were held accountable for the economy even when the executive branch’s influence was limited. This also means that presidential administrations were often in a unique position to spearhead or block national employment policy proposals. There are, therefore, essential insights to be gained from analyzing presidential decision making around employment policy. Though the analysis in this dissertation will largely focus on the discussion within the executive branch among each president’s key domestic policy advisors, the influence of other important policymaking actors, including members of Congress, periodically figures in as well.

The remainder of this introductory chapter is divided into two parts. First, I will present a theoretical framework that delineates my approach to ideas and ideology and shows how the liberal tradition in America constrains employment policy. Then, I will provide a brief overview of the four remaining chapters. The first of these is a methodology chapter that compares the ideological framework specified here with other approaches to U.S. state building and employment policy. This is followed by three policy chapters focused on employment policies from the New Deal, the Great Society, and the Reagan Revolution. Each of these policy chapters focuses on employment policy debates within various presidential administrations. These debates demonstrate how the American liberal tradition functioned to constrain policy development, how it was instantiated through policy, and how it proved itself adaptable to the changing economic and political landscape.
Theoretical Framework

In this study I contend that ideas (broadly construed) matter in policy and political analysis. More specifically, ideology matters because it creates a boundary condition that shapes policymakers’ understanding of political and policy issues, affecting their interactions with political institutions and interests. Before moving into the details either of how ideology constrains politics, or how the American liberal tradition constrains employment policy, it is important to consider what constitutes a strong ideational analysis, and to define all relevant terms and concepts.

Randall Hansen and Desmond King posit that in order for ideas to meaningfully add to political analysis, three concrete things must be demonstrated: first the presence or existence of ideas or ideology, second “an observable correlation between these ideas and selected public policies,” and finally, a mechanism that explains how these ideas impact politics.

In making the case for recognizing ideas as causal factors in politics, Sheri Berman offers a slightly different set of criteria: first that various political actors hold discernibly different ideas with clear policy implications, second that there is a plausible connection between those differences and political decisions, third that the ideas in question existed before the particular political debate in question, and fourth that the ideas cannot simply be reduced to another variable. Berman is avowedly less interested in ideology than in what she calls “programmatic ideas.” Since ideology is so broad, she argues it can be difficult to attribute any particular political outcome to it. This is an important caution about using ideology in

political analysis, but not an insurmountable obstacle. If ideology is seen as a constraint on policy choices, instead of an immediate causal variable, it is possible to trace its impact on policy decisions, without excluding other relevant factors. Berman’s push for specificity is useful; her discussion of idea “carriers,” or those who bring ideas into politics provides one clear way of linking ideas with political actors.\footnote{Sheri Berman, The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe (Cambridge, Massachusetts: Harvard University Press, 1998), pp. 20-22, 25.}

Marie Gottschalk also uses the concept of idea carriers, which she describes as a people who help to achieve “a ‘fit’ between the idea and the environment into which it emerges.” This usually means that idea carriers “present a selective picture of the political and economic situation,” and may downplay or disregard information that does not help their cause.\footnote{Marie Gottschalk, The Shadow Welfare State: Labor, Business, and the Politics of Health Care in the United States (Ithaca: Cornell University Press, 2000), pp. 8-9.} As the policy case studies will show, such selective use and disregard for information is also an important marker of ideological influence.

As these authors make clear, successfully advancing an ideological argument requires specificity and precision. In order to show how liberal ideology limits American employment policy I begin by defining what I mean by ideology. I distinguish ideology from the general category of “ideas,” where ideas are understood as tools that political actors can purposively or instrumentally use to achieve specific goals. This is necessary because subsequent steps (establishing a match between ideology and policy, and articulating the mechanism through which ideology is creating that match), require a model in which ideology is more than a restatement of political interests. This can be a weak link in ideological arguments, meaning that they do not meet Berman’s requirement that ideas cannot
be essentially a restatement of some other factor. However, by starting with a culturally grounded understanding of ideology it is possible to see how ideology provides basic ontological frames and modes of discourse that shape the terms of policy debate and thus limit policy choices.

In the case under consideration here, the specific ideology is an American version of liberalism that contains two intersecting elements, which in combination, constitute a boundary condition for employment policy. Briefly, those two strands or “currents” of American liberalism are a conception of citizenship linked with private sector employment and an anti-statist bias regarding the labor market particularly restricting an entitlement to employment. The influence of these two liberal ideas does not mean that political actors had no choices, or that alternatives were not proposed. Rather, those “carrying” employment policy proposals that more closely aligned with the two currents had greater success in creating Gottschalk’s “fit,” precisely because the underlying ideas already permeated the environment.

The remainder of this section will examine the theoretical basis for studying politics through the lens of ideas, ideology, and ideological currents; provide background on American liberalism as a boundary condition; lay out the historical basis for the two liberal currents that limit employment policy in America; and outline the differences between ideological boundary conditions and partisan ideology.

**Ideas, Ideology, and Ideological Currents**

Ideology is often depicted as: a nebulous and unquantifiable force in politics; the deterministic result of particular materialist processes; a rationale for extremism;
or an expression of partisan sentiment. These are not the only ways of seeing ideology. Instead, following Clifford Geertz, ideology is understood here as a cultural construct that seeks to make sense of the world, in order to “make an autonomous politics possible.” Geertz defines his cultural approach in large part by contrasting it with two other models of ideology: interest theory and strain theory. Interest theory suggests that ideology is a manifestation of political actors’ material calculations of their own advantage. Strain theory contends that ideology arises as a result of the conflict that arises between competing views on social roles and the obligations of individuals and groups. Geertz’s main critique is that neither strain nor interest theory includes semiotics, the study of how signs and symbols are socially created and imbued with meaning. In making his case that systems of meaning-making, which are deeply rooted in culture, are fundamental to understanding how and why ideologies are formed and persist, Geertz provides a specific definition of ideology that distinguishes it from ideas. In Geertz’s formulation, ideas are a narrower category of concepts that can be used by political actors as tools. His approach also allows for both conflict and change within an ideological system. All of these elements of ideology - its connection to politics, its cultural construction, its differentiation from ideas, and its capacity for conflict and change - are essential to analyzing ideology’s impact on the course of U.S. employment policy.

According to Geertz, interest theory sees ideology as the product of individuals’ and groups’ “rational calculation of their consciously recognized personal advantage” as it intersects with their “social commitments.” The strength of interest theory is that it “welded political speculation to political combat by pointing out

that ideas are weapons and that an excellent way to institutionalize a particular view of reality—that of one's group, class, or party—is to capture political power and enforce it.” But Geertz also sees this as interest theory’s main weakness. Interest theory casts ideology as a tool or instrument, which limits its analysis of ideology to how actors self-consciously deploy it in order to achieve political power. For Geertz, such a view necessarily obscures the “role that ideologies play in defining (or obscuring) social categories, stabilizing (or upsetting) social expectations, maintaining (or undermining) social norms, strengthening (or weakening) social consensus, relieving (or exacerbating) social tensions.”

Though Geertz does not wholly rule out the possibility that ideology might serve as a tool of political power, it is clear that analyzing ideology as part of a process of social construction requires a more complex framework than interest theory’s model of ideology as a tool or weapon.

Strain theory offers a more nuanced definition for ideology than interest theory. Geertz notes that strain theory casts ideology as the result of the inherent conflict between different norms in social sectors like “the economy, the polity, the family,” and the effects of that friction on individuals at a psychological level. Geertz views strain theory as a partial improvement on interest theory. It more fully develops the “motivational background and the social structural context” that undergird competing interests, or as strain theory sees it, “the chronic malintegration of society,” and identifies mechanisms that ideology provides for resolving, or at
least recharacterizing, that conflict. However, Geertz argues that strain theory is better for connecting social and psychological processes to the construction of ideologies than for explaining either the content of particular ideological views or the social and political consequences of ideological expression.  

This is in part because strain theory, like interest theory, fails to fully incorporate semiotics into its interrogation of ideology. Geertz posits that it is impossible to explain how ideology forms and operates in social systems without looking at how meaning is constructed through culturally specific signs and symbols. In other words, cultural reference points mediate how interests are constructed, and how strain is translated into particular views or values that people can understand and debate. Essentially, culture forms ideology’s foundation. Ideology does not just mirror or magnify culture, though. Instead, adding another dimension to strain theory, Geertz sees ideology as an attempt to generate meaning out of cultural, social, and psychological conflict. Or, as he puts it in relation to politics, “It is when neither a society’s most general cultural orientations nor its most down-to-earth, ‘pragmatic’ ones suffice any longer to provide an adequate image of political process that ideologies begin to become crucial as sources of sociopolitical meanings and attitudes.” Geertz asserts that it is because of this layered process of meaning-making that ideologies can be quite hard to dislodge. It is “the attempt of ideologies to render otherwise incomprehensible social situations meaningful, to so construe them as to make it possible to act purposefully within them, that accounts for...the intensity with which, once accepted, they are held.”

It is important to note that in Geertz’ formulation, ideology functions to permit purposive action, which is quite different from ideology serving as the substance

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15 Geertz, “Ideology as a Cultural System,” pp. 53-56.
16 Geertz, “Ideology as a Cultural System,” pp. 57-64.
of purposive action. In other words, ideology is not merely a tool, it is helping
to direct the usage of political tools. To employ an illustrative metaphor, in the
former case, ideology can be thought of as the playing field of a game, and in the
latter case, as the course of the ball that is the central object of the game. Both
are important to the game, but in different ways. Agreeing upon the starting
conditions such as the size and layout of the field determines the ability to play
and is fairly constant over numerous games.\textsuperscript{17} By contrast, the path of the ball
in a particular game is more directly determined by the players, and so varies
greatly from game to game. If ideology is seen as nothing but the product of
political actors’ agency, the ability to look at the framework created by the field,
or the framework created by the supposedly impartial rules of the game, is greatly
diminished. So, building on Geertz’ framework, I argue that it is useful to see
ideas and ideology as functionally separate. This is an important, though not
a foregone, distinction. In some sense, and in much of the literature on ideas
in political analysis, ideology is a subset of the larger category of ideas.\textsuperscript{18} For
the following analysis, however, “ideas” will refer to the more limiting category
of tools that actors purposively use and meld to help them achieve their political
and social goals. By contrast, ideology will refer to the meaning-making process
or ontological context that actors’ ideas and goals derive from, fit into, and hope
to shape.

Seeing ideology as a cultural system, even one that is “intensely held,” does
not mean that it is impervious to change. Geertz allows that new ideologies can

\textsuperscript{17} It is worth noting that the physical conditions of the playing field can also profoundly affect
whether one side has an advantage over the other. For example, whether the playing field is level
or not has an important impact on the relative standing of the players or teams. If unevenness
in the playing field goes unnoticed, or noticed but uncorrected, that can affect the course of all
games played on that field.

\textsuperscript{18} Daniel Béland and Robert Henry Cox, Ideas and Politics in Social Science Research (Oxford
be created when basic understandings are challenged, often in the midst of social upheaval, and new efforts at making sense of the world are undertaken. Sometimes, rather than wholesale replacement, such changes cause existing ideologies to shift and adapt as they let in some new conceptions. Not all changes in material conditions lead to ideological change, though. As I pointed out above, an ideological system can remain salient even when social, economic, or political conditions change, because of its deep connection with culture and meaning.

My use of ideology to analyze employment policies builds on Geertz’s foundation, but differs in an important respect as well. The basic unit of ideological analysis here is not a whole ideological system, but rather discrete elements within American liberalism related to employment that I am calling “ideological currents.” Like a current in a river, an ideological current is a constituent part of an ideological system, helping to direct the overall flow of meaning-making by providing ways of thinking about particular issues, policies, and features of social and political organization. As such, ideological currents can be seen as constitutive parts of an ideological system, similarly grounded in culture and tightly held, but, like the larger system, not incapable of change. In addition, because there are multiple currents within an ideological system, there is potential for both overlap and conflict as the various currents create and reinforce meaning in their particular areas.

Others have addressed the concept of ideological currents. For example, Franz Schurmann, in his story of the origins of the Vietnam War, conceptualizes ideological currents as forces in the political process, but there are several noteworthy distinctions between my usage and his. He asserts that ideological currents are a key part of politics that adept leaders can use to garner support for their policy

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19 Geertz, “Ideology as a Cultural System,” pp. 64, 67.
agenda: “When challenged to make innovative policy, the leader senses certain currents of thought, feeling, and aspiration which are commonly held by most or all of the members of the constituency.” However, Schurmann focuses on ideological currents that are both highly visible and wielded consciously by political actors and their constituents. By contrast, the emphasis in this work is on ideological currents which reside somewhat below the surface, taken so much for granted by policymakers as well as the general public that although they can be discerned in political discourse and rhetoric, they do not generally appear in the “slogans,” or “incantations” that Schurmann describes. The two liberal currents I identify, the American relationship between work and social citizenship and the restriction on government intervention in the labor market, are not simply manifested in respective catchphrases bandied about by savvy politicians. Nonetheless, they have shaped a shifting array of employment policies while precluding other policies that drew on conflicting ideological frameworks. Despite this divergence from Schurmann, I share his conclusion that ideological currents are symbolic representations of “larger and more complex political [outlooks].”

As such, it is fitting to turn now to the liberal ideological framework that grounds the currents central to employment policy, namely the importance of paid private employment and the prohibition on a government employment entitlement.

**Liberal Conflict in America as a Boundary Condition**

One of my central claim’s is that ideology is an integral element of the political process, and one of my more specific claims is that a particular set of liberal ideological currents in America consistently limited employment policy in the 20th-

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century. Getting from the broad claim to the specific claim entails establishing the liberal nature of American ideology, as well as an exposition of how ideology or ideological currents can function as a “boundary condition.” In their works on American ideology, Louis Hartz and J. David Greenstone assert that the U.S. is predominantly liberal and they explore how that liberalism has impacted political debate and development. They provide useful historical examples paired with congruent, though not identical, conceptual models of how ideology works in politics. Hartz argues that the U.S. is a prime example of a single ideology - the liberal tradition - dominating the social-political system despite the many changes wrought by centuries of social and political development.\footnote{Louis Hartz, \textit{The Liberal Tradition in America: An Interpretation of American Political Thought Since the Revolution} (San Diego: A Harvest Book, Harcourt Brace & Company, 1955/1991).} Greenstone accepts Hartz’s basic premise about liberalism’s preeminence in the U.S., but expands on it to explore discordant strains within American liberal thought over the issue of slavery.\footnote{Greenstone, \textit{The Lincoln Persuasion}, pp. 6, 35.}

Pairing Greenstone’s approach with Hartz’s for the present analysis is helpful for several reasons. First, though conflict and contradiction are present in Hartz’s analysis, his argument is based more on explaining continuity in the liberal tradition. Whereas for Greenstone, conflict within American liberalism is the specific focus. Drawing on both authors’ works allows for a model grounded in both continuity and conflict, which is essential to the historical trajectory of American employment policy. Second, it is Greenstone’s explicit theoretical proposition that ideology can serve as a boundary condition in politics by limiting the parameters of debate, even given dissension within the ideological system. This proposition actually strengthens Hartz’s underlying argument about America’s liberal tradi-
tion. To begin with, the continuity that Hartz points to can be seen as evidence of American liberalism acting as an ideological constraint. In addition, Greenstone’s conflict-oriented depiction of American liberalism counters critiques leveled against Hartz’s work that argue that other ideological traditions in America provide the basis for political contention. Given the centrality of liberal ideology to their larger claims, it is important to delineate liberalism’s principal features before turning to how Hartz and Greenstone characterize liberalism in America, and fit it into their theoretical discussion.

Most theorists agree that John Locke (1632-1704) was a progenitor of liberal ideology. Writing from within a Judeo-Christian religious context in his *Second Treatise of Government*, Locke categorically denies the existence of a “law of nature” or “positive law of God” that gave Adam “dominion over the world,” and argues that “the rulers now on earth” cannot therefore trace the source of their “authority” or “power” to a divine right passed down from Adam and his descendants. Locke’s refutation of divine law as the basis for political power in favor of a system of natural rights leads him to declare that in the “state of nature” individuals possess both “perfect freedom” to order their actions and dispose of their possessions and persons, as they think fit” and “equality, wherein all the power and jurisdiction is reciprocal.” Given this shared freedom, Locke states that the most basic right, that of holding property beyond one’s own person, is created through personal labor. It is only on the foundation of freedom, equality, and a right to protect the property acquired by their labor, that individuals can give the necessary consent to form a political society.

Although Locke’s reasoning about what legitimates a political system derives

from his exposition of the natural state of individual freedom, it is worth noting that he states repeatedly that it is only “where every one of the members hath quitted this natural power” in favor of the “community” or “common-wealth” that a “political, or civil society” can be formed. This means that by the mutual agreement of individuals, the political society supplants some of these individual rights and freedoms in the name of “the public good of the society.” One of Locke’s purposes therein is to expose the incompatibility of “absolute monarchy” with such a contractual system of government among equals. However, this tension between individuals’ natural rights and the power of a legislative body to limit that freedom, even in a political society of equals, had specific consequences in the American political context. Namely, the friction between individuals’ and government’s rights is the source of American ‘anti-statist’ concerns that the government, if left unchecked, will unduly infringe on individual freedoms. Furthermore as both Hartz and Greenstone acknowledge, the deep connection between personal labor and political expression, and the American conception that there is an inverse relationship between individual freedom and government power have worked to weaken the emphasis on and position of equality in the American political and social landscape.

Louis Hartz’s depiction of American liberalism builds on Geertz’s conception of ideology as a cultural system, since Hartz was deeply interested in the cultural and historical context in which America’s liberal tradition began and evolved. Hartz says he uses liberalism in the “classic Lockean sense,” so we can assume he is referring to a social-political structure built on the principles of natural individual rights that include liberty and property through labor, and a government

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established by consensual contract, rather than by divine right. However, Hartz claims that liberalism followed a different course in America than it did in Europe because in America there was no history of government based around a divinely ordained monarchy and aristocracy. Thus, American liberalism lacks a revolutionary tradition, and is indifferent to socialism because it never had to counteract a feudal tradition. The absence of feudalism serves as a barrier to class ideology, because society in America was never as definitively divided into noble and peasant classes. The lack of feudalism also undermines the ideological basis for a strong central parliamentary government, which in Europe balanced the institutional legacies of feudal sovereignty and safeguarded against the perpetual threat of its return. Absent that history, in America the perceived threat of state abuse of power led to institutional divisions between the federal government and state governments and apportionment of federal power between the executive, legislative, and judicial branches. Hartz also maintains that the American version of liberalism has focused much more on limiting the government, based on the view that government intervention comes at the cost of individual freedoms, instead of the more European view that government intervention is necessary to help ensure and preserve individual freedoms. Perhaps most importantly, as a settler society far removed from its colonial origins, America’s liberalism is tightly bound up with national identity, making it more impervious to fundamental change. Instead, the nation’s inhabitants, politicians and public alike, Republicans and Democrats alike, strive for political conformity. Ironically, this conformitarian urge flies in the face of basic liberal concepts like equality and freedom.

In characterizing America as fundamentally and singularly liberal, Hartz opens

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himself up to a number of critiques including accusations that he overstates the liberal consensus, misrepresents America’s distinctiveness from Europe, and indefensibly positions ideology as the sole causal factor in political development.

Though these critiques bring up valid and important points, none of them provide sufficient grounds for invalidating Hartz’s framework.

The first critique is that Hartz was wrong about the existence of a liberal consensus. This can take several forms. One such iteration is that Hartz was unduly influenced by the Cold War era’s extreme rejection of socialism and communism, and exaggerated the absence of conflict and change in American politics and in its ideological tradition. Some analyses focused on American political conflict and change, such as V. O. Key’s work on party and electoral politics challenge Hartz’s view of America as politically static. Key asserts that there have been important shifts in American politics, particularly evidenced by electoral swings between political parties espousing alternative political agendas. Others instead

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strive to refine rather than replace Hartz’s paradigm. Walter Dean Burnham uses Key’s insight about pivotal elections in combination with the liberal consensus to advance a theory of periodic political regime change or “critical realignment” in the political system that does not alter the nation’s fundamental liberalism. These realignments are the American way of responding to transforming socioeconomic conditions without undergoing a full reimagining of “bourgeois individualism.” Though Burnham is much more explicitly focused than Hartz on change in the political system, the developmental model he proposes is one in which change is still limited to the liberal framework.

Another form of the anti-consensus critique claims that America’s political and ideological tradition is not strictly liberal at all. Scholars advancing this view offer a range of alternatives, including seeing American ideology as religious not just liberal, as republican rather than liberal, as both republican and liberal, as represented by multiple ideological traditions. James A. Morone and H. Mark Roelofs portray American ideology as deeply rooted in the religion of its early settlers. For Morone this means that puritanism rather than liberalism was the basis of the founding political culture, and responsible for many of the irrational convictions that Hartz ascribed to liberalism, while Roelofs argues that American individualism had a protestant not just a liberal antecedent. Gordon Wood and J. G. A. Pocock claim America is fundamentally republican not liberal, and characterize republican ideology as centered on three main values: distrust of absolute

power because of its inherent corruption; belief in *virtu* or virtue, the requirement of self-sacrifice for the good of the group or society; and aspiration to a type of equality stemming from an absence of social distinctions except those earned by merit.\(^{33}\) This attention to republicanism opened up new avenues for debate about America’s ideological character. Isaac Kramnick advocates for recognizing a synthesis of liberal and republican ideology in America.\(^{34}\)

Others, including Rogers M. Smith and Richard Iton argue that there is yet another ideological thread in America, one responsible for many of the apparent contradictions between ideals of equality and realities of sharp inequality: ascriptive- tivism based on race and gender. Smith asserts the American political landscape was shaped by liberalism and republicanism but also by “inegalitarian ideologies and institutions of ascriptive hierarchy” that harmed non-whites and women.\(^{35}\) Though Iton and Smith are right to draw attention to this apparent inconsistency in liberalism’s commitment to individual freedom, there are competing explanations for the existence and passionate defense of race-based slavery and gender inequality in an otherwise ‘liberal’ system. Scholars including J. David Greenstone and Judith N. Shklar see the unequal categories imposed on various groups in America as either compatible with, or actually essential to, the liberal conceptions of liberty and citizenship.\(^{36}\) Others, like W. E. B. Du Bois and Gretchen Ritter, writing about American politics but not specifically about liberalism, argue that freedom is defined by un-freedom – that restricting access for some was


an inherent part of delineating rights for others.\footnote{37}

More generally, those who argue that the American ideological landscape was and is more varied than Hartz allows for actually flatten Hartz’s work, since he acknowledges both ambiguity and contradiction under the basic liberal umbrella. Hartz clearly draws attention to discord within America’s liberalism:

So far I have spoken of natural liberalism as a psychological whole, embracing the nation and inspiring unanimous decisions. We must not assume, however, that this is to obscure or to minimize the the nature of the internal conflicts which have characterized American political life.

He later elaborates that American political thought “is a veritable maze of polar contradictions...pragmatism and absolutism, historicism and rationalism, optimism and pessimism, materialism and idealism, individualism and conformity.”\footnote{38} Nor is Hartz silent on the way that conflict within liberalism leads to inequality. He asserts that in America the liberal commitment to individual freedom is tempered with a “hidden conformatarian germ” that winds up restricting free expression and action. This push for uniformity derives from Locke’s idea that “natural law tells equal people equal things,” which when combined with nationalism, turned equality into a demand for unanimity in America. Since Hartz argues that “Freedom in the fullest sense implies both variety and equality,” this represents a key site of conflict within American liberalism.\footnote{39} Building on Hartz’s complex depiction of liberalism, I see aspects of both republicanism and ascriptivism fitting within


\footnote{38} Hartz, \textit{The Liberal Tradition in America}, pp. 14, 63.

\footnote{39} Hartz, \textit{The Liberal Tradition in America}, pp. 11, 57.
American liberalism, and the tension this creates mirrors the American liberal tradition’s valorization of employment alongside an aversion to a government right to work.

The second charge against Hartz, which is closely related to the consensus debate, is that Hartz overstated America’s exceptionalism as compared to Europe, especially the absence of a feudal tradition in America. Works by Sheldon S. Wolin, Karen Orren, and Linda S. Kerber have complicated Hartz’ claim that there was no feudalism in America, pointing to early American adoption of land tenure, class-based labor laws, and coverture’s paternalistic hierarchy as evidence of feudalism. However, according to Catherine A. Holland, “Hartz’s case for American exceptionalism both identifies a foundational fiction at work in America and is itself caught up in that fiction.” In other words, the conception that there was no feudalism, that America was not tied to a particular political past or set of political institutions, was just as important as the existence of some feudal structures. Without overstating America’s distinction, there are important differences in terms of the foundation and scope of social welfare and employment policies between the U.S. and otherwise comparable European nations that bolster Hartz’s focus on the political and ideological divergence on either side of the Atlantic.

A third line of attack against *The Liberal Tradition* is that ideology alone is

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unable to account for American political decision making, particularly changes in the nation’s politics and policy over time. This counter-argument sometimes takes the form of displacing ideology in favor of institutions as the causal factor in politics. This perspective has some inherent merit because at its heart, Hartz’s argument about liberalism is best at describing constraint exerted by the ideological framework in which American politics operates, rather than advancing a causal analysis. Yet, this is just as much reason to take Hartz’s contention about liberalism’s overarching influence seriously, and to look at how liberalism interacts with and restricts political institutions and interests that weigh in on or provide proximate causes for particular political developments. I will do this in the case study chapters of this work.

Nor is this a great stretch of Hartz’s work. Hartz himself acknowledges the shortcomings of mounting what he calls a “single factor” analysis,” though he argues that the lack of feudalism and the presence of liberalism can be seen as two separate factors, and furthermore explicitly states that he does not want to ascribe all historical developments to the nature of American liberalism. In addition, though these are not his terms, Hartz suggests that America’s lack of feudalism had both institutional as well as ideological dimensions and ramifications. The institutional and theoretical edifices of power under absolute monarchy prompted liberal thinkers and politicians in Europe to imbue the consensual government that replaced it with great power. By contrast, in America, the revolutionaries-turned-framers established numerous limits on “parliamentary sovereignty” because they already considered their society free, and had no need for a ‘legislator hero’ to free them.

42 Hartz, The Liberal Tradition in America, pp. 21-23, 44-46.
Thus, Hartz, in true Geertzian fashion, is not proposing that ideology exists or evolves separate from the cultural context it helps to justify and render meaningful. Rather, the two are intertwined and help constitute each other. So, for Hartz, American liberalism, though derived from Locke, was adapted to the particular social and cultural milieu that pertained in the American colonies and contains several basic sites of tension not otherwise necessarily present in liberalism. One is the absence of a revolutionary urge, which limits ideological positions to the left of liberalism. Another tension is between equality and variety or difference as basic tenets of individual freedom. And a third is the effort to curtail the central state’s power. As will be enumerated more fully below, all three of these characteristics of American liberalism play a part in linking conceptions of employment, unemployment, and underemployment to national employment policy.

J. David Greenstone accepts and elaborates on Hartz’s fundamental claim that America is liberal. Adding theoretical support to Hartz’s position, Greenstone explicitly positions ideology in his work and in Hartz’s as a boundary condition on political discourse and action rather than as a deterministic or causal factor. Greenstone contrasts causal analysis, which is primarily focused on change, with an analysis of meaning, which can explain enduring political cleavages despite changes within the political system. He argues that an analysis of meaning is needed to understand what generates and sustains political conflict and prompts divergent responses to political and social stimuli. For example, Greenstone shows that Abraham Lincoln and Stephen A. Douglas saw key political terms and con-

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43 Acknowledging but quickly moving beyond the debate about the role of republican ideology in America, Greenstone calls the prevailing ideology “republican liberalism,” which is centered on “institutional norms, together with the commitment of genus liberalism to consent, liberty, and property.” In other words, Greenstone sees republican thought as relevant to the construction of an American ideology, but fundamentally fitting within a larger liberal framework (Greenstone, *The Lincoln Persuasion*, p. 53).
cepts such as “Union” and “liberty” differently, which explains how both could use the terms to defend opposing sides of the slaveholding debate. According to Greenstone, when seen as a boundary or limiting condition, an ideological system is exerting influence on the political process, but there is no claim that ideology causes or prevents all the social and political developments that are either proposed or implemented. Clearly there are forces other than ideology that affect politics, forces both endogenous and exogenous to the political system. Ideology alone is not responsible for economic booms or busts, war and revolution, or even more prosaic events like the outcomes of particular democratic elections. Instead, ideology constructs parameters within which political thought and debate occurs, and serves to weaken proposals and policies that contravene its basic tenets.

Greenstone lays out three essential requirements for recognizing a boundary condition: it must provide an enduring constraint on political development; it must be expressed as both ideology and practice; and there must be identifiable “standards of correct performance,” that denote its operation.44

In Greenstone’s view, not only is liberalism a boundary condition in America, but it contains internal dissent: “American liberalism excludes nonliberal alternatives” but “it is nevertheless fundamentally divided, philosophically as well as politically.” He argues that in the 18th and 19th centuries, “humanist liberals” defined liberty in a negative manner and erected from that a defense of slavery as the exercise of slave-owners’ personal independence and private property rights. “Reform liberals” instead stressed liberty expressed through the “developed abilities of body and mind” and on that basis attacked slavery as restricting freedom.45 In Greenstone’s depiction, both slavery’s proponents and its opponents in

44 Greenstone, The Lincoln Persuasion, pp. 28-30, 41-44, 50 64.
America effectively drew on the liberal ideological framework as they constructed their positions on the issue. Thus Greenstone adds weight to Hartz’s argument that American liberalism is distinguished as much by conflict as by an enduring consensus.

Bringing together Geertz, Locke, Hartz, and Greenstone, it is clear that looking at ideology through the lens of history is paramount. Combining these authors’ ideas not only makes it possible to see how social, economic, and political events shaped American liberalism, but also how liberalism functioned as a constraint over time on political debate and development, despite its internal contradictions. In addition, this ability to see within a predominant ideological system, like American liberalism, the potential for dissenting views as well as the wholesale exclusion of incompatible views, creates a robust framework in which to analyze the influence of ideology on policy debates and outcomes.

**Ideological Roots of Employment Policy**

Having established that American liberalism is a complex ideological system with the potential to bound political thought and expression, I will now turn to the theoretical and historical roots of the two liberal currents that limit U.S. employment policy debates. The first current, which I call *work-as-citizenship*, establishes a link between paid, private employment and social citizenship, further instructs that individuals are responsible for obtaining work for themselves, and prioritizes some workers over others. The second liberal current restricts federal intervention into the labor market, particularly restraining governmental efforts to create employment outside the private sector and imposing additional conditions on the employment interventions the government can take. I term this *labor-market*
anti-statism. Though labor-market anti-statism shares common concerns about
government overreach with more general anti-statist conceptions, its particular
application vis-à-vis employment and the labor market sets it apart from broader
attempts to limit state power. The two currents agree that it is an individual
– not governmental – responsibility that adults obtain work, and generally the
currents reinforce each other.46

Only after America had become a largely industrial economy did the con-
cept of employment and its corollary, unemployment, come to have essentially the
meanings they do today. This means that the two liberal currents became most
salient only during the 20th-century. The case studies in later chapters of this work
will, therefore, chart the currents’ function as boundary condition on employment
policies, starting with the first great wave of national employment policy in the
1930s. However, core parts of the theoretical basis for work-as-citizenship and
labor-market anti-statism long predate national political discussions about em-
ployment and unemployment. Given that, I will begin with a short examination
of social and political life during the early period of America’s history, that is, the
period between the founding (1776) and the early 20th-century, as they connected
with liberal ideas about work, citizenship, and the proper role of the state.

Early American Political Thought on Work, Citizenship, and the State

My characterization of the liberal currents is in key respects derived from Judith
N. Shklar’s work on citizenship as social inclusion, specifically her argument that

46 There is potential for tension between the currents since the relationship between social
citizenship and work could serve as a rationale for employment policies that ensure sufficient
employment for all able-bodied adults. However, that connection has historically not been made,
and since the valorization of work is restricted to private sector employment, government jobs
programs or other interventionist employment policies have little ideological basis.
citizenship in America is based on voting and earning. Important aspects of the currents’ theoretical underpinnings can also be traced back to the much earlier work of John Locke and Adam Smith, and the evolution of those theorists’ ideas in the American political context. Shklar proposes that contestations over citizenship reveal defining features of the American political system. Her argument requires a conception of citizenship that goes beyond citizenship understood either as nationality, as good civic participation, or as ideal democratic republican practice. Though she acknowledges that each of these characterizations has merit, none of them adequately takes into account the historical and ideological features within the nation that constitute the metrics for inclusion, on either the social or the legal axis. Instead, Shklar contends that “citizenship in America has never been just a matter of agency or empowerment, but also of social standing as well.” Standing, as Shklar uses it, refers to peoples’ awareness of their position in society relative to others, which means that she sees hierarchy as a constitutive part of American citizenship. She dates the origin of this varied social standing to America’s earliest history, when liberal proclamations of liberty and political equality among citizens were made in a system that tolerated the antithesis of freedom and equality: race-based slavery.

Contradiction, once again, is identified as a foundational aspect of the American ethos. Shklar argues that in America the exclusion of some groups was an

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47 Shklar, *American Citizenship.*


49 A brief elaboration on how Shklar sums up the three other definitions of citizenship: “Citizenship as nationality is a legal condition,” that makes no reference to political practice; citizenship as good civic participation is directly tied to political practice, but does not provide a rationale for who is included or why they are included; citizenship as “ideal republican patriots,” refers to a type of citizenship only realizable in a “perfect democracy, radically different from the modern representative republic.” (Shklar, *American Citizenship*, pp. 1, 3-14).

50 Shklar refers to American ideology not as liberal, but as “democratic,” or sometimes liberal and democratic, though the core elements she delineates, “freedom and political equality,” are essentially liberal in origin (*American Citizenship*, pp. 1-2).
important part of what defined membership for the rest. More specifically, she posits that voting and earning were established early on as crucial elements of social standing in America, and that the inability of slaves and women to either vote or earn helped enshrine these practices as markers of independence and citizenship. This exclusion means that “the struggle for citizenship in America has, therefore, been overwhelmingly a demand for inclusion in the polity, an effort to break down existing barriers to recognition, rather than an aspiration to civic participation as a deeply involving activity.”

Both parts of the liberal boundary on employment policies, work-as-citizenship and labor-market anti-statism, draw on Shklar’s theory of citizenship as social standing determined by access to voting and earning. That theory has clear liberal precepts. Locke proclaimed individuals’ labor as the mechanism that defines property ownership and independence, both of which he identified as important prerequisites for the formation of a political community. Not coincidentally, early on in America, property ownership signaled the independence necessary for obtaining the right to vote in most states. With America’s rejection of a landed, hereditary aristocracy alongside its endorsement of slavery, labor – not just property – came to designate independence.

Starting in the late 1820s, many states dispensed with the property requirement for voting as two competing ideas about work – the producer ethic and self ownership – helped solidify the connection between labor and independence.

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51 Shklar, American Citizenship, pp. 1-3.
53 Shklar, American Citizenship, p. 64; David R. Roediger charts the process through which in the 18th-century, whiteness was tied to the positive associations between paid labor and independence in America, and blackness came to indicate servility and dependence (The Wages of Whiteness: Race and the Making of the American Working Class (New York: Verso, 1991), pp. 23, 49).
There were two general models for work at this time, one performed by those who were themselves producers and controlled the means of production (land or skills), and one performed by those without land or skills but who provided labor for others in return for wages. The independent producer was not only able to independently support himself and his family, the laboring was itself was seen as the height of dignity and the cornerstone of American prosperity. Andrew Jackson lauded such producers and contrasted them with the American approximation of aristocrats, those who grew rich from financial or speculative pursuits without ever dirtying their hands or creating any goods. However such independent production was not the only path to economic independence. In an industrializing economy, those without land or skills still ranked above slaves as they could trade their labor for wages. Most prevalent in the more industrialized north, wage labor was contingent on the liberal idea that free men could contract themselves out for compensation. In antebellum America, though, recognition of the unequal power relationship between those paying wages and those receiving wages in return for work lessened the status accorded to wage labor. Such workers were seen as “dependent” on their employers, and despite the rhetoric of self-ownership, the system was even likened to slavery. Workers aspired to work for wages only temporarily, as a stepping stone to the greater goal of owning the means, land or a business, with which to support oneself and eventually employ others. Labor was a path to capital.

56. Foner, *Free Soil, Free Labor, Free Men*, pp. 16-17. Shklar draws on Abraham Lincoln when she asserts “The shimmering ideal for young America was a ‘prudent, penniless beginner in the world,’ who works for wages ‘awhile’ and who, thanks to education and self-discipline, soon becomes his own boss” (*American Citizenship*, p. 82).
Though she refers to both producers and wage laborers in her discussion of the civic standing of earners, Shklar does not address the gulf that lay between the two systems of work in the period before the Civil War. The distinction is negligible for her purposes, since it was the lack of access to earning in either form that lowered the standing of slaves. For this project it is rather more consequential. There are important implications that arise out of the 19th-century contest between the two conceptions of labor, and the debate’s resolution. For example, Eric Foner documents the efforts that President Abraham Lincoln, among others, made to unify producers and wage laborers by casting American social mobility as the means for laborers to acquire the means of production. Crucially, this theory of social and economic advancement through work identified individuals, not the system, as responsible for the outcome of their labor. By the time employment and unemployment became issues at the national level in America in the 1920s-1930s, wage labor had become the dominant model for work, complete with a connotation of independence grounded in workers’ personal responsibility for their level of prosperity.

Even before that, the separation between producers and wage laborers paled in comparison to the separate sphere accorded to women’s work. Relying on conceptions of gender and family that predate Locke (though he too inscribed them), domestic labor performed in a familial context was held apart from other forms of work. Such labor imparted a more permanent label of dependence upon its practitioners since, assigned no monetary value, it could not serve as transitory stage on the path to economic independence. However virtuous such

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59 Locke, *The Second Treatise of Government*, Ch. VIII, Sec. 78-82.
domestic labor might be, without a direct tie to the economic realm, it could not transmit citizenship.\footnote{Fraser and Gordon, “A Genealogy of Dependency,” pp. 322-324, 327. Shklar also draws a connection between the notion of republican virtue and work’s provision of dignity and social standing: “This vision of economic independence, of self-directed ‘earning,’ as the ethical basis of democratic citizenship took the place of an outmoded notion of public virtue, and it has retained its powerful appeal” (Shklar, American Citizenship, p. 67).}

Building on the basis of this distinction, the first ideological current constraining employment policy, work-as-citizenship, refers to the status or standing gained through the paid private-sector employment that individuals obtain for themselves. Casting employment as an individual responsibility is neither trivial nor accidental; it originates in work’s association with independence, and the valorization of independence within American notions of citizenship. Although the importance of work as an expression of citizenship could serve as a justification for the constitution of work as a social right, in America this potential has not been fulfilled. Work provided or guaranteed by the government is not adequately “free” and so, like forced labor, cannot convey standing. The crucial link to independently obtained work would be compromised if work was constituted as a social right, or if general access to income was uncoupled from employment through something like a government income guarantee. Likewise, the connotation of independence suggests that variation in individual effort, rather than the economic system or labor market, leads to differences in income. Thus, workers with greater labor force attachment – as demonstrated through their long term employment, particularly in skilled occupations – have greater social standing as individuals and as a group are seen as more integral to maintaining America’s economic prosperity.

The second ideological current constraining employment policy, labor-market anti-statism, has as its foremost stricture that the government preserve the pri-
vate market’s prerogative to provide employment. In practice, this means that labor market policy should ideally reinforce the labor market’s natural tendencies, rather altering the labor market or decommodifying labor. Thus, labor-market anti-statism is tightly bound up with the work-as-citizenship derived definition of work as a paid, private sector activity. Despite this link, there is also value in maintaining some conceptual distinction between the two currents. To begin with, labor-market anti-statism is grounded, not only in preserving social standing derived from work, but also in the liberal conviction that the government’s power is inversely related to individuals’ power of self-determination. This connection was coupled in the American political framers’ minds with concerns that power is inherently corrupting, creating a system predisposed toward patronage rather than merit. The American political framers therefore imposed checks on the expression of state power. Of course, curbing state power generally is not the same thing as keeping the government out of the labor market. The American link between labor and anti-statism can be traced back to Locke’s liberal doctrine as it intersected with Adam Smith’s theory of natural market behavior in the early nation.

According to Locke, the contract between citizens and their government protects property, the product of individuals’ labor, from government-imposed egalitarian distribution of property or resources. Locke adds a caveat that the individual right to property holds “at least where there is enough, and as good, left in common for others.” This reference to the “commons” – collectively held re-

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62 Locke, *The Second Treatise on Government*, Ch. V, sec. 27. Making a stronger statement than Locke, the political philosopher Adam Ferguson, condemned inequality in the distribution of wealth and property because he argued it ensured political inequality (Andreas Kalyvas and
sources – though more relevant in Europe than America, might have served as a justification for intervention when there was unequal access to or insufficient supply of resources. That situation hardly seemed to apply in 18th-century America, though. Thanks to a seemingly endless western frontier, there was a prevailing assumption that in America, even without the institution of the commons, there was abundant opportunity for all men to labor and eventually become property holders in their own right. Thus, in early America, Locke’s reservation was retained as a philosophy of equality of opportunity, while inequality of outcome was seen as the result of uneven effort. Or as Hartz puts it, the potential equalizing benefit of redistribution was foreclosed by Americans’ ingrained capitalist ambitions:

Of course, the American radical also wanted more than he had, but this produced not a larger outburst, but more acquiescence, since he identified himself with his only American enemy: the richer liberal.

Since ascending the ladder of capital acquisition requires the freedom to keep the fruits of one’s labor, it was no great leap for the founders to incorporate Adam Smith’s idea that government intervention upsets the process of capital accumulation at the national level. What Smith referred to as the naturally occurring result of “the good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own conditions” was an improvement, not only for

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individuals, but for society at large. Smith’s conviction that most government intervention in the market was detrimental to the public well being was, therefore, another point of origin for labor-market anti-statism. Free of government “derangement,” or “any intervention of law,” Smith argued an “invisible hand” guides the systems of production and exchange far more efficiently and effectively than any nation’s regulations, however well intended the government might be. According to Smith, the best prospects for economic growth lay in keeping the state at the margins of the market and allowing prices and wages, rising and falling in accordance with the changing balance of supply and demand, to act as natural mechanisms governing the system. In the American context, this line of thinking had adherents including Thomas Jefferson and the anti-Federalists, who argued against involving the central government in economic matters. Led by Alexander Hamilton, the Federalists succeeded in instituting a national bank to provide credit and funding its operation through a tariff on imports and a whiskey tax. The controversy around such policies languished but did not die. For example, Jacksonian democrats attacked the Second Bank of the United States as an institution that skewed the economic system in favor of particular business interests to the detriment of the majority population. The argument against government economic intervention was therefore based on a combination of the desire to protect natural economic processes and Lockean arguments about individual rights.

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65 Adam Smith, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (New York: P. F. Collier & Son, 1902), pp. 28-29, 160-161, 399-402. It is important to note that Smith was not arguing against the existence of a central government, per se, though some later appropriations of his anti-intervention position use his work to make this argument. Actually, he sees the evolution of extensive and unequal property holding necessitating the existence of a “civic authority” supported by “transparent,” and progressive taxation to reinforce property rights. The important thing is to limit the state’s involvement in the economy so that it does not disrupt natural economic processes.


to capitalist accumulation.

Early Precedents for Constraint and Change in Employment Policies

Prior to the New Deal, federal labor market intervention went little further than the Progressive Era’s (1890s-1920s) trust-busting and protective labor laws for women and children. The concepts of employment and unemployment were the subject of political discussion in the 1840s-1850s, but labor market intervention was not yet part of the debate. The incipient unemployment in America’s eastern and northern regions in the late 19th and early 20th centuries was a problem, but one easily solved by having the needy move west where they could receive land grants from the government and become self-supporting, while contributing to economic growth. What spending there was on public works at that time was at the local – not federal – level. Around the turn of the century, though, organized labor had begun to clamor for national public works projects as well as greater government planning for economic downturns and a national response to unemployment. The first of these goals was addressed after the 1929 economic crash, when President Herbert Hoover started requesting appropriations from Congress for various public works projects, including the massive Hoover Dam. However, Hoover’s favored approach to economic management was associationalism, or voluntary public-private partnerships to increase production and create jobs. He treated unemployment in much the same way. As great a threat as it was to have people out of work, both to individuals and the nation, Hoover

and his administration feared that direct government involvement would threaten
the individual work ethic as people went from being self reliant to being reliant

The range of policies in President Franklin Delano Roosevelt’s New Deal pre-

tented at once a break with past approaches to unemployment and a continuation
of the basic understandings of the importance of work and the labor market’s
necessary separation from government. Starting with the New Deal’s employ-
ment policies in the 1930s-1940s, the 20\textsuperscript{th}-century stipulations on government
intervention in the private labor market reinforced the idea of work as an activ-
ity that could convey independence and social standing, while carefully avoiding
establishing the government as an alternative employer to the private market,
or suggesting work was an entitlement. This was part of the general pattern of
change in employment policies within the constraints set by the two liberal cur-
rents. This boundary condition continued, albeit with some amount of adaptation
both to policy and to the currents themselves, through the Great Society in the

The boundary conditions around employment policy included prioritizing train-
ing and unemployment compensation programs over public jobs programs. Lim-
iting access to and duration of all such programs reinforced the idea that un-
employment was a temporary problem and preserved the private labor market’s
natural discipline. In addition, policymakers’ increasing inclination to identify so-
cial rather than economic factors as the underlying causes of unemployment in the
1960s and beyond bolstered the focus on individual rather than labor market be-
behavior, and strengthened the narrative of personal responsibility for employment
and income. Underemployment eventually merited some government attention, though the point of intervention was most often at the individual level rather than the labor market.

The liberal currents’ limitations were clearly written into policy in some cases, while in other cases the constraint ruled out certain ideas or policies. Thus, the boundary condition is demonstrated both through the presence and shape of particular policies, and the absence of other policies that would have contravened the liberal currents. Public jobs programs are actually an example of both forms of constraint. Though there were a number of public service employment programs between the 1930s and the 1990s, their reach was curtailed in a number of ways, in order to improve their fit with the liberal currents. This included time limits on participation, as well as efforts to keep the programs temporary. Public service employment is also indicative of a policy absence since there were also numerous proposals for both more substantial and permanent public jobs programs that were never pursued or enacted. The liberal currents help explain what initially established and maintained over time the conviction that public jobs programs should not be more than a stop-gap measure in extreme circumstances. The liberal currents also played an important part in the consistent defeat of full employment and employment entitlement proposals as well as policymakers’ refusal to identify increases in income inequality as a labor market failing. That is why this dissertation looks not just at policy outcomes, but at policy proposals that did not succeed, and even to some extent at policies that never received serious discussion. The issues that come up in the policy debates between the 1930s and 1990s indicate a continuity of thought about employment and unemployment and the boundaries constraining government response. Such boundaries persisted across that period, even as different policies were implemented.
CHAPTER 1. INTRODUCTION

Ideological Boundary Conditions and Partisan Ideology

By examining liberal ideology as a boundary condition affecting both major American political parties, I provide a new way of looking at the relationship between political parties and ideology in the 20th-century. Aside from a series of realignments in response to pivotal events including the Civil War and Reconstruction, the New Deal, and the Civil Rights movement, American political parties are commonly understood as having relatively stable and distinct ideologies that derive from their perceived group and constituent interests. More specifically, in the years covered in this study, the Republican party is associated with “conservative” or right-leaning approaches to social and economic welfare policies that minimize government intervention and redistribution, while the Democratic party is associated with more “liberal” or left-leaning approaches to such policies that allow for more intervention and redistribution. Important regional variation within each party add nuance to this picture, but does not change its overall footprint. Going beyond such characterizations of partisan ideology, I instead demonstrate that the liberal currents acted as constraints on both parties’ positions on employment policies.

72 As used in popular political discourse in America, the term liberal is roughly synonymous with “leftist” as opposed to referring to the political ideology deriving from John Locke, or even Louis Hartz’s description of American liberalism. Therefore, to avoid confusion, I generally eschew both parts of the American construction of the conservative versus liberal dichotomy, and instead refer to right- and left-leaning positions.

CHAPTER 1. INTRODUCTION

Shifting the focus away from partisan ideological differences complicates the view proposed by Arthur Schlesinger that American politics can be primarily characterized by cyclical shifts of dominance between coalitions on the right and the left. More generally, political analyses cast the New Deal (1933-1947) and Great Society (1962-1978) eras as left-leaning, and the Reagan Revolution as shifting policy sharply to the right, thanks in large part to the Republican party’s strategic use of right-wing ideology in the late 1970s and early 1980s. Corollary to Schlesinger’s representation is the idea that ideology, in general, became more important as a partisan tool in the years leading up to the Reagan Revolution and helped usher in a much higher level of party polarization in the decades that followed.

Ideology, like ideas, can be a political instrument, but by restricting analysis of ideology to that dimension, the larger context has dropped out of view. This recent focus on the rise of party ideology, particularly right-leaning ideology, has obscured the sustained role of liberal ideology in America as part of the meaning making process that sets the foundation for debate on employment policy. In response to this, I show that between the 1930s and 1990s, the core dictates of work-as-citizenship and labor-market anti-statism influenced presidential administrations regardless of their party affiliation.

This claim derives from Louis Hartz’ work on the enduring importance of the liberal tradition in America. The power of liberal ideology, in this case the two liberal currents, affected both American political parties. The historical record shows us that it was not just Republicans championing the liberal currents. Democrats consistently did so as well, and in ways that illustrate the insufficiency of the model in which partisan appeasement of particular interests explains policy preferences and outcomes. Notwithstanding the important changes that Reagan’s neoliberalism brought to American domestic policy, there were common threads linking his employment policy approach with that of the New Deal and Great Society eras.

This ideological continuity does not deny all potential for change. There were clear variations in the inflection of the liberal currents over time, as well as a number of points where proposed employment policy alternatives posed clear challenges to the currents’ dominion. However, the range of policies both contemplated and implemented, did not eradicate the basic boundaries set by the liberal currents. This included preserving the emphasis on individual responsibility for finding work in the private sector, and the prohibition against establishing a positive right to employment.

Chapter Overviews

I lay out my argument over the course of the next four chapters. Chapter 2 is a methodological comparison of my ideological boundary condition framework with other common approaches to the study of American political development. I show how ideology generally, and ideological boundary conditions specifically, can be complementary to institutionalist or interest frameworks, and can suggest new ways of looking at political puzzles.
The next three chapters are historical case studies of employment policy debates and outcomes from the period between the 1930s and the 1990s. These empirical cases show that the two liberal currents maintain a boundary condition on employment policy, despite changing economic, political, and social conditions. In fact, the case studies were chosen because they each represent one or more critical policy debates, in which understandings central to the two currents’ ideological imperatives were questioned by policymakers. The empirical evidence illustrating the ideological boundary condition around employment policy is drawn from the records generated by U.S. presidents and their administrations as they deliberated about what employment policies to pursue or, in some cases, to dismantle. Presidents play an unparalleled role in the creation and passage of employment policy. As V. O. Key states, “It is the President who determines the major issues on which Congress acts; and it is the President who attempts, with or without success, to bring the party members in the House and Senate to the support of his policy.”

The presidential administrations considered in these case studies roughly book-end the New Deal (1933-1946), the Great Society and the years that followed (1963-1977), and the Reagan Revolution (1981-2000). Evidence for the influence of the two liberal currents can be found in the actions of Republican and Democratic administrations, in periods of economic downturn and prosperity, as will be seen in the case studies. The records from these administrations were gathered through archival research in various Presidential Libraries around the country, the National Archives in Washington D.C., and at Stanford University’s Library.

Chapter 3 covers the employment policies of the long New Deal, from 1933 to 1946. The major dilemma facing the Roosevelt administration was how to preserve

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76 Key, Politics, Parties and Pressure Groups, p. 710.
individual economic responsibility and keep the government separate from the labor market in the midst of the Great Depression’s unprecedented economic crisis, and skyrocketing unemployment. Chapter 4 focuses on employment policy debates that arose during the Great Society and the years that followed. Four different presidential administrations – those of John F. Kennedy, Lyndon B. Johnson, Richard M. Nixon, and Gerald R. Ford – faced new dilemmas. Kennedy and Johnson had to figure out how to uphold the principle of non-intervention in the labor market and maintain the privileged position of private sector work in the midst of a national campaign to reduce entrenched economic insecurity, particularly among historically disadvantaged populations. Later, Nixon and Ford sought to stimulate economic growth, foster job creation, and reform social policy in a period of economic downturn and stagnation, and amidst rising public hostility to social welfare programs.

The years covered in these two chapters are often viewed as part of a left-leaning social welfare regime in which Democrats pushed for expansive policies, and met with resistance from Republicans. I complicate this picture by showing that bi-partisan adherence to the two liberal currents’ tenets helped keep employment policies that contravened the prohibition on a government right to employment, or even seemed to create a path toward such an entitlement, from being enacted. Thus, the boundary condition constrained both Democratic and Republican presidents, though not always in the same way. Despite exerting a consistent influence over the period, the liberal currents were not static. In response to emerging economic, social, and political circumstances some employment policies that pushed against the currents’ boundary condition, such as public jobs programs, were not only considered, but actually passed. However, such policies were generally temporary and also contained limits that prevented a wholesale
reworking of the mandate that individuals, not the government, are responsible for obtaining employment.

Chapter 5 addresses the employment policies enacted during and in the wake of the Reagan Revolution, or the years between 1981 and 2000. While there were significant differences between the domestic policy agendas pursued by the two Republican presidents during this era, Ronald W. Reagan and George H. W. Bush, and the Democratic president that followed, William J. Clinton, all three of them embraced a neoliberal paradigm that saw government deregulation of the private market as an important means for economic growth. Inherent in the three administrations’ approaches to boosting productivity and economic growth was a dilemma about how to increase the work requirements in social welfare programs while simultaneously decreasing government intervention in the private labor market. In contrast to accounts that stress the Reagan Revolution’s inauguration of a new social welfare policy regime that reversed many government policies affecting individuals’ economic security, I show that even Reagan’s narrow employment policy vision was conditioned by the outcomes of past employment policy debates. There were also important developmental changes to the liberal currents during this period, as several different versions of the work mandate were articulated by the presidents and policymakers in Congress. The employment policy debates over these two decades demonstrated that the liberal currents could serve as the foundation for a range of different government approaches to employment and social welfare. However, any potential for an approach that radically reframed governmental responsibility for ensuring that work led to economic security, remained just that, rather finding concrete expression through policy.
Chapter 2

Ideology as Method in the Study of American Public Policy

My ideological approach in general, as well as my use of ideology as a boundary condition, is a useful methodological addition to the field of American Political Development (APD). Most APD scholars see “political institutions,” or those organizations that make and carry out policy and laws, as the key causal variables that mediate between the population and government, and shape public policy. Another key line of inquiry among political scientists addresses the role of interests, such as those of business, organized labor, or other groups, on the political process. Historical Institutionalism, a key APD approach, which often traces policy development over time, arguably combines institutions and interests by examining the ways in which government institutions develop and pursue interests that may overlap or conflict with those of other political actors. However, ideological

1 Brian J. Glenn essentially combines institutions and interests since he characterizes Historical Institutionalism, one of the predominant APD approaches, as the “study [of] actors pursuing interests through a political arena bounded by institutions,” which he contrasts with “ideational scholars,” who “seek to understand how norms, narratives and outlooks influence the framing of debates and their outcomes,” (Brian J. Glenn, “The Two Schools of American Political Devel-
explanations are traditionally regarded by Historical Institutionalists as weak or unsatisfactory on the grounds that they are vague and difficult to evaluate. The framework I propose, which establishes ideology not as a causal factor but rather as a boundary condition on U.S. employment policy represented by two liberal currents, is both specific and measurable. Chapters 3 through 5, via a series of case studies, will investigate the influence of these two ideological currents on employment policy development between the 1930s and the 1990s.

As groundwork for those empirical examples, in this chapter, I first lay out the contours of the methodological debate in APD about whether to use ideology, institutions, or interests to analyze politics and public policy, and I make the case for my own ideological framework. After summarizing the frameworks established by institutionalists and by those focusing on interests, I illustrate points of divergence and overlap between those two approaches and the ideological boundary condition framework I advocate. I do not do this for the sake of invalidating institutional or interest based approaches, or to support an assertion that institutions and interests are wholly unrelated to ideology in the political process. But the attention given to these two lines of inquiry in American policy making has left ideology relatively unexplored.

Second, I address the question of why America has adopted certain employment policies and not others. A review of the existing work on American employment policy shows that an ideological approach can add new insights as none have specifically focused on ideology. This neglect conceals the significance of the persistent neglect of permanent public jobs programs and the absence of a positive right to work. An ideological lens renders this phenomenon visible. In addition, the analytic frames offered by institutional and interest based approaches do not
CHAPTER 2. IDEOLOGY AS METHOD

satisfactorily explain these consistent policy absences.

Fitting Ideology into Institutionalist and Interest Frameworks

The methodological considerations of the present ideological analysis include not only where to look for evidence and what counts as evidence, but also deeper theoretical questions about causality, change, continuity, and agency in politics. In recent decades, institutional and interest-based approaches within APD have tended to focus on identifying causal factors and, as the term “development” suggests, accounting for change. Where the two approaches depart is in locating the factors and agents that cause change, either within political institutions, or within groups advocating particular interests. In some cases scholars use a combination of institutions and interests to explain political development. Both such lines of inquiry provide an important counterweight to an earlier focus on American exceptionalism in the study of American politics that tended to obscure transformations within the American political system. However, political development can be viewed and measured through more analytic frames than those of causality and change.

The concept of a boundary condition introduces another way of considering the political process. Whether expressed through ideology or something else, what is important to such analysis is that the observed change or development is constrained by a limiting condition. This means that political agency – whether of individuals, groups, or even institutions – also has limits. These limits do not preclude change, though. Political and policy alteration, evolution, and adapta-
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tion are expected. However, the primary aim of a boundary condition analysis is not to identify factors that are causally responsible for such changes, but rather to illustrate the limits of those changes, and if possible, explain what created the boundary and is responsible for enforcing it.

One can argue that constraint is a form of causality, but that only works in a very limited sense. Meaning matters, and by establishing parameters around political or policy choices, a boundary condition is obviously affecting policy outcomes. However, this is not the sense in which causal is usually used. J. David Greenstone differentiates between traditional causal analyses and a boundary condition analysis in this way:

cause and causal refer only to patterns of concomitant variation, that is, to relationships in which there are changes in the values of both independent and dependent variables. In this usage, a causal relationship refers to a change in the cause that is followed by (or is coincident with) a change in the effect. In a different usage, in ordinary discourse, we also speak about a stable feature of some particular context producing some effect, where the effect is the preservation of the status quo... I shall refer to the latter type by the term boundary condition.\footnote{J. David Greenstone, The Lincoln Persuasion: Remaking American Liberalism (Princeton, New Jersey: Princeton University Press, 1993), p. 36.}

Thus, in a boundary condition analysis, continuity and change are not mutually exclusive. It is a question of how the boundary condition affects decision-making and political development.

John Gaventa explores such limits on political action and decision-making in his book on “quiescent” miners in Appalachia.\footnote{John Gaventa, Power and Powerlessness: Quiescence and Rebellion in an Appalachian Valley (Urbana and Chicago: University of Illinois Press, 1982).} Using a model introduced by Steven Lukes, Gaventa shows that three dimensions of power are necessary for understanding the actions and non-actions of the miners. The first dimension of
power is the ability of actor A to get actor B to do something they would not other-
wise want to do – or which interests win out over others in the decision-making
process; the second dimension of power is the ability to achieve the “exclusion of
certain participants and issues altogether” from the decision-making process; and
the third dimension of power is the ability of individual and structural forces “to
pre-empt manifest conflict at all, through the shaping of patterns or conceptions
of non-conflict.”

Both the second and third dimension of power in Gaventa’s framework are
relevant to my ideological boundary condition analysis. The second dimension
helps account for employment policy approaches that were repeatedly ruled out
by policymakers despite their applicability to policymakers’ goals, such as an em-
ployment guarantee and permanent public jobs programs. The third dimension
of power is also implicated, though. Gaventa says of the third dimension that “It
may involve, in short, locating the power processes behind the social construction
of meanings and patterns that serve to get B to act and believe in a manner in
which B otherwise might not, to A’s benefit and B’s detriment.” Since ideology’s
influence on policymakers is part of a semiotic process, it operates at a social or
structural level, not just an individual level. As a result, changes in political,
economic, or even social conditions could but will not necessarily result in a con-
current change in a policymakers’ perspective, or the perspective of a number of
policymakers, on a particular policy issue.

Institutional and interest-based methods can also incorporate continuity along-
side change. For example, boundary conditions have also figured in institutional
accounts, though the boundaries in question were generally the intended or unin-

4 Gaventa, Power and Powerlessness, pp. 4-13.
5 Gaventa, Power and Powerlessness, pp. 15-16.
tended consequences of the design and structure of specific institutions. However, other aspects of the institutional model of continuity, including path dependence and policy feedback, are more rigid and less well suited to explaining contradiction within the political process. This has opened them up to critique from within the institutionalist fold.\footnote{Karen Orren and Stephen Skowronek, \textit{The Search for American Political Development} (Cambridge and New York: Cambridge University Press, 2004), pp. 97, 103, 108.} It also means they are less well suited to explaining the confined ebb and flow of American employment policy in the 20th century.

A boundary condition analysis can easily combine ideology and institutions noting the emplacement of particular norms or ideological dictates into policy and institutional arrangement. Yet the institutional structures are not the only visible part of the boundary. Analyses of institutions alone may not capture how ideology or ideological currents endure. This is particularly salient when there is no obvious institutional edifice, because policymakers’ adherence to an ideological system or current precludes particular policies or programs from being pursued or implemented. An example of this ideological influence is when policymakers display persistent attachment, or resistance, to an idea or policy approach in the face of evidence that their policy approach is ineffective.\footnote{Eva Bertram, Morris Blachman, Kenneth Sharpe, and Peter Andreas, \textit{Drug War Politics: The Price of Denial} (Berkeley and Los Angeles, California: University of California Press, 1996).} In order for this impediment to be removed and an opening for institutional change to be possible, the underlying idea or ideology must be altered. Brian J. Glenn asserts that a major difference between ideational and institutional approaches is their respective preference for understanding origins as opposed to outcomes. Whereas ideational scholars see a durable shift in institutions as the result of a shift in ideas or culture, an institutionalist might argue that “cultural shifts happen all the time, and what really matters at the end of the day is whether this results in a change
in institutional practices.\footnote{Glenn, “The Two Schools of American Political Development,” p. 160.}

Studies of the role of political interests in political development also combine stasis and movement. Although interest groups’ political goals, whether organized or disparate, may change over time, the core motivations of a particular group are derived from specific, relatively fixed, material circumstances and resultant aspirations. In this way, interest groups such as business, organized labor, environmental advocates, social classes, or even political parties, might be said to be operating continually within boundary conditions set by particular economic and social understandings. This characterization resembles the libertarian “Overton Window,” which asserts that the success of a policy idea is determined more by whether or not it fits within the set of ideas that are politically palatable to the public at a given time, rather than individual policymakers’ preferences.\footnote{Joseph G. Lehman, “An Introduction to the Overton Window of Public Possibility,” (Macinack Center, 2010), \url{www.mackinac.org/12481}, accessed: September 10, 2015.}

There are several limitations to an interest approach. The first is the implication that interests are not usually characterized by change. In addition, it is difficult to pin down the origin of interest groups’ preferences, barring reference to either institutional structures or ideological or cultural frames of reference.\footnote{Peter A. Hall, “The Role of Interests, Institutions, and Ideas in the Comparative Political Economy of the Industrialized Nations,” in \textit{Comparative Politics: Rationality, Culture, and Structure}, eds. Mark Irving Lichbach and Alan S. Zuckerman (Cambridge and New York: Cambridge University Press, 1997), pp. 175-177; Colin Hay notes that most institutionalists, even “constructivist institutionalists,” who take the social or ideological construction of interests seriously, conceptualize interests as on some level structurally or materially derived (Colin Hay, “Ideas and the Construction of Interests” in \textit{Ideas and Politics in Social Science Research}, eds. Daniel Béland and Robert Henry Cox (Oxford and New York: Oxford University Press, 2011), pp. 70-71, 79-81).}

For this reason, a number of scholars advocate combining the study of political institutions and interests to look at their points of intersection, in order to see how in different situations, interests and institutions mutually reinforce or

In some sense these three legs of the political tripod are inseparable, though for the sake of conceptual clarity and parsimony it is necessary to define the relationship between them, and also to choose which are most relevant to a given narrative or analysis. There has been a lack of recognition for the biases inherent in focusing on a single structure, whether institutions, interests, or ideas; many scholars have established stakes in championing one approach above others. I advocate greater attention to ideas and ideology, even in institutional and interest focused analyses. Since in the last few decades the institutionalist view has garnered many adherents, particularly among those exploring American political history,\footnote{See, for example: Judith Goldstein, “Ideas, Institutions, and American Trade Policy,” in \textit{International Political Economy: Perspectives on Global Power and Wealth, 3rd Edition}, eds. Jeffrey A. Frieden and David A. Lake (New York: Pearson, 1997); Paul Pierson, “Increasing Returns, Path Dependence, and the Study of Politics,” \textit{American Political Science Review} 94 (2000): pp. 251-267; Theda Skocpol, \textit{Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States} (Cambridge, Massachusetts: The Bellnap Press of Harvard University Press, 1992); Theda Skocpol, \textit{States and Social Revolutions: A Comparative Analysis of France, Russia, and China} (Cambridge: Cambridge University Press, 1979); Stephen Skowronek, \textit{Building a New American State: The Expansion of National Administrative Capacities}} what follows
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is an investigation of the intersections and divergences between institutional and ideological analyses, followed by a much briefer examination of the compatibility between interests and ideology.

States as the Locus of Politics

American institutionalists’ focus on change, particularly change in and brought about by political institutions, was in large measure a response to the previously dominant paradigms of behavioralism and Marxism which were both deemed deterministic and too society-centered. In the early 1980s, a group of scholars began to advocate for a new course of political analysis that gave primacy to states and their constituent institutions as autonomous political actors. The new institutionalism further argued against the dominant depiction of institutions as stable entities not frequently subject to change, the characterization of both the state and society as part of a “political process,” and the attribution of change in institutions to exogenous rather than endogenous forces. This new vision of institutions turned each of these conclusions on its head, arguing that attention should instead be paid to institutional change, that the state’s institutions are to a significant degree autonomous from society, and that change in institutions may


be internally driven.

The new institutionalists were convinced that outside influence, particularly that of various interest groups or the effects of class struggle, was not adequate for explaining why state actors made particular decisions or policy choices. Separating the state from society set the new institutionalism apart from both behavioralism and Marxism. Interests, whether represented by specific consciously formed groups, or joined together by their material or class similarities, were cast as part of society and therefore deemphasized. Also distinguishing the institutionalist effort from its social science predecessors is its attention to history as a highly contingent process, rather than a teleological one in which there is a clear universal course of development. This is important not only because of the institutionalists’ interest in change, but because causal arguments carry more weight if the future is variable and uncertain. Finally, in seeking to ground political analysis in the highly visible and measurable structure of institutions, like political states, institutionalists frequently give short shrift to ideology. Many institutionalists prefer something more traditionally quantifiable like “policy ideas,” if they include ideas at all. I define ideas (including specific types like “policy ideas”) as

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17 For example, Judith Goldstein characterizes ideas as responsible for shaping American trade policy, but sees ideas as embedded in and evidenced by state structures and the “biases of decision-makers” and does not explore their origins (Goldstein, “Ideas, Institutions, and American Trade Policy,” pp. 388-391). Similarly, in her analysis of economic policy in America and Great Britain, Margaret Weir argues that Keynesianism had a different trajectory in the two countries because of leadership in government institutions and “the way different administrative arrangements at the national level facilitate or discourage innovation.” Yet, her discussion also suggests that political culture affected the way in which Keynesianism was perceived in each country, meaning that the content of Keynesianism as a policy idea was not necessarily fixed (Weir, “Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States,” pp. 54-60, 73). In Elisabeth S. Clemens and James M. Cook’s survey of institutional literature, they cast ideas as essentially subordinate to interests. Subordinating ideas in this way means
purposive tools that actors can consciously wield. Drawing on Clifford Geertz’s conception of Ideology as “a cultural system,” I define ideology as the system of meaning-making that derives from the cultural landscape and influences political actors on a more subconscious level. Like the social process and ahistorical works the institutionalists initially sought to displace, ideology is difficult to incorporate into causal analysis. This is particularly true of a culturally based understanding of ideology that is implicitly resistant to change.\footnote{\textit{\textsuperscript{18} There are exceptions to this, including: Karl Polanyi, \textit{The Great Transformation: The Political and Economic Origins of Our Time} (Boston: Beacon Press, 1944) and Mark Blyth, \textit{Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century} (New York: Cambridge University Press, 2002).}}

Much of the early work by institutionalists focused on establishing what state autonomy means, and how exactly states function as political actors. Eric A. Nordlinger and Theda Skocpol provide useful examples of what was at stake for the institutionalists. Given the rejection of society as the main arbiter of political preferences, institutional theorists had to come up with alternative explanations for how states formed preferences, and these had little use for ideology. Unlike some institutionalists, in his 1981 book \textit{On the Autonomy of the Democratic State}, Nordlinger rejects a view of the state as nothing more than abstract “institutional arrangements or the legal-normative order” and instead proposes to include public officials who participate in the policy making process in his definition of institutions. He argues that career government officials operating within specific institutional frameworks serve as their own reference group with their own political agency and the ability to generate preferences, shifting social opinion to align with those preferences. Enacting these preferences as public policy is, further that they cannot recognize that the difficulty in advocating for affirmative action in the context of a “color-blind model of civil rights” is at the very least an intersection of ideas and interests, if not an expression of how ideas shape interests (Elisabeth S. Clemens and James M. Cook, “Politics and Institutionalism: Explaining Durability and Change” \textit{Annual Review of Sociology} 25 (1999), pp. 448-450, 457-458).
thermore, an important part of what makes a state autonomous; “it is autonomous to the extent that it translates its preferences into authoritative actions, the degree to which public policy conforms to the parallelogram...of the public officials’ resource-weighted preferences.” Almost as an afterthought, Nordlinger includes the socialization processes experienced by public officials and other “societal factors” as having a bearing on preferences, though he estimates that these will be less influential than the “state’s internally generated preferences.” Aside from the fact that Nordlinger fails to explain how officials settle on any particular preference, his model is ill-suited to the study of change at the state or institutional level.

Skocpol’s characterization of states and institutions changes over time, with state autonomy becoming a more absolute claim over time. Her first major statement on states, in her 1979 book *States and Social Revolutions: A Comparative Analysis of France, Russia, and China*, is avowedly structural. In explaining what spurs social revolution, Skocpol positions the state and society as mutually influential, and casts the international state system as a key mitigating factor prompting revolutionary crisis. She is also explicitly focused on how social revolutions force states to change, leading to “the breakdown of the state organizations of old regimes and the buildup of new, revolutionary state organizations.” A key point for Skocpol is that although revolutionary crises open up the possibility for regime change, the extent and durability of that change depends both on the legacy of the previous regime and on the pace of institution building. In *States and Social Revolutions*. 

20 “Social revolutions are rapid basic transformations of a society’s state and class structures; and they are accompanied and in part carried through by class-based revolts from below. Social revolutions are set apart from other sorts of conflicts and transformative processes above all by the combination of two coincidences: the coincidence of societal structural change with class upheaval; and the coincidence of political with social transformation,” (Skocpol, *States and Social Revolutions*, p. 4).
Revolution states are intertwined with social forces, and particularly affected by class conflict. Yet Skocpol still articulates a version of state autonomy, rejecting the idea that states are “a mere arena in which socioeconomic struggles are fought out.” Moreover, she casts state leaders as capable of acting independently of the dominant class, particularly in response to international inducements such as war and colonialism, though she acknowledges that this type of state autonomy can vary depending on state structure and other prevailing conditions.\(^21\)

With her 1985 article “Bringing the State Back In,” Skocpol starts to move away from the view of states as relational. Instead, she echoes much of Nordlinger’s understanding of the state’s ability to generate preferences. For example, Skocpol declares that state autonomy is evident when the “demands or interests of social groups, classes, or society” are not simply followed, and rejects the view that states are “a mere arena in which social groups make demands and engage in political struggles or compromises.” Though she offers a different definition of the state than Nordlinger, arguing that states are “administrative, legal, extractive, and coercive organizations,” Skocpol agrees that the state wields significant and conscious agency in establishing and maintaining the political process. Yet Skocpol does not fully explain what determines the policy preferences or actions of a state. She asserts that those controlling the government will try to conserve their power, i.e. the “reinforcement of the prerogatives of collectivities of state officials,” but what makes them choose one path over another, one policy over another is left unexplained. If, as Skocpol contends, these forces within states are both self-containing and self-reinforcing, it is also unclear what prompts change or state development. She notes that other institutionalists have shown how state structures can help determine the form and practices of political parties, and even

\(^{21}\) Skocpol, States and Social Revolutions, pp. 4-5, 18, 29-31, 47-51, 111 172, 178-179, 232.
that the type of political state can define ideology. But in “Bringing the State Back In” the causal arrow between the state and these manifestations of the political process is uni-directional, which means that Skocpol’s revised state autonomy framework has a hard time explaining how the state’s structure itself comes into being, what leads to or prevents its development, and how much political agency exists outside the state.

In *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* Skocpol articulates a polity-centered approach to policy development analysis that amplifies her focus on state institutions as the core causal factors governing policy formation. Skocpol reviews competing explanations for the trajectory of U.S. social welfare policy and decries the inattention to long-run processes of state formation – processes which include sequences of wars and revolutions, along with constitution-making, electoral democratization and various forms of administrative bureaucratization – might have had as much or more impact as socioeconomic transformations on the contexts within which social policies have been fashioned. Yet only by taking processes of state formation and patterns of political organization seriously, and noticing that these intersect in varied ways with economic and social transformations, can we break with the progressivist notion of social policies as aspects of societal evolution.

However, her framework makes social and economic transformations subservient to institutions, rather than equally important, “intersecting” factors. The emphasis on class conflict that was such a prominent part of what precipitated political

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22 Skocpol, “Bringing the State Back In,” pp. 7-8, 15, 24-25.
24 Skocpol, *Protecting Soldiers and Mothers*, p. 39.
change in *States and Social Revolutions* is gone. At the same time, other factors external to institutions are rejected as inadequate explanatory factors, including: ideology, economic growth and industrialization, business hegemony, and the strength of organized labor.

Two of the four policy processes Skocpol identifies are exclusively institutional: the structures of “national states and political party systems” in which policymakers operate; and policy legacies, the lasting effects of previous policy decisions and debates on policymakers. She does not wholly exclude actors and forces outside the state and its institutions, but neither does she accord much agency to individuals, groups, or wider factors such as economic changes. She views politically active social groups’ “identities, goals, and capacities” as fundamentally shaped by “political institutions and procedures” and argues that what determines such groups’ success is the “fit or lack thereof between [their] goals and capacities...and the historically changing points of access and leverage allowed by a nation’s political institutions.” Building on the model advanced in “Bringing the State Back In,” states are not only the main causal agents for policy development, but also the main source of constraint. For example, Skocpol posits that “decentralized federalism” and “patronage-oriented political parties” defined the late 19th- and early 20th-century American state, and were responsible for the sputtering start to social insurance programs. White male suffrage and party patronage stunted the formation of a class or political identity among working class white men, which would have been necessary for their successful mobilization for universal social insurance, while denying women the vote spurred middle-class women’s political mobilization and eventually led to maternalist social welfare policies.\(^{25}\) Though

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\(^{25}\) Skocpol, *Protecting Soldiers and Mothers*, pp. 15-17, 23, 27, 29, 41, 45, 50-51, 83, 87-90, 527-528.
in some sense social and economic forces are implicit in Skocpol’s framework, she has tipped the balance so far in favor of states and institutional structures that everything else is left with little political agency or causal impact. It is curious that within this paradigm, political power, including states’ power, is less far ranging than in models which place greater importance on political forces outside of institutions.

Both Skocpol and Nordlinger invoke Max Weber as a foundational thinker who recognized the importance of the state as a political entity. However, in pursuit of their institutionalist framework, and particularly state autonomy, they draw selectively from Weber’s depiction of states, focusing on the obvious edifices of state institutions and largely ignoring his discussion of the social and cultural manifestations of state and political power.\(^{26}\) Weber argued that discipline and rationality, which underpin both social and political interaction, lend a distinct and necessary new legitimacy to the state that replaces the legitimacy of a divine or sovereign ruler.\(^{27}\) Though Skocpol does include a discussion of rationality in “Bringing the State Back In,” she sees it not as something that connects the state and society, but rather as evidence of the state’s independence from social forces. Furthermore, neither she nor Nordlinger deal with the issue of discipline or disciplinary power which, as explored by scholars like Michel Foucault and Timothy Mitchell is key to understanding how power can be concentrated and conspicuous but also diffuse and concealed from view.\(^{28}\) There are clear parallels


between disciplinary power as a hidden dimension of power, and the way that ideology constructs boundaries around politics. In particular, Mitchell argues that “producing and maintaining the distinction between state and society is itself a mechanism that generates resources of powers.” This is relevant because it suggests that the state is working in some arenas, but not in others, with the effect of disguising or hiding “state” actions in areas understood to be “society” or “economy.” Similar separations undergird the two liberal currents that constitute the boundary condition around employment policy. The social standing imbued in private-sector work and the prohibition against a government entitlement to employment are both predicated on a view of the state, individual workers, and the labor market as separate entities.

Institutional Depictions of Culture and Ideology

Not all institutionalists are so focused on the state, though those who have a less state-centered view of institutions do not necessarily avoid the politics-versus-society dichotomy central to state autonomy arguments. Therefore, these institutionalists have underdetermined conceptions of political culture and ideology. James G. March and Johan P. Olsen characterize institutions as fundamentally rule-based and order-imposing structures. They seek to situate preferences as “a combination of education, indoctrination and experience,” thereby making them endogenous to the political system and subject to change. This means that political institutions themselves play a role in determining preferences and that it is not possible to “picture the political system as strictly dependent on the society associated with it.” But after highlighting the analytic problems associated

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with seeing society as wholly autonomous from politics, the authors do little more
than reverse the causal arrow as they instead argue for institutional autonomy.
Just as traditional preference theory inappropriately classifies society as independ-
ent from the political process in its effort to establish separate variables, the
new institutionalism, in its assertion of autonomy for political institutions, serves
to minimize attention to social processes and subsume them within the political
system. March and Olsen claim that this “is necessary to establish that political
institutions are more than simple mirrors of social forces.” But if institutions are
more than reflections of society, what is the nature of the relationship between
the two? Since March and Olsen assert that the new institutionalism is not set
on “denying the importance both of the social context of politics and the motives
of individual actors,” autonomy is the wrong concept for political institutions. [31]
Likewise the debate about endogeneity and exogeneity is misplaced.

Instead of the unnecessary split that insists on social or cultural factors being
either wholly exogenous or wholly endogenous to politics, my ideological approach
posits that they are interconnected. Political institutions through their structure,
logic, and operation certainly have the ability to influence the course of political
events and policy outcomes, but that is not all that affects policy discussions.
Culture and ideology, by providing frames of reference for understanding social,
economic, and political situations, help establish the policy alternatives that are
under consideration. To the extent that March and Olsen touch on ideology it is
in their explication of what they term an “instrumentalist” approach to politics,
a methodology that the new institutionalism seeks to replace. They acknowl-

that March and Olsen outline – contextual, reductionist, utilitarian, functionalist, and instru-
735-738).
edge that instrumentalists, being focused primarily on “outcomes,” have a limited characterization of semiotics and have therefore “either ignored symbolic actions or seen symbols as part of the manipulative efforts to control outcomes, rather than the other way around.” But, importantly, their critique of instrumentalists does not lead March and Olsen to incorporate ideology or semiotics into their framework for institutional analysis. For example, their discussion of “normatively appropriate behavior,” which might have provided an opening to consider the interactive relationship between culture and politics, is instead merely defined as “duties, obligations, roles, and rules.”

Douglas C. North comes closer than March and Olsen to bridging the statesociety gap, and his work even suggests that culture and ideology can play a part in institutional analyses. However, the model that he proposes for that is quite limited. For North, institutions are essentially the “rules, enforcement characteristics of rules, and norms of behavior that structure repeated human interaction.” He emphasizes the latter part of his definition, asserting that norms penetrate into the “informal” realm, thereby extending the influence of institutions beyond their obvious rule-enforcing structures into “codes of conduct, taboos, standards of behavior.” This greater focus on the intersection of society and politics seems promising, but North does not take this as far as he might. He fails to address what shapes norms and he does not sufficiently differentiate between rules and norms in his analysis. As a result, his framework provides a largely instrumental view of norms and the other aspects of society that influence institutions and their development, rather than one in which culture and institutions are mutually constitutive.

What North is most interested in is how institutions reduce

33 Norms are related to both ideas and ideology in that they grow out of patterns of behavior carried out over time, but norms in general are not the same as ideology, and this is particularly
uncertainty in the interaction of individuals, particularly as it relates to economic
growth. He argues that “increasing specialization and division of labor necessi-
tate the development of institutional structures that permit individuals to take
actions that involve complex relationships with other individuals both in terms
of personal knowledge and over time.” Essentially, uncertainty will make social
interaction difficult or impossible if there are not institutions to help. The form of
the uncertainty-reducing institutions then has a clear effect on modes of economic
exchange, which in turn affects economic growth.

Given North’s interest in what facilitates or impedes social and economic in-
teraction, semiotics would add a useful dimension to his analysis by explicating
the frames of reference that predated particular institutional structures and even
helping to account for differences in institutional arrangements in different cultural
contexts. North’s explanation for institutional change allows for social input in
the form of “the evolution of ideas and ideology,” but he sets institutions and ide-
ology up in an inverse relationship. The more that institutions “lower the costs”
of human interaction, the less ideas and ideology will matter. Aside from its
limited conception of ideology, this model has clear weaknesses as a rubric for
institutional change. What accounts for increases in uncertainty despite existing
institutional structures? What are the sources of the ideas and ideology that
come into prominence when institutions do not sufficiently reduce uncertainty?
And what determines the new institutional forms that then reduce uncertainty?
Attention to semiotics as part of institutional and social interaction would com-
plement North’s analysis by helping to answer these questions, and by making

34 Douglas C. North, “Institutions and Economic Growth: A Historical Introduction,” in
International Political Economy: Perspectives on Global Power and Wealth, eds. Jeffrey A.
his causal framework more robust. But in divorcing ideology and culture from institutions, there is little to account for the direction or scope of institutional change in North’s model other than institutions themselves, which amounts to a tautology.

In his depiction of the strengths of an institutional approach, Sven Steinmo more concretely argues against ideational analysis than March and Olsen or North. Steinmo is relatively uninterested in the relationship between ideology and culture which he sees as synonymous and therefore inconsequential. He condemns ideational analyses based on two further critiques. The first is that the presence of multiple ideas or viewpoints in society indicates the weakness of ideas as an influencing force in politics. The second is that scholars’ recognition of the continued presence of an ideology over time implies a lack of change, or even an inability to change which makes ideology incapable of serving as a robust causal variable.\footnote{Sven H. Steinmo, “American Exceptionalism Reconsidered: Culture or Institutions?” in \textit{The Dynamics of American Politics: Approaches and Interpretations}, eds. Lawrence C. Dodd and Calvin Jillson (Boulder: Westview Press, 1994), pp. 108-109, 127-128.} Neither of these claims is indisputable, nor do they constitute a sound indictment of ideology as a boundary condition in policy development. Often marshaled in the context of institutional analyses, the arguments set forth by Karen Orren and Stephen Skowronek about recognizing “the simultaneous operation, or intercurrence, of different political orders” can equally be applied here to rebut Steinmo’s suggestion that the presence of more than one idea or ideology makes such variables analytically unapproachable.\footnote{Orren and Skowronek, \textit{The Search for American Political Development}, p. 17.} As with any study of intercurrence, what is needed is enough precision to recognize and document contesting ideas or ideology.

It is also possible to have ideology persist over time without concluding that it
is static. Robert Lieberman not only argues for including what he calls “ideological repertoires,” in political analysis, he also notes that values such as “‘liberty’ or ‘equality’ might be invoked to support very different practices in different contexts.” As with intercurrence, the variable manifestation or application of an ideological thread over time is a sign that it is a complex factor, not a weak one. The connection between ideology and culture that I outline is more nuanced than what Steinmo provides. Even accepting for the moment Steinmo’s conflation of ideology and culture, his conclusion that ideology and culture have no place in an analysis of change is highly debatable. William Sewell provides a model in which both change and contestation are ever present, even in the midst of the apparent dominance of a particular set of cultural practices. Lisa Wedeen proposes something similar in her depiction of culture as a “dialectic” characterized by mutual influence but also conflict between “actors’ practices and their systems of signification.” She argues that by seeing culture in this way, “meaning-making activities” can be “both stable and changeable,” and “[allow] for inconsistency rather than simply implying strict coherence.” In a like manner, a particular ideology or ideological current can be present in different historical contexts, and can thereby help shape political development through the boundaries it creates. However, because these boundaries are tied to changing circumstances, they find expression in different ways over the course of history, especially as related to particular policy or political positions.

CHAPTER 2. IDEOLOGY AS METHOD

Pitfalls of Path Dependence

This merging of adaptation and continuity distinguishes ideology-as-a-boundary-condition from path dependence, one of the main ways that constraint has been conceptualized in APD. Path dependence was introduced to social science by economists in order to explain the market dominance of a particular technological competitor, based not on that competitor’s technological superiority, but rather on past decisions or outcomes resulting from rational choices that wind up advantaging the winning competitor later on. Paul Pierson has done careful work to explain the theoretical basis for path dependence. Much of this work highlights the ways in which political institutions create conditions over time that make the costs of change very high. This is not the only way of looking at the causal impact of sequential events, as Pierson himself notes, though he argues that his chosen definition focusing on “increasing returns processes” or “self-reinforcing or positive feedback processes,” provides necessary analytical clarity through its narrowness.

Pierson’s model has a significant downside when it comes to understanding ideology’s role in policymaking. Enacted policies are one mechanism that perpetuates or carries ideological currents, representing an intersection of ideology and institutions. But an ideological current does not necessarily vanish or lose influence if it is not institutionalized through a particular policy or program. This means that is not enough to study the policies that were actually enacted and, therefore, contributed to a system of increasing returns. It is equally important to identify policies and programs that were repeatedly proposed and rejected or sub-

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stantially transformed, and to understand what made them politically unfeasible. In this work I analyze successful employment policies as well as unsuccessful policy proposals. This enables me to incorporate what Peter Bachrach and Morton S. Baratz refer to as the second face of power: “the nondecisionmaking process,” or the ability to exclude issues from the political agenda.\textsuperscript{43}

Other approaches to path dependence in political decision making go beyond Pierson’s conception of increasing returns and, as a result, can offer a better basis for analyzing ideology. For example, Sewell argues that the sequence of events matters, or what he calls “eventful temporality.” Incorporating path dependence in a broad way, Sewell’s model recognizes that “what has happened at an earlier point in time will affect the possible outcomes of a sequence of events at a later point in time” but also that “causal structures change over time,” as “general events bring about historical changes in part by transforming the very cultural categories that shape and constrain human action.”\textsuperscript{44} In Sewell’s framework, changes in cultural categories can alter understandings implicit to assigning costs to particular actions or non-actions, thereby altering any existing processes of positive feedback. In opting for a version of path dependence that does not contain this ambiguity about the trajectory of sequential events, Pierson fails to incorporate Sewell’s important insight about how cultural understandings provide meaning essential to evaluating different choices. Pierson does not wholly ignore culture and ideology, but drawing on North’s conception of “mental maps” as a tool used by actors to interpret complex environments, he asserts that the “tenacious” adherence to particular “basic outlooks on politics” is evidence of increasing returns in actors’

\begin{footnotesize}
\textsuperscript{44} Sewell, “Three Temporalities: Toward an Eventful Sociology,” p. 263.
\end{footnotesize}
perspectives. This is a convenient and even intuitive argument, but it provides little in the way of analytical traction for understanding ideology’s role in politics.

Ideology itself may be correctly referred to as self-reinforcing, but asserting that there is a high cost to changing ideology tells us nothing about how cultural norms or modes of understanding interact with institutions and interests, variably contributing to stability or change. The persistence of particular ontologies—ways of seeing the world—as evidenced by political culture or ideology, does not mean that other parts of the political arena are constant. Nor does the continued existence of an ideological system mean that it is without significant change or adjustment, or that policy positions, institutional arrangements, or statements of political interests that draw on the ideological system will be static over time. This means that path dependence, particularly a model based on increasing returns, is simply not the a sufficiently powerful framework for describing the complicated relationship between ideology and politics, or for fully capturing the ways in which ideology functions as an adaptable constraint. At root, Pierson’s claim about political culture’s resistance to displacement is an observation, not a description of a mechanism that explains what is responsible for the resistance. This is what a boundary condition offers that is distinct from path dependence: a way of conceptualizing constraint in a more flexible manner, one that can equally be applied to ideology, institutions, or interests.

Path dependency is also limited by its tendency to assume a certain uniformity within the system, through its focus on how political decisions and structures are working to reinforce a given path, rather than working at cross purposes. Although the path may be interrupted or shifted during periods of distinct flux, often called critical junctures, path dependency lends itself to identifying a single

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political order that successfully directs policy. A number of APD scholars have proposed an alternative way of considering political competition, positing that there are multiple political orders operating simultaneously. This is also referred to as intercurrence. Objecting to path dependence’s seamless view of history and political development, the multiple orders framework sees conflict, not coherence, as “the normal condition of the polity.”\textsuperscript{46} The intercurrence model is particularly useful for conceptualizing an ideological boundary condition that can constrain policy choices even though it contains contradictory elements.

Another common exploration of constraint in APD is conducted through the lens of institutional or state capacity. Such studies argue that the success of certain policies and failures of, or limits on, other policies can be attributed to advantages provided by existing institutional structures.\textsuperscript{47} Analyses focused on institutional capacity often nod to path dependence since institutional structures, once created, will tend to contribute to a system of increasing returns that reinforce the existing arrangements rather than enabling competing institutional capacity to be created. But the particular institutional arrangements that indicate the existence or absence of state capacity can also be thought of as establishing boundary conditions on the exercise and even evolution of state power. During periods of disruption when exogenous changes precipitate the demand for new or different institutional structures, the state capacity argument is that past or existing patterns of institutional control will still have a significant effect on the form of new arrangements. When new institutional structures effectively eclipse the old, a neat path dependence argument, particularly Pierson’s increasing returns model,

\textsuperscript{46} Orren and Skowronek, The Search for American Political Development, pp. 97, 103, 108.
\textsuperscript{47} For an example of state capacity as an explanation for the divergent outcomes of particular policies see Theda Skocpol and Kenneth Finegold’s discussion of the Agricultural Assistance Act and the National Recovery Act: State and Party in America’s New Deal (Madison: The University of Wisconsin Press, 1995).
is inadequate as an explanatory framework. By contrast, the idea of institutions forming a boundary condition is more viable because it is more flexible.

Stephen Skowronek’s book, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920*, is a seminal work on state development that moves beyond the state capacity framework to articulate a more robust understanding of how states adapt to changing circumstances. Skowronek contends that the contours of state building are not best explained simply by “the natural and adaptive reaction of governments to changing conditions.” Rather, “states change (or fail to change) through political struggles rooted in and mediated by pre-established institutional arrangements,” in response to a variety of stimuli prominently including extra-institutional forces. Taking up the American case, Skowronek argues that in the wake of social and economic changes brought on by industrialization at the close of the 19th century, calls for expanded state capacity were negotiated within the framework of the existing state apparatus, rather than simply replacing that apparatus outright. When “new national administrative institutions first emerged free from the clutches of party domination, direct court supervision, and localistic orientations,” what had occurred was transformation, not substitution. However, as the process progressed from “state building as patchwork” to “state building as reconstruction” after the turn of the century, the 19th century American state system of “courts and parties” had some amount of legacy effect on the new bureaucratic structures but no longer constituted a boundary condition. In Skowronek’s account of institutional boundaries, there is room for both adaptation and continuity as the state’s institutional structures experience incremental reform. What Skowronek seems to be pointing to in the end is that the really persistent boundary condition on political practice is not a particular set of institutional arrangements that are bound by path dependence,
but rather that it is the intersection of institutional structures and social and economic factors. Extrapolating from Skowronek’s argument about the interrelation of state institutions and the larger social and economic context in political development, it follows that ideology can also bound political practice, even as its interactions with institutions and interests cause it to undergo some degree of gradual, adaptive change.

Institutions and Ideology

I argue that defining a sharp break between institutions and ideology can be misleading and counter-productive. The political fragmentation caused by American federalism is usually seen as an institutional impediment to policy change. Instead, drawing on Suzanne Mettler’s work on New Deal public welfare programs, I propose that federalism’s constraining influence on policy development operates on an ideological as well as an institutional dimension. Mettler shows that the pattern of public welfare policy development in the New Deal led to unequal forms of citizenship for men and women because the programs created two asymmetrical levels of citizenship: State and national. These two tiers of citizenship are indisputably tied to federalism, but the question is whether that outcome was dictated solely by institutional factors or also by policymakers’ ideological commitment to the idea that those at the city, county, or State levels were in the best position

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49 This is, for example, one of Theda Skocpol’s main arguments in her work on U.S. social welfare policy (Skocpol, *Protecting Soldiers and Mothers*). Edwin Amenta makes a similar argument in his book *Bold Relief: Institutional Politics and the Origins of Modern American Social Policy* (Princeton, New Jersey: Princeton University Press, 1998).

50 Like Shklar, Mettler is deeply concerned with American citizenship, though she expands Shklar’s notion of standing to incorporate a dimension of inclusion through social policy (Suzanne Mettler, *Dividing Citizens: Gender and Federalism in New Deal Public Policy* (Ithaca and London: Cornell University Press, 1998), pp. 1-11).
to accurately diagnose social and economic welfare problems and to design policy solutions. This preference for local as opposed to national policy design and oversight has an institutional justification, since it provides for a greater level of flexibility. But the conviction that those on the ground will make better policy because of their awareness of local conditions and issues is, for many, an article of faith, not subject to empirical evaluation of outcomes. I see Mettler’s argument as including both institutional and ideological roots. Her work is important, not just for its methodological implications, but also because the unequal forms of citizenship that she brings to light are congruent with the dictates set out by the two ideological currents that have constrained employment policy in America since the New Deal.

According to Mettler, women were consistently disadvantaged by the budding social welfare policies in the New Deal. That is, women were largely relegated to State run programs that were primarily directed at non-workers. These programs were means-tested and based on an assistance or charity model. By contrast, men had greater access to the nationally operated programs which, following an insurance model, were not only universally available to those with a particular work history (and eventually their dependents) regardless of financial circumstances, but tended to provide a higher level of benefits than the means tested programs.

Mettler rightly identifies this institutional division as having lasting consequences for social welfare provision and citizenship in the U.S. Underlying this division, remains the question of why policymakers in the New Deal favored this federal-State division. Rather than this being an institutional division forced on policymakers, Mettler’s discussion makes it clear that key advisors in Franklin

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51. It should be noted that inequality was present even among nationally administered programs. Old Age Insurance benefit levels were tied to wages, rather than distributed as a flat rate, so the lowest earners also received the lowest benefits (Mettler, Dividing Citizens, p. 68).
Delano Roosevelt’s administration (like Labor Secretary Frances Perkins and the Committee on Economic Security’s Chairman Edwin Witte) worked to create State-level programs based on a positive view of federalism, tightly bound to anti-statism. Based on Louis Brandeis’ assertion that States should “serve as ‘laboratories of democracy’ for policy innovation and experimentation,” Perkins, Witte, and even Brandeis himself, worked to convince Roosevelt to create State-run public welfare programs. Mettler also identifies additional justifications for State administration that had more institutional bases, including assuaging Southern Democrats’ concerns about federal power accretion and protecting these welfare programs against Supreme Court rulings of unconstitutionality. Interestingly, though all these rationales are connected to anti-statism, the latter two portray existing negativity towards the federal government as a threat to new programs that federalism can assuage. However, the “laboratories of democracy” idea casts federalism as positive in its own right; States are presumed to be more nimble and progressive sites for policy innovation than the federal government.

The ideological underpinning of this use of federalism is also distinguished by policymakers’ disregard of contrasting approaches. Mettler points out that centralized social welfare policies were being developed in Europe concurrent with America’s de-centralized New Deal policies, and that there were proponents of national standards and national administration for social policy in the U.S. that were competing with the federalists for control over program design. The fact that the federalists won out with some policies, while the national standards champions shaped others, led to men and women being incorporated into the new welfare state very differently.

52 Mettler, Dividing Citizens, pp. 59-62.
53 Mettler, Dividing Citizens, pp. 60-62.
There were racial repercussions as well. The federalists’ optimistic portrayal of State control of social welfare policy could not fully elide the fact that Southern resistance to national policy standards was deeply grounded in the desire to protect the South’s racist regime specifically States’ ability to discriminate on the basis of race in their provision of social welfare benefits.\footnote{Mettler, *Dividing Citizens*, pp. 93-96.}

Mettler’s work also suggests that federalism helped bolster the two liberal currents that bounded employment policy. Returning to Shklar’s understanding of earning as a key marker of citizenship, the federalists were best able to make their case for State control regarding public assistance policies that resembled relief or charity. Non-earning recipients had less standing than those who worked for wages, and were therefore less entitled to federal expressions of citizenship. Considering such programs’ meager benefits and States’ ability to exclude individuals on the basis of race, exemption from work-as-citizenship’s requirement to participate in the private labor market seems to have carried a heavy price. The federalists in Roosevelt’s cabinet had some success even among the programs extended to workers, namely establishing Unemployment Insurance as a joint national-State program. That result, too, aligns with the boundaries of work-as-citizenship and labor-market anti-statism. Unemployment Insurance was structured as a contributory insurance program, but its design as a time-limited program and the discretion granted to States to set eligibility and benefit levels worked together to prevent the program from supplanting work in the private labor market as the main avenue for income.
CHAPTER 2. IDEOLOGY AS METHOD

Interests and Ideology

For all the ways in which institutions and ideology can work together to bound policy, there is perhaps an even stronger case for thinking about how ideology and political interests intersect. In her book on the struggles between business and organized labor in the U.S., Elizabeth Fones-Wolf explicitly combines them, looking at how business interests during the period from 1945-1960 consciously worked to shape political culture. The political “vision” that she sees business aiming to spread contains the basic elements described here as labor-market anti-statism, with some gestures toward work-as-citizenship: “corporate leaders constructed and sold a specific vision of the reciprocal relationship of businesses and citizens that stressed mutual rights and responsibilities. In this vision, corporate leaders claimed the right to control America’s economic destiny without significant interference from unions or the state,” and “linked economic success with freedom, individualism and productivity.”

In important respects, Fones-Wolf actually strengthens the case for exploring the roots and contours of the ideological currents and their role in shaping policy before and after the time period between 1945 and 1960 that Fones-Wolf examines. At a theoretical level, Fones-Wolf’s analysis suggests that political interests and political culture (ideology) are tightly linked, and that ideological perspectives help to define interests and to provide a means of pursuing those interests’ political aims. This is not a small point, nor is it a foregone conclusion that interest based analyses would incorporate ideology in this way. As a counter example, Colin Gordon combines interests and institutions to make an argument.

57 Fones-Wolf, Selling Free Enterprise, pp. 5-9.
about how “U.S. democratic capitalism frames political choices” in the “peculiarly weak and fragmented” context of U.S. institutions. He specifically positions that argument as “an alternative to the cultural or ideological explanations preferred by some historians and the class- or group-based behavior pursued by some social scientists.”

At an empirical level, Fones-Wolf’s work provides evidence of the ideological currents’ existence and shows how they favored particular policy perspectives over others. While I recognize compatibility with Fones-Wolf, this project diverges in several significant ways. First, whereas Fones-Wolf contrasts the business vision with the liberal trade-union vision of the New Deal, I show that New Deal employment policy also contained elements of this business vision. In addition, in Chapter 1 I traced the roots of what she calls the business vision back to basic tenets of American liberalism as they intersected with understandings of capitalism. Furthermore, I demonstrate that ideology is more than an instrumental tool for political actors, but also serves as a boundary condition constraining policy discussions and choices.

American Employment Policy Analyses

Comparing this project with prior work on American employment policy illustrates that my ideologically oriented analysis contributes new insights on employment policy development. There are a number of scholarly accounts of American domestic policy in the 20th century that either explicitly focus on national employment efforts, or include some attention to them as part of a more general
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boundary condition. A more complete answer is that focusing on these ideological currents illustrates different boundary conditions around employment policy than previous accounts offer. I show that work’s vaunted relationship to citizenship and the persistent denial of an active right to employment constrained employment policy development. I also provide a way of understanding what prompted the continuation of constraints, even when institutional or interest barriers were absent.

**Multi-Case Employment Policy Studies**

Gary Mucciaroni and Margaret Weir have provided two of the most comprehensive studies of American employment policies and their limitations. It is no coincidence that both are part of the group that draws on a range of institutional, interest, and ideational factors to explain the development of America’s employment policies. Because these two books come closest to covering the full range of policy cases examined in this project, a fairly close examination of their work is warranted. Both are examples of careful and thoughtful scholarship on the limitations on employment policy, and some of their claims are congruent with mine. However, there remain a number of points of divergence between their work and this project at both the methodological and empirical level.

As the title of his book suggests, *The Political Failure of Employment Policy, 1945-1982*, Mucciaroni sees the trajectory of employment policy in the four decades following World War II as the foundering of a “liberal” vision that had provided “faith in the capacity of the federal government to solve major social and economic problems.” It is important to note that Mucciaroni is using “liberal” to refer to the political agenda of the American Democratic party and affiliated

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left-leaning political interests and actors. Beyond that difference in nomenclature, many of the underlying questions that Mucciaroni asks are congruent with this project’s motivations, such as why employment policy has been largely disconnected from labor-market management.

Mucciaroni offers a detailed account of employment policy development, breaking it down into two areas. The first is what he calls the “employment policy subsystem” which is “concerned primarily with programmatic issues – eligibility criteria for participants, the mix of services and benefits to be provided, administrative and service delivery arrangements, and the level of annual appropriations.” The second arena of employment policy development encompasses the “broader issues and policies that fall outside the subsystem but that critically impinge upon it” such as “struggles to adopt full-employment legislation, major initiatives in macroeconomic management, and other developments in economic policy that have had a direct impact on the mission and scale of employment and training programs.”

Though this distinction is useful, I propose that the liberal tradition’s constraint on employment policy encompasses both the “subsystem” and the “broader issues and policies that fall outside the subsystem.”

Mucciaroni includes ideology as part of what determines policymakers’ “understanding of problems and their crafting of policies,” but he is not attentive enough to ideas about employment policy and he does not identify a lasting ideological boundary condition on employment policy. In fact, he seeks to chart the incomplete realization of active employment policy during a “liberal regime” and contrast that with the more draconian approach at the start of a “conservative regime.” Therefore, Mucciaroni casts the employment policies between the 1940s and the 1970s as limited more by successful conservative opposition rather than

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bi-partisan adherence to a set of ideological currents. The theoretical payoff for Mucciaroni is what the employment policy case can “contribute to the broader debate over the exhaustion the liberal policy agenda.”

I instead assert that what is important about the “liberal policy agenda” of the post-war era is not whether or not it is exhausted, but the fact that that agenda did not successfully challenge or provide clear alternatives to the liberal currents marking the border around acceptable employment policies. Notwithstanding this difference in our arguments, Mucciaroni advocates looking for contingency and adaptation within constraint, and paying attention to issues and agendas that were foreclosed by constraints. Thus, my ideological boundary condition model is largely compatible with Mucciaroni’s overall approach, though it sheds light on a different set of factors limiting employment policy in the post-war era.

There are also important areas of overlap between my work and Weir’s. At the beginning of her account, Weir notes the “importance of work in American political culture” and contrasts that with the “passive” approach to employment policy that has not focused on “creating jobs, easing transitions into the labor market for those already working, and facilitating movement into employment for those entering the workforce.” By drawing attention to the fact that employment policy seems “curiously out of step with dominant American values” Weir is gesturing toward the implicit contradiction at the heart of the two liberal currents. It is this apparent incongruity that leads me to ask: what explains the fact that on the one hand we link work to status, but on the other hand we are resistant to a government role in ensuring enough employment? Though Weir does mention that calls for a right to work were routinely shot down, she does not delve much

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further into the contours of this ideological tension. Instead, she focuses on the institutional factors that helped particular policy and economic ideas win out over alternatives, including political competition, coalition building, and institutional capacity. One of Weir’s key contributions is to demonstrate how the employment policy outcomes limited the policies’ range and therefore dulled their impact on unemployment and other labor market issues.  

Weir observes that despite the American “distaste for programs that provide income assistance to the able-bodied,” employment policy has “paradoxically operated to promote dependency rather than to encourage economic independence.” This is an insightful observation, but she does not go far enough with it. Weir describes employment policy as “an unsettled area, characterized by false starts, poorly implemented programs, and a vacillating national commitment.” When seen through the lens of the ideological commitment to liberalism, the employment policy arena has a discernible pattern which makes sense of much of the “unsettled” nature of employment policy development. To the extent that employment policies engendered dependence among participants, it was actually in the name of preserving the mandate for individuals to obtain work on their own in the private market. So it is dependence disguised as independence, which because of the value attached to independence in America makes it virtually unassailable. Seen through the lens of the two liberal currents, the mis-match between the centrality of work and the constraints on national employment policies is not a paradox, because work’s value would diminish if the government took on too large a role in ensuring access to employment.

Weir recognizes that a boundary exists around employment policy, but she

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67 Weir, Politics and Jobs, pp. 5-7.
68 Weir, Politics and Jobs, p. 4.
CHAPTER 2. IDEOLOGY AS METHOD

emphasizes the role of institutions. She concludes that there is an incongruity at the heart of employment policy which is primarily due to a “pattern of innovation and failure” within political institutions, which are then constrained by past policy decisions. In Weir’s analysis, this creates a boundary condition which includes a narrow focus on unemployment as opposed to more complicated labor market limitations, policymakers’ neglect of institution building, and the divergent paths for employment issues seen as economic as opposed to those seen as social. Her concept of a boundary condition is similar in many respects to mine. For example, the tendency to target policies at reducing the level of aggregate unemployment without tackling underemployment or looking more closely at other labor market failures fits within both of our boundary conditions. I depart from her, however, in what constitutes the boundary, as well as more fundamentally in identifying ideology as opposed to institutions as the root of what creates and maintains the boundary condition. Both of these differences are evident in our respective treatment of the role and impact of institutional capacity. Weir argues that policymakers’ consistent failure to increase institutional capacity for employment policy was a key component of the boundary condition around employment policy. By contrast, I see institutional capacity for employment policy as fairly variable over the years between the New Deal and the Reagan Revolution, and attribute the lack of permanent infrastructure for some sorts of programs, like public jobs programs, as ideologically motivated rather than institutionally determined.

Weir incorporates ideational analysis into her institutional framework, but only in a limited manner. In particular, Weir steers away from considering ideology because she argues that cultural or political values cannot “explain variations in the

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69 Weir, Politics and Jobs, pp. 5-7.
70 Weir, Politics and Jobs, pp. 9, 13, 53.
71 Weir, Politics and Jobs, pp. 5-6, 23, 30.
shape and timing of particular policies.” Instead, she prefers “policy ideas” which can be operationalized within institutions, as can her other main mechanisms for understanding policy outcomes, such as political competition and coalition building. My analysis suggests that there is a value added by ideological analysis. Policy ideas are undoubtedly important, but ideology provides metrics for generating, evaluating, and framing particular policy ideas and proposals, which metrics can have a profound impact on the success or failure of policy ideas. My consideration of ideological boundary conditions adds another useful dimension to Weir’s framework, blending a causal argument with a boundary condition analysis.

In addition to these differences in methodological approach, discrepancies in case study selection and historical interpretation distinguish Weir and Mucciaroni from the present project. Neither Weir nor Mucciaroni devotes much attention to the early New Deal’s short-lived federal public employment programs like the Works Progress Administration (WPA). The analysis of these programs is important because they helped inaugurate and define the system of constraint embodied by the two liberal currents. This includes resistance to permanent public work provision and restrictions on other employment policies that might undermine the individual imperative to secure work. In leaving them out, Weir and Mucciaroni do not do enough to help expose the ideological pattern at work. In Weir’s case, neglecting this early example of public jobs programs leads her to attribute the dissolution of the second major public employment program, the 1973 Comprehensive Employment and Training Act (CETA), solely to the general shift to the

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right in the 1980s that “signaled the political failure of a set of ideas that had helped organize the relationship among the federal government, the economy, and American citizens for more than four decades.”

Reaching further back in history and examining another employment program, like the WPA, would point to a different conclusion. The WPA’s rise and fall in many ways mirrored CETA’s trajectory, and since there was no comparable shift to the right in the 1930s, something else must explain the WPA’s demise. This, in turn, raises questions about whether similar factors also contributed to CETA’s dissolution in the early 1980s.

In a similar vein, Mucciaroni highlights the shadow cast over CETA with Ronald Reagan’s inauguration of “the most ideologically conservative” administration in half a century, and calls CETA’s public service employment program “an idea whose time had come and gone.” The shift to the right in the 1980s was certainly important, but making it a key causal factor (alongside interests and policy ideas) obscures the larger pattern of constraint that operated before and after the conservative turn. My contention is that the liberal currents had a consistent influence on employment policy debate and development, though the form of the constraint changed over time. The outcomes of past employment policy debates that had largely foreclosed policies that conflicted with the liberal currents’ boundary provided a foundation for Reagan’s extremely narrow employment policy. However, even Reagan’s agenda was constrained by the liberal currents. Members of both political parties successfully pushed back against some of his policy proposals, relying on arguments grounded in the liberal currents.

Mucciaroni acknowledges that ideology has played a role in defeating employ-

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ment policies like the 1945 Full Employment Act (FEA) that included a right to work, or but he does not identify the “traditional American beliefs about the role of government in the economy” as part of a broader ideological boundary condition that consistently constrained other aspects of employment policy. For example, Mucciaroni says the FEA sparked an “intense ideological debate over the appropriate role of the state in the economy,” in which “cultural values” greatly strengthened “conservative and business influence” working against the FEA. The contours and origins of the anti-full employment argument remain relatively unexplored though, as does the relationship between work as a signifier of social and political inclusion and arguments against making employment a positive right. In addition, Mucciaroni spends more time analyzing the debates about Keynesian economic doctrine in the 1940s and 1960s than he does exploring what made it possible for “conservatives” to deploy arguments that linked full employment with anti-Americanism. Finally, Mucciaroni variably uses ideology to refer to partisan sentiment and fundamental frames of reference for American political culture.

My use of ideology differs from Mucciaroni’s in a broad sense, since I define the two liberal currents as constituting an ideological framework around employment policy, rather than seeing ideology as a partisan expression. This distinction leads me to different conclusions about ideology’s role in specific employment policy debates, such as the 1945 full employment debate. Briefly, proponents of full employment, which would have included public jobs programs, tried to frame these measures as compatible with the liberal currents in order to make them politically palatable, even though their policy proposals were fundamentally in conflict with the liberal currents. This effort to dramatically change policy without taking

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on the underlying ideological framework ultimately weakened their argument and left them little ground on which to defend their ideologically controversial policy proposals.

As noted above, Weir has less room for ideology in her account than Mucciaroni. Remaining with the example of the FEA, she notes the significance that the bill included a right to employment, but then largely subsumes the ideological implications of such a policy change in her discussion of business opposition to the bill. That opposition associated economic planning with “the specter of federal domination of the economy and the end of market freedom,” and used that as the basis for a successful political coalition in Congress that transformed the FEA into the less revolutionary 1946 Employment Act. For Weir, the most important point is that the Employment Act had little in the way of an institutional footprint, and therefore did not create institutional capacity for national management of employment and unemployment.\textsuperscript{78} This is consistent with her overall argument about institutional capacity and adherence to particular policy paths, but it means that she overlooks the role and influence of ideological factors. From my standpoint, the most important thing about the FEA is that its supporters tried to fit its government-backed full employment proposals within the two liberal currents’ existing ideological framework. This meant that the bill’s proponents were unable to adequately support and defend it when it came under attack based on its conflict with the currents’ mandates about the separation between the government and the labor market, and the individual responsibility for obtaining work.

The shortcomings inherent in relying primarily on institutions as causal factors is even greater in the case of the long-lasting campaign against public jobs programs and a positive right to employment. Institutional structures, including

\textsuperscript{78} Weir, Politics and Jobs, pp. 45-46, 49-50.
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existing policy approaches, can certainly create the predisposition for particular policy choices, but it is more difficult to see how institutional absence can be responsible for a range of policy ideas over the better part of a century. Policy-makers’ acceptance of the liberal currents’ boundaries, though, can account for the steady resistance to such proposals. In the case of public jobs programs, as well as employment policy more broadly, the following chapters will provide numerous examples of policymakers making particular policy choices in the face of acknowledged evidence that such approaches cannot hope to meet their stated objectives. Some other factor, besides institutions or economic goals, was guiding policymakers.

Employment and Social Welfare Policy Studies

Works by Edwin Amenta, Eva Bertram, Chad Alan Goldberg, and Judith Russell are also relevant to the debate about the sources and consequences of constraint in American employment policy. These authors all highlight institutions as explanatory factors, though the focus within institutions ranges from America’s incomplete democratization, to political coalitions, to the relative weakness of the executive, along with other non-institutional political factors. This project considers some aspects of the American welfare state as they overlap with employment policy. While these five authors integrate a number of key employment policies into their analysis of the American welfare state, the empirical scope of

these studies is clearly distinct from mine. At a methodological level there are other interesting differences, though we start from some similar positions. For example, like me, Goldberg fundamentally recognizes links between citizenship, political activity, and employment and social welfare policies.\footnote{Goldberg draws on T. H. Marshall’s characterization of citizenship that distinguishes between civil rights, political rights, and social rights. But he challenges Marshall’s claim that welfare policies in the 20\textsuperscript{th} century connected social rights and citizenship because distinctions that were made between different segments of the poor conveyed rights (social, civil and political) unevenly (Goldberg, \textit{Citizens and Paupers}, pp. 2-3).} A brief review of each of these authors’ contributions will further elucidate the novelty of my approach, and show how it can help expand existing understandings of American employment policy.

Amenta focuses on the New Deal, identifying that period as the point of origin for an American social welfare policy typified by the pursuit of “work and relief” for program participants. His stated approach is what he calls “institutional politics theory,” which, he argues, makes room for understanding the limits on social policy set by the institutional context while also identifying “the actors and resources that drive public social provision.”\footnote{Amenta, \textit{Bold Relief}, pp. 8-9, 12, 19.} Amenta elaborates that the welfare system was never completed or turned into a “work and relief state,” primarily because of two institutional factors: the incomplete democratization of the South, and the political parties’ patronage orientation that prevented sufficient spending at the national level. Instead, these structural impediments explain what led to the “waning of this reform regime” that held such promise at the start of the New Deal.\footnote{Amenta, \textit{Bold Relief}, pp. 13-15, 19-20, 23-24, 92.} So, though Amenta clearly takes seriously the role that those in government play in shaping policy, particularly those within the executive branch, he sees constraint as deriving from institutional factors, and does not examine the ideological context framing particular policy choices, including those that led to
in institutional limitations.

This means some of his reading of history is quite different from mine, such as what led to the downfall of the WPA. According to Amenta, the WPA was doomed by its “far-reaching nature and the national executive authority embodied in it,” but not by lack of presidential support. In fact, Amenta sees Roosevelt as a greater champion of the WPA and work relief than of other contributory insurance programs. If Amenta broadened his frame of reference to capture other institutional battles, including Roosevelt’s support for Unemployment Insurance and agricultural and industrial regulations, he would reach a different conclusion. In Chapter 3, I argue that at its core the WPA was limited first because it was created as an emergency program, requiring regular reauthorization and new appropriations. Then during the Social Security Act’s planning process, Roosevelt opted to preserve the WPA’s tentative structure rather than making it a permanent policy, precisely because of his concerns about work relief undermining ideological and economic incentives for work in the private labor market. Amenta gestures toward some of the ideological concerns when he refers to the importance of America’s economic liberalism, which “is devoted to making markets run smoothly, by making public spending low in amount and degrading in delivery.” However, asking questions about why public spending was necessarily degrading in delivery would have lead to a fuller exploration of the relationship between that economic framework and the importance of specific types and forms of work as a precondition for social and political inclusion.

Another way to consider institutions’ impact on the policy process is to look, as Bertram does, at inter- and intra-party coalition building. Notwithstanding her

83 Amenta, Bold Relief, pp. 81-86, 90-92, 119-120, 220-222.
84 Amenta, Bold Relief, p. 8.
focus on political party interactions, Bertram’s work on the origins and history of “workfarism” in American social policy has relevance to this project. First, she draws on a set of social welfare policies that include some of the employment policies covered in the case study chapters. Second, the argument she sets forth disrupts the conventional narrative about liberal democratic expansion of America’s social welfare state in the New Deal and Great Society eras followed by conservative Republican-led retrenchment in the 1980s. Bertram replaces that account with one in which Southern Democrats played a significant role in dismantling established social welfare policies starting in the late 1960s. In so doing, Bertram not only complicates the notion that there were clear party-line divisions between Democrats and Republicans that respectively align with growing and shrinking the welfare state, she demonstrates that there were key policy precursors in the 1960s and 1970s that helped set the stage in the 1980s for social welfare policy contraction in general, and workfare in particular. Perhaps the most important thing in this context, though, is her conception that “capacity” is “equally relevant to making sense of the political project of retrenchment,” which implicitly carves out room for the consideration of framing and ideology. Bertram points out that in order to shift from a welfare model to a workfare model, basic assumptions first made during the New Deal about who was in a position to work had to be revised. She documents the shift from welfare to workfare, and discusses the ways in which workfare policies reinforced the employment conditions offered by the private labor market, even when they were patently inadequate. This is compatible with my argument that the workfare revolution largely fits within the boundaries es-

87 Bertram, The Workfare State, pp. 6-7.
 established and maintained by the liberal currents. However, much of Bertram’s argument, in both her initial article and her later book, is focused on how “political compromises” and coalition building led to particular policy outcomes. She does not discuss deeper ideological continuities in employment policies. What I add is a closer and more systematic look at how the American liberal tradition intersected with acceptance of a work-based welfare model, and what that shift meant for the ideological and policy landscape around U.S. employment.

In his study of American social welfare policy, Goldberg incorporates attention to institutional factors within a semiotic framework. Drawing on Pierre Bourdieu, Goldberg analyzes policy through the lens of classification struggles over the labels “citizens and paupers,” for clients of various social welfare programs. He compares the outcomes of classification struggles at three different points in American history: the 1860s, the 1930s, and the 1990s, and he shows the differential results for groups depending on whether they achieved the status of citizen or pauper. While his work suggests that understandings of citizenship create bounded and meaningful classifications for participants of social welfare programs, Goldberg is not specifically advancing a boundary condition analysis, or investigating the ideological underpinnings of the weighted classifications that are at issue. In addition, Goldberg is not primarily focused on executive level policy planning and debate, or even legislative considerations. Instead his data mostly tracks the efforts of non-governmental political actors, namely members of social movements and other interest groups, as they pursued the citizenship classification for particular social welfare recipients at different points in history. The state is not wholly absent, since he also looks at how institutional factors like policy feedback

89 Goldberg, Citizens and Paupers, pp. 3-8.
consolidated the classification that resulted from each struggle, with mounting advantages and disadvantages respectively for citizens and paupers. He uses the data necessary for his stated aim, but his framework excludes other important evidence. For example, Goldberg does not look closely at the discussion within the executive branch about whether or not to include a permanent public employment program in the 1935 Social Security Act. Had such a program made it into the final bill, it would likely have had a significant impact on the classification struggle waged over Works Progress Administration participants. A permanent public jobs program might have increased the status associated with such jobs, which would have changed the contours of the classification struggle itself.

There are important similarities between Goldberg’s classification struggle approach and my ideological approach. Like ideology, a classification struggle involves semiotic processes of meaning making articulated in the political sphere. Furthermore, the importance of certain labels or classifications is at least partly defined by ideology, and the significance of the distinction between “citizens” and “paupers” lines up with the two liberal currents. Thus, Goldberg’s work addresses some of the stakes established and maintained by the liberal currents’ boundary condition. However, I add an important clarification to his argument that “work or public service” does not provide a consistent basis for citizenship. Based on my research, a more precise statement is that work and public service had a variable connection to citizenship because only private sector work (or military service) which did not indicate a lack of independence was valorized. Therefore, government jobs programs, such as the WPA’s work-relief, or the later workfare programs did not constitute grounds for social inclusion in the same way that

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paid, private work did.

The effect of institutional rivalry over policy ideas or approaches – sometimes paired with claims about varying institutional capacity – appears as a causal factor in a number of works on employment policy. It serves as one of Judith Russell’s main arguments in her book about what accounts for the lack of job creation policies in the Great Society’s War on Poverty. Weir and Mucciaroni do not make institutional conflict a centerpiece of their analyses, but figures in to each of their accounts as well. The core of such arguments is that rival offices’s differential institutional capacity for research or implementation will largely determine which one’s policy approach wins.\footnote{Russell, \textit{Economics, Bureaucracy, and Race}, pp. 18, 23-24, 34; Weir, \textit{Politics and Jobs}, pp. 71-75; Mucciaroni, \textit{The Political Failure of Employment Policy}, pp. 41-45, 46-47, 55-56, 129.} I will present evidence in the following chapters showing that while there were differences of opinion about employment policy between various executive departments, the differences in institutional capacity were not always substantial or decisive in determining policy outcomes. More generally, though institutional rivalry, much like institutional capacity, is an alternative explanation to ideological boundary conditions, it can also provide a rationale for examining ideology. Any such argument requires an explanation of what determines the different policy agendas of each institutional rival, and what conditions helped the victor win out. Those conditions are not necessarily institutional. In fact, in Chapter 4, I argue that the executive department that repeatedly called for a public jobs program – the Office of Economic Opportunity – was consistently ignored because such proposals were based on arguments that lay outside the liberal currents’ boundaries.

Moving away from institutional arguments, investigations of the influence exerted by various non-governmental actors or interests provide another set of ex-
planations for American employment and social welfare policies. Robert Collins, Colin Gordon, and Peter A. Swenson explore business interests’ role in policy settlements that included employment policies from the New Deal. Collins’ analysis covers a longer time period, extending into the early years of the Great Society. All three argue that business interests wield influence over such policy, but, equally importantly, they agree that business interests are not united in their policy agendas, and are open to compromise in the policy planning process.

Beyond this general consensus, each of these authors advances a distinct perspective on business interests’ interaction with the policy process. Collins is most interested in how business contributed to the shift from policies grounded in the early New Deal’s “social Keynesianism” to ones based instead on the “commercial Keynesianism” of the post-War era, which he argues these interests accomplished by excising “‘radical’ alternatives.” Gordon argues that business interests’ desire for regulation that minimized costs caused by market competition is what led business to advocate in favor of particular New Deal policies, including Unemployment Insurance and compulsory federal pension programs. Building on Gordon’s argument about the importance to business of regulation that limited competition, Swenson argues that there is more evidence that politicians tried to “engender post facto cross-class alliances reaching into the business community,” rather than that business applied direct pressure for these policies.

To the extent that these authors focus on business support for policies that fit within the boundaries set by the two liberal currents, I see their arguments as demonstrating an intersection between interests and ideology. People who make

96 Swenson, “Arranged Alliance,” p. 68.
arguments about interests, particularly business interests, often implicitly or explicitly incorporate ideas and ideology into their analyses. In my view, business’ conception of what sorts of employment and regulatory policies would either benefit them or provide minimal harm is not wholly separate from the ideological currents, though I do not explicitly trace those connections in this project. What is more interesting for my purposes is any discussion of business’ view of those policies that threatened the confines of the liberal currents, such as public jobs programs or a government commitment to ensure “full employment.” In that regard it is Collins who has the most material to consider, since he discusses the 1945-46 full employment debate. All three authors leave public employment program proposals out of their discussions of the 1935 Social Security Act debate.

Evidence emerges from Collins’ narrative that the liberal currents resonated among business groups and their political allies. Collins makes it clear that the proposed 1945 Full Employment Act incurred complex reactions from those representing business interests. Along with much of the country, business organizations like the national Chamber of Commerce expressed concerns that ramping down from World War II could have serious consequences for the national economy, and particularly employment levels, which the government was in a position to help alleviate. But business support for the goal of full employment was mixed with distaste for any policy solution that would diminish “democracy” in favor of “a regimented state.” Collins notes in particular that one of the first business authored responses to the proposed Full Employment Act “attacked the substance of the bill, not the principle that the government did indeed have a new and enlarged role to play.” In other words, at least initially, business felt caught between the economic benefits of maintaining full employment, not to mention popular support for the principle of full employment, on the one hand, and the specific
government mechanisms that might help secure full employment on the other. Eventually though, the Chamber of Commerce resolved its internal dilemma in favor of limiting government intervention, and began to lobby heavily against the proposed bill. It found receptive allies in Congress, including Representative Will Whittington who Collins notes was “vigorously opposed” to “the idea of a government ‘guarantee’ of the right to ‘employment.’” Essentially, Whittington was marshaling an ideological argument against the bill.

As I will explore in greater detail in Chapter 3, this lends support to my argument that the Full Employment Act’s authors strove to frame the bill as compatible with the contours of the liberal currents and in so doing failed to remove the stigma from a government work guarantee. At a more general level, Collins’ work tracing the rise of commercial Keynesianism offers an explanation for limitation in employment policy that is grounded in interests, not ideology. However, since he dates that transformation to “the years immediately after World War II,” it cannot be applied to constraint evident prior to that point, as can the liberal currents. Because of the historical limits of his work, Collins cannot identify or fully explain this important ideological constraint.

Conclusions

Incorporating ideas, and especially ideology, into political analysis allows for new perspectives on what shapes and constrains political development. The recent focus within American Political Development on states and institutions, combined with concerns that ideas and ideology are either too broad or too vague to account for political outcomes or development, have largely sidelined attention to

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ideational approaches. I resolve such problems by viewing ideology not as a causal factor but as a boundary condition delimiting the field of acceptable politics or policy. In conjunction with a historically and culturally grounded definition of the ideological landscape, this ideological focus makes it possible to integrate democratic theory into the study of political development.

Acknowledging ideology’s political role does not necessitate jettisoning attention to institutions and interests. Throughout this work I provide theoretical and empirical examples of how ideology can be incorporated into studies of political institutions and interests. The following chapters trace a specific example of an ideological boundary condition in America, namely how the American liberal condition constrained employment policy development during the 20th century. My case study selection and ideological approach set this work apart from existing scholarship on American employment policy. I offer a way of recognizing lasting limitations in American employment policy, and an explanation for the persistent absence of a positive right to employment as well as interventionist employment policies such as permanent public jobs programs, or minimum income programs, that might set a precedent for an employment entitlement.
Chapter 3

Finding Work and Hiding Workers in the Long New Deal (1933-1947)

“The problem of finding jobs for unemployed workers is not particular to periods of depression. It is a problem which faces millions of us during every year of our working existence.” - Isidor Lubin, 1934

Prior to the Great Depression, the United States had virtually no established unemployment policies on the federal level, except for that of non-involvement. By 1949, that had changed, and the basic contours of the U.S. approach to unemployment were settled, with permanent public employment firmly out of the picture. In the intervening two decades, that model was up for debate. Responding to high unemployment and underemployment, in 1933-1935, the federal

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2 The federal pensions for Civil War veterans, though amounting to significant spending, were not tied to unemployment, but to service in the armed forces, Theda Skocpol, Protecting Soldiers and Mothers: the political origins of social policy in the United States (Cambridge, Massachusetts: Harvard University Press, 1992), p. 102.
government initiated a variety of measures, designed to boost employment and shrink the number of unemployed. However, it was actually the mobilization for World War II, not the employment and relief programs of the New Deal that generated enough jobs to pull the U.S. out of the Great Depression. In the midst of that war, well before its conclusion could be predicted, U.S. policymakers were working on plans to sustain the high level of employment that war mobilization had brought about. Yet, the most concrete example of that, the proposed 1945 Full Employment Act (FEA) was not passed in its original form.

The early New Deal work-relief and Social Security Act (1935) policy discussions and the FEA debate, though separated by war, and distinct in their approach to unemployment, are connected in outcome because of the boundary connection established by two liberal ideological currents. This connection is not a strict path dependent one; in fact the two sets of policy debates each represent one side of a dichotomous approach to unemployment. The early New Deal policies demonstrate an individual-scale approach that provided very limited interventions into unemployment. By contrast, in the late New Deal, the full employment debate contextualized employment in a macro-economic framework. Yet at both points, policy choices were conditioned and constrained by work-as-citizenship and labor-market anti-statism.

Scholars have offered other explanations for the New Deal’s limited employ-

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4 “Memorandum for the President from Franklin Delano of the NRPB, March 14, 1941,” Folder: NRPB 1939-1943, Official File 1092, FDRL; “Memorandum to the President, October 8, 1941” Box 2, NRPB, OF 1710, FDRL.
ment policies, but gaps in these accounts demonstrate the need for an ideological analysis. For example, Theda Skocpol and Margaret Weir assert that since the Progressive Era there has been insufficient emphasis on creating the infrastructure for “national economic planning for full employment.” While they are correct that there has been no permanent institutional body dedicated to overseeing a policy of full employment, state capacity does not explain the rise and fall of the New Deal’s public work program which temporarily established significant institutional structures for government sponsored employment. In addition, since extensive capacity for national economic management was created during the New Deal, the fact that particular types of employment policy, such as a government guarantee of work, were not included under that umbrella is significant. In the midst of a general expansion of the national government, something prompted policymakers to refrain from such measures. Therefore, the institutional characteristics, while not unimportant, are an effect as much as a cause of such policy choices, making it necessary to look elsewhere for factors that foreclosed full employment capacity.

The limits put in place and maintained by the two liberal currents provides a new way of looking at the New Deal’s employment policies, and shows that these policies compromised the era’s commitment to equality. What federal policymakers were most willing to do was create social programs that prioritized “workers,” with detrimental effects for those who did not meet particular inclusion criteria. In particular, there has been too little attention to work-relief and why work-relief and Social Security were viewed and incorporated so differently into the

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6 Between the Bureau of the Budget, the various Executive Departments and the Employment Service, institutional capacity to plan and carry out economic management was in abundance during the New Deal.
New Deal, and the long term consequences of that separation. The significance of these early policy decisions is especially relevant since there are accounts of the New Deal that contrast the radicalism of the early New Deal with its later more constricted purview. Edwin Amenta is one such who argues that the narrowing of employment policy’s scope in the New Deal’s later years was due to a number of political and institutional obstacles including the loss of a large “pro-spending or reform-oriented contingent in Congress,” and increasing resistance from Southern Democrats who benefitted from an undemocratic system in the region. Without disputing that there were key differences in the policy approach to employment at the start and end of the New Deal, Amenta’s narrative obscures key constraints on even the most radical employment policy reforms early in the New Deal.\footnote{Amenta, \textit{Bold Relief}, p. 92.}

Throughout the long New Deal, key policymakers worked to prevent the enactment of policies that would establish a right to employment. Though there was agreement starting in the late 1930s that the government should offset shortfalls in labor market demand, specific standards were not set and the government commitment to ensuring adequate employment was consistently limited. Three different types of evidence demonstrate that these limitations had an ideological component. First, statements made by policymakers referring to aspects of the two liberal currents, such as the importance of work in the private sphere and the debilitating effects of government relief are direct illustrations of ideology at work. Second, the negative response to alternative proposals that tested or compromised the liberal currents’ limits contrasted with more positive reactions to policies that lay within the currents’ boundaries, shows that policymakers at least implicitly understood the ideological boundaries and sought to maintain them. Finally, the fact that policymakers systematically disregarded evidence in favor of transgres-
sive policy proposals in order to help defeat those proposals, indicates that such decisions were not rooted in simple interest-based calculations.

Breaking the discussion up into two parts, I will first examine how labor-market anti-statism and work-as-citizenship impacted and were also re-ingrained in the employment and unemployment policies of the early New Deal. Predicated on the notion that large-scale unemployment was a temporary malady precipitated by the crisis of the Depression, these policies created a system that relied on stratifying potential relief recipients, rather than acknowledging or addressing fundamental imbalances in the labor market. Fitting into this paradigm were both the public work initiatives which were fundamentally relief programs, not employment programs, and the SSA, which included categorical aid and the first federal social insurance programs. Jointly, these policies connected citizenship to work, and demonstrated policymakers’ hesitancy to set up permanent public jobs programs. The very different outcomes of the public work programs and the earned entitlements set up by the SSA are illustrative, because keeping work-relief temporary helped avoid setting the groundwork for a right to employment.

Second, I will show that the debate over the proposed Full Employment Act in 1945-1946 was also constrained by the two ideological currents. Though the FEA represented an important shift in perspective on unemployment, for the first time casting it as a macro-economic problem rather than just an issue of how to dispense relief, it did not sever existing connections to work-as-citizenship and labor-market anti-statism. The full employment debate shows that the FEA’s full-employment intent, based in work-as-citizenship, was overshadowed by concerns about a work guarantee and the very direct and permanent role that would have created for the government in the economy. In other words, working against the FEA was the tension at the heart of the liberal currents: the understanding that
work’s vaunted position was based on its association with the private sector and individual responsibility.\textsuperscript{8} However, because the FEA defenders did not dislodge the liberal currents’ existing ideological framework, they had little with which to defend such a change to the status quo.

Part I: Limited Responses to Unemployment in the Early New Deal, 1933-1935

In the early 1930s, government work programs were seen as necessary backstops in a labor market that was vastly underproducing jobs.\textsuperscript{9} Yet, the Civil Works Administration (CWA) lasted for only a few months, and the Works Progress Administration (WPA), though it spanned close to a decade, required regular reauthorization from Congress, and was continually short of funds. It is striking that these work programs remained provisional, while other the other major labor-market initiatives, like those in the 1935 Social Security Act (SSA), were made permanent. Eventually, this left the WPA in a tenuous position, and it was abandoned in 1943.\textsuperscript{10}

\textsuperscript{8} Business interests certainly had reason to defend the private sector as the main arena for finding work, though Robert Collins, Colin Gordon and others demonstrate that over the course of the New Deal, business interests were frequently split over the extent to which government intervention in economic and labor market issues, including the FEA, would benefit them (Collins, \textit{The Business Response to Keynes, 1929-1964}, pp. 103-107; Gordon, \textit{New Deals}, pp. 2, 240).

\textsuperscript{9} Corrington Gill to Harry Hopkins, “Relief Needs This Winter, Federal Emergency Relief Administration, August 30, 1934, Folder: Baker, Box 49, Harry Hopkins Papers, FDRL, pp. 1-2, 4; Harry L. Hopkins to the President, “Memorandum concerning funds required by the Federal Emergency Relief Administration, April 1, 1934 through June 30, 1934,” Folder: April-June 1934, Official File 444, pp. 1-2; Franklin Delano Roosevelt, Untitled Draft Memorandum on inability to balance the budget because of the “failure of industry to pick up and provide work for a greater number of our unemployed,” October 1, 1934, Folder: 1933-34, Box 1, OF 79, FDRL.

Following directives from Roosevelt himself, the employment programs of the early New Deal explicitly and implicitly drew on work-as-citizenship and labor-market anti-statism as they sought new approaches to unemployment. It was very important to policymakers that programs not compete with or supplant private sector employment. The work-relief programs aimed to supplant the demoralizing program of direct relief, but still demarcated workers from non-workers, and accorded greater status to workers than non-workers. As work-as-citizenship was thus embedded in policy, certain groups lost civic and political standing, meaning that even early New Deal employment policies created inequality. The contrasts between the Social Security Act’s unemployment program and the WPA further ingrained the distinction between public and private work, and even contributed to an association between public works and relief.

Roosevelt’s Ideological Objections to Direct Relief

One way to recognize ideology’s influence on policy choices is when policymakers specifically state policy positions that rely on ideological justifications. While ideological influence may sometimes operate below the surface, in other cases policymakers fairly explicitly reference ideological justifications for policy positions. There is evidence that as president, Franklin Delano Roosevelt worked to impose limitations on federal programs for the unemployed that were based on his ideological objections to relief. An examination of his attitude toward relief shows that Roosevelt’s dislike for relief was rooted in the two liberal currents: work-as-citizenship and labor-market anti-statism. Here, I examine Roosevelt’s position on relief in detail.

When Roosevelt became president in 1933, he inherited the Emergency Relief
CHAPTER 3. THE LONG NEW DEAL, 1933-1947

Administration (renamed the Federal Emergency Relief Administration, FERA), which had involved the federal government for the first time in providing direct relief to the needy.\(^{11}\) While acceding that the scale of the economic distress warranted such unprecedented action, the new president was openly uncomfortable with federal relief. Distancing it from other government services, Roosevelt stated, “I like to think of Government relief of all kinds as emergency relief.”\(^{12}\) President Roosevelt’s distaste for federal direct relief has been well documented, and some have argued that it was rooted in the fact that Roosevelt was keenly aware of and interested in appeasing business interests, which included keeping a tight lid on federal spending.\(^{13}\) However, that was as much an argument in favor of direct relief as against it, since other approaches to unemployment, including work relief, were from the start recognized as much more costly than the dole.\(^{14}\) Since business interests were still interested in balancing the budget – even if they were willing to temporarily back off of that goal during the height of the economic slump – the least expensive approach had considerable appeal.\(^{15}\) The National Association of Manufacturers went as far as to endorse direct relief in 1935, provided that it


so generous as to dis-incentivize work.\textsuperscript{16}

Alongside Roosevelt’s desire to restrain federal spending by limiting relief, there was an ideological basis to his conviction that the dole negatively affected recipients’ self-esteem because it was not related to work. Though others have noted Roosevelt’s strong distaste for the dole, the sources and consequences of his ideological predisposition have not been fully explored. As a result, though accounts may identify something that resembles work-as-citizenship, they are liable to miss the labor-market anti-statist elements embedded in Roosevelt’s desire to limit federal relief.\textsuperscript{17}

Harry Hopkins, Roosevelt’s head of FERA (and later the WPA), shared Roosevelt’s concern that direct relief would undermine recipients’ social pride, but he, along with many of his top administrators, diverged from Roosevelt by strongly opposing the means test as a condition for direct relief because applying a means test would lower relief recipients’ civic standing.\textsuperscript{18}

Despite their differences, Hopkins and his administrators joined with Roosevelt in supporting \textit{local} direct relief over \textit{federal} direct relief by 1935. This distinction is important because it points to labor-market anti-statism’s influence on the policymakers, not just the more commonly recognized desire to maintain the link between income and wage work. Since local direct relief hinged on social work

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\textsuperscript{17} For example, see: Patterson, \textit{America’s Struggle Against Poverty in the Twentieth Century}, p. 58.


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practices essentially identical to the means-test (an assessment of income and assets used to determine if someone was poor), absent other factors, local direct relief should not have been more appealing to Hopkins and his team than federal direct relief. Moreover, throughout 1933 and 1934, States’ requests for money and the large number of applications for relief through FERA demonstrated that there was extensive demand for a federal program. However, Hopkins’ stance fits into a labor-market anti-statist vein. Locating direct relief at the State and local levels was part of a larger goal of preventing a permanent federal cash relief structure which policymakers saw as threatening to undermine the mandate that individuals find work on their own, and unduly expanding the federal government’s reach into the private labor market in non-emergency conditions.

The calls for federal assistance did not go entirely unheard, but Roosevelt was clear that he saw States and localities as proper site for direct relief, and that the federal government should be seen as the vehicle of last resort for poor relief. It was not just that Roosevelt and Hopkins preferred States; keeping the federal government distanced from relief provision reinforced the liberal currents’ framework. The President directly connected this reluctance to involve the federal government in relief to the goals of protecting citizens’ sense of individual responsibility, and preventing the expansion of the federal government in a September 1933 speech,

I believe we Americans do not wish to see a permanent extension of purely Government operations carried to the extent of relieving us of our individual responsibilities as citizens, and it is with that thought in mind that very early in this Administration we laid down in regard

to one portion of this great picture a somewhat simple rule. When we came to the problem of meeting the emergency of human needs, we did not rush blindly in and say, ‘The Government will take care of it.’

Sounding a lot like his predecessor, President Herbert Hoover, Roosevelt even argued that direct relief should only pass to local and State governments once private charities had exhausted their resources.

The fact that Roosevelt framed his commitment to limiting federal relief as a way of retaining not just individual but State and local level responsibility is revealing given the dire financial straits that States were in at the time. On the subject of relief funding Roosevelt urged that “States and local units of Government do their fair share. They must not expect the Federal Government to finance more than a reasonable proportion of the total.” Yet, Roosevelt was aware that many States and localities had exhausted their available funds and were unable to raise more money through taxes or loans to pay for additional relief efforts. So, his insistence that States and localities not shirk their duty was based, not on their actual ability to contribute, but on the negative consequences he expected to follow if expectations of permanent federal relief were established.

Roosevelt’s willingness to advance major expansions of federal power, infrastructure, and spending in other policy arenas provides further evidence that cash relief warranted special caution. Concurrent with its efforts to distance the fed-

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21 Roosevelt, “Speech to Conference on Mobilization for Human Needs, September 8, 1933,” in The Public Papers and Addresses of Franklin D. Roosevelt, Volume II: The Year of Crisis, 1933, p. 356. Since at the time of this speech Roosevelt was increasing spending on FERA, it is possible to construe this as simply rhetoric designed to appeal to the public. However, since the president was wildly popular, he did not have to make such a claim for political reasons, which suggests that it reflected his actual conviction.

22 Roosevelt, “Roosevelt to Relief Administrators June 14, 1933,” The Public Papers and Addresses of Franklin D. Roosevelt, Volume II: The Year of Crisis, 1933, p. 239.

23 Harry Hopkins to Franklin Delano Roosevelt, “Memorandum,” July 7, 1933, Folder: White House, Box 40, Confidential Political File, Harry Hopkins Papers, FDRL.
eral government from direct relief, the Roosevelt administration was aggressively centralizing regulation of the production side of the economy. The Agricultural Adjustment Act (AAA), and the National Industrial Recovery Act (NIRA) passed respectively in May and June of 1933, granted the federal government expansive powers over the agricultural production and manufacturing industries.\footnote{Kenneth Finegold and Theda Skocpol, \textit{State and Party in America’s New Deal} (Madison, Wisconsin: The University of Wisconsin Press, 1995), p. 90.} The NIRA required industries to create codes, subject to presidential approval, that among other things, established minimum wage levels and maximum work hours as part of an overall effort to decrease unemployment while protecting workers and industry from negative side effects. The AAA’s core change was to regulate production in agriculture by offering to pay farmers subsidies to compensate them for growing fewer crops, thereby establishing a floor under prices for agricultural products. In return for their participation, farmers gained access not only to the crop reduction subsidies but to advantageous loans, export subsidies, and the opportunity to sell surpluses to the government. The AAA also allowed coordination between processors and distributors as they set prices for farmers’ goods. This amounted to a substantial non-temporary increase in the federal role in sectors which had previously been controlled by either State and local government or by private entities.\footnote{Marc Allen Eisner, \textit{Regulatory Politics in Transition} (Baltimore and London: The Johns Hopkins University Press, 2000), pp. 73-74, 82-84, 91-93; Elizabeth Sanders, \textit{The Roots of Reform: Farmers, Workers, and the American State 1877-1917} (Chicago: The University of Chicago Press, 1999), pp. 7-8.}

The NIRA and AAA institute new regulatory mechanisms, but they also entailed significant federal spending increases, on par with the amount appropriated for relief. Title II of the NIRA established the Public Works Administration (PWA), to which Congress appropriated $3.3 billion, and the subsidies paid to
farmers totaled more than $500 million in 1935. Meanwhile, FERA’s budget for 1933-1935 was just over $3 billion. The PWA was essentially an employment program; federal funds would be distributed throughout the country as private contractors carried out major building and infrastructure-improvement projects. Not all government spending was equivalent, since some programs entailed deficit spending, while others were financed by new taxes. But that difference is insufficient on its own to explain Roosevelt’s support for the AAA and NIRA but not relief. For though the AAA’s subsidies were funded by a tax on agricultural processors, the NIRA’s much greater pool of funding came out of the general revenues. Juxtaposed with his dedication to limiting federal relief both programmatically and fiscally, it is clear that the president’s anti-statism was selectively targeted.

What made these expansions acceptable, and federal direct relief more problematic was that relief threatened to supplant the individual responsibility find work in the private labor market. Roosevelt’s remarks on the proper sphere for relief shows his concern that a federal direct relief program not only extended the reach of the federal government, it had the potential to undermine citizens’ work-ethic and the private sector’s labor market discipline. By contrast, though the AAA and NIRA constituted federal interference in the general economic market as well as the labor market, the two programs supplemented rather than supplanting the private labor market’s employment prerogatives. The PWA boosted employment, but it was a temporary program, rather than a permanent labor


27 After the first AAA was ruled unconstitutional by the Supreme Court in 1936, Congress passed a new AAA in 1938 that funded the subsidies through general taxation (Eisner, *Regulatory Politics in Transition*, pp. 95-96).

market addition. Highlighting the gulf between the AAA and relief, southern farmers pressured FERA administrators into limiting farmworker and sharecroppers’ access to relief in order to maintain a captive pool of cheap labor, at the same time that farm owners, including very large producers, were gaining significant windfalls from the combined effects of crop reduction subsidies and increased agricultural prices. Thus, not only did the NIRA and AAA fit more easily with the liberal currents, the two pieces of legislation contributed to economic growth without reducing inequality.

**Stratifying the Out-of-Work Needy**

The federal programs implemented to assist those out of work varied significantly over the course of the New Deal, but there was a consistent push to divide the needy into distinct groups. This categorization reflected and reinforced the two ideological imperatives: minimizing government intervention in the labor market and drawing social benefit distinctions that valorized work. In addition to FERA’s direct relief program, the administration introduced a federal work-relief program in 1933, the Civil Works Administration (CWA), succeeded in 1935 by the Works Progress Administration (WPA). Also passed in 1935, the Social Security Act (SSA) established another set of social insurance and assistance programs including Old Age Insurance (OAI), Unemployment Insurance (UI), Old Age Assistance (OAA), and Aid to Dependent Children (ADC). All of these policy initiatives relied on classifications initially established by FERA that mapped onto to the independent worker-citizen on the one hand, and the dependent non-worker on the

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29 Presaging the preference for assisting middle-class unemployed through manpower training programs, the PWA did more to help skilled, experienced workers, than the unskilled unemployed.

other. The former were called “employables” and the latter, “unemployables.”

Employables were seen as the unfortunate victims of an economic catastrophe, whereas unemployables were considered either physically incapable of working (children, the aged, and the infirm) or excused from wage work due to other obligations (like single mothers’ care-taking responsibilities), regardless of the economic climate. Categorizing the out of work needy was not just a bookkeeping issue; it determined what type of program someone was eligible for, and also made it possible to shrink the number of potential workers in the labor market. Only those considered employable were eligible to participate in the CWA’s and WPA’s work-relief programs and the SSA’s employment-based insurance programs, OAI and UI. The unemployable were relegated first to direct relief – federal cash relief that helped to subsidize local cash relief to the poor – and later to the SSA’s less generous aid programs, OAA and ADC. The OAA and ADC closely resembled direct relief, not only in their reliance on a stigmatizing means test, but in devolving significant authority to States for their administration, which meant that administrators had great latitude in setting benefit levels and qualifications for participation. Some part of the categorization made sense – for example, it relieved children and the physically incapable from the responsibility to work – but in application categorization also prevented some who wanted to work from accessing work-relief. The Roosevelt administration never intended to provide work-relief or find employment for all of the unemployed needy and used these categories to reduce the number considered unemployed. This was accomplished in part through the more-or-less legitimate removal of unemployables from the tally.

of unemployed. In addition, because the definitions for employable and unemploy-
able were imprecise, federal and State governments applied them overly broadly, and even in contradictory ways, to the disproportionate detriment of women and blacks. Categorizing the out-of-work needy as employable or unemployable helped establish the tie between paid employment and citizenship.

Categorization had a complicated relationship to work-as-citizenship. Recognizing a category of the needy unemployed who were not castigated for failing to work signaled a departure from the Elizabethan Poor Laws, and suggested the possibility that work was not the only basis for inclusion in federal social provision. Yet in creating the distinction between employables and unemployables, New Deal policymakers also reinforced employment as the normative expectation. In addition, as noted above, the benefits accorded to employables and unemployables were not only distinct, but unequal. Programs for employables were more remunerative and less intrusive than those for unemployables. The unequal access to citizenship that categorization created had a disproportionate effect on some groups. Many needy unemployed were labeled unemployable, due to their race, gender, or previous occupation, as well as the sheer volume of the unemployed, and not because they demonstrated an unwillingness or inability to work. In totality, the New Deal’s social provision programs established a hierarchical system that fortified work as the path to greater social benefits and inclusion. Despite policymakers reliance on it, employability was not a cut and dry issue. According to Josephine Chapin Brown, a social worker and FERA administrator, it was actually difficult to determine employability, and the categories were even contested by the unemployed themselves.

So how did the specific New Deal employment and relief programs intersect with these categories? Direct relief through FERA was held in the lowest estimation in the Roosevelt administration because of its inverse association with work, even though its participants included those with work histories. Rating above direct relief was a new proposal for a federal work-relief program. Roosevelt, Hopkins, and other top FERA administrators explicitly contrasted the shame of direct relief with the greater civic pride that federal work-relief would provide for participants. However, work relief’s greater alignment with work-as-citizenship, as compared to direct relief, brought it into conflict with labor-market anti-statism’s injunctions against the federal government providing a permanent employment program or a work guarantee. Roosevelt and his advisors extolled the virtues of work relief, but they did not ever let such programs grow large enough to encompass the majority of the unemployed who were clamoring for work.

For example, many needy blacks and women were routinely excluded from work-relief, and were only able to obtain government assistance through direct relief. There were also many able-bodied who were excluded from work-relief because of their “unusual occupations or because they lived in remote or isolated locations.” Thus, in an ironic twist, the shame associated with direct relief,

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38 Brown, Race, Money, and the American Welfare State, pp. 80-82.

which was supposed to help galvanize the able-bodied needy into working was also being applied to those who wanted to work but were excluded from work-relief because they had been labeled incapable of working.

Essentially, the Roosevelt administration did not expect or want all of the unemployed to participate in a federal work-relief program, or for work-relief to become a permanent program. Helping make their case for restricting access to work-relief were arguments that the non-able-bodied unemployed and other groups, such as needy single mothers, were not only to be ill-suited to participate in a work program, but to not even be deserving of federal assistance. Corrington Gill, Assistant Administrator of FERA, articulated the basis of the distinction:

> When we come to the unemployables, it is obvious that we are in a field which, in any proper sense of the word, is not unemployment relief. The primary responsibility for their care should rest on state and local governments, or in some special cases, on private agencies.\(^{40}\)

In combination, the deliberate funding caps put on work-relief programs, their temporary design, and the exclusion of those deemed unable or unfit to work from most work-relief programs, limited the federal government’s labor market intrusion even as racial and gender inequality was institutionalized.

The CWA’s work-relief program was in many ways the exception that proved the rule about the importance of categorizing the needy unemployed. Running just from November 1933 to May 1934, the CWA was a temporary offshoot of FERA and the NIRA’s Public Works Administration.\(^{41}\) Drawing its funds from the PWA’s appropriation, and its participants half from FERA’s direct relief rolls and half from applicants not on relief, the CWA temporarily blurred the line

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\(^{41}\) “CWA Description Report,” November 8, 1933, Box 5, OF 444b CWA, FDRL; Brown, *Public Relief 1929-1939*, p. 159.
between the different types of needy. Observers credited the CWA with reducing the negative perception of relief, and contributing to an increase in applications to relief rolls in the spring of 1934. Through its combination of lack of means test (for those not coming from the relief rolls), provision of work, and fairly generous cash paycheck based on prevailing private wage rates, the CWA was unlike any previous relief program, and, it turned out, unlike any that followed. That included its immediate successor, the WPA, which though it also provided work and a paycheck, relied on a means test, and paid closer to a subsistence wage.

Radical as it was, the CWA was limited in two clear respects. First, starting a pattern that was replicated in the WPA, the size of the CWA did not match the need as measured by the number of those out of work. At its peak, the CWA employed some four million out-of-work laborers, and that peak lasted for about a month. Even during that time, the president’s Council on Economic Security estimated that there were an additional 10-11 million able-bodied unemployed looking for work. Second, the program was extremely temporary, and Roosevelt was deaf to protests from CWA workers, state and local politicians, and Congressmen, that the program be extended.

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42 Schwartz, *The Civil Works Administration, 1933-1934*, 45; Hopkins set a deadline after which new applicants for relief could not be transferred to the CWA. This indicates the sheer scale of unemployment and also that the new program would be seen as more desirable by many that had previously not wanted to apply for relief, “CWA Conference,” Box 25, CWA Conference 1933, Harry Hopkins Papers, FDRL, p. 41.


44 Amenta, *Bold Relief*, 84.


46 Assorted correspondence protesting the ending of the CWA: Box 5, OF 444b CWA, FDRL.
As Roosevelt’s administration deliberated in 1934 on a program to replace FERA and the CWA, their planning documents indicated an increased reliance on categories for the unemployed. The experience with FERA and the CWA indicated that these categories held greater salience for the policymakers than they did to their target populations. For example, FERA administrator Josephine Brown notes that a number of widows with children participated in the CWA either because they were unable to obtain other benefits, or because the CWA benefits were better.\footnote{Brown, \textit{Public Relief 1929-1939}, p. 162.} But dividing the needy up had the important benefit of reducing the number considered unemployed, which was useful from a cost perspective as well as potentially boosting economic confidence. All of the needy who were deemed incapable of work, whether due to real or perceived physical limitation (such as youth or old age), or social obligation (such as single-motherhood), were expected to participate in some other type of social welfare program that more closely resembled direct relief.\footnote{“Draft of A National Program of Economic Security, Prepared by Schnapper of CES, October 24, 1934,” Folder: Economic & Social Security June-November 1934, Box 48, Relief Plans and Programs 1933-1938, Memoranda and Reports, Harry Hopkins Papers, FDRL.}

Generally those other social provision programs cost less than work relief. This was in part because direct relief entailed much less overhead than work projects, but also because the relief could take the form of in-kind assistance, such as the commodity food program that distributed surplus agricultural goods to the needy, and the levels of cash distributed were less than work-relief wages. For every instance of a single mother gaining access to a work-relief slot, there were many more cases of categories being used to limit access to the programs that conveyed greater social standing. Since adherence to the liberal currents necessitated restrictions like categorization, the early New Deal employment and
relief programs actually contributed to a diminished notion of citizenship as a status based as much on exclusion as inclusion.

The 1935 Social Security Act was intended to provide a more comprehensive approach to social welfare. However, the SSA also built on these divisions and imposed further stratification on the needy, relegating direct relief to States while the federal government retained control over work-relief and some of the new work-based insurance programs. Described by those in Roosevelt’s administration, it sounded like the SSA would fill a gap in existing social welfare provision:

A large number of the unemployable relief families would be provided for under the proposed economic security legislation, especially the aged, women with dependent children, those suffering from sickness either temporary or chronic, invalidity, and from the consequences of industrial accidents.\footnote{Gill, “How Many Are Unemployable,” 4.}

The reality of the legislation was much more complicated, and much more predicated on unequal treatment of workers and non-workers.

To begin with, it was far from clear that the “unemployable relief families” really were unemployable. Other scholars have established that the differential benefits and administration of the SSA’s two types of programs - insurance and assistance - institutionalized inequality, particularly in terms of race and gender. Women and blacks were already disadvantaged in their social and labor market status, and the SSA incorporated them without disrupting most of those patterns, thereby perpetuating their inferior standing and access to benefits under the new social welfare policy. In other words, these groups were more likely to be covered by the SSA’s categorical assistance programs (Old Age Assistance and Aid to Dependent Children), which had lower benefit levels and greater stigma.
than the employment related insurance programs (Old Age Insurance and Unemployment Insurance), due to a number of factors. Many women worked in the home rather than in the private labor market, precluding them from participating in the work-based insurance programs. In addition, since domestic and most agricultural work were excluded from the insurance programs, such workers, a disproportionate number of whom were blacks and women, were relegated to the assistance programs. At the same time, as noted above, direct relief to farm-workers and sharecroppers in the South was sharply restricted at the behest of large farming establishments, and black families suffered from racial discrimination in the distribution of ADC, particularly in the South, but also elsewhere in the country.\(^5\)

Building on this insight about the SSA’s differential levels of inclusion, I argue that the foundation of that inequality can be traced to the liberal currents. The fact that the SSA’s insurance programs, OAI and UI, were tied to work history and carried higher benefit levels, while the assistance programs, OAA and ADC, had no association with work and closely resembled direct relief in both their payment levels and requiring a means test, reflected and reinforced a narrow view of civic inclusion based on paid employment. Moreover, the legislation made clear distinctions, both in terms of federal versus State administration and program permanence, between categorical assistance, work-based insurance, and work-relief. In 1936 Arthur J. Altmeyer (technical director of the CES, and Assistant Secretary of Labor) explicitly linked the SSA’s social insurance model to promoting individual work output:

The social insurance approach proceeds upon the assumption that it is desirable to retain so far as possible the advantage of a competitive society. The greatest advantage of a truly competitive society is that it offers the maximum incentive to individual initiative and thrift and in so doing brings about an automatic adjustment between the individual’s interest and the common interest. Probably the most important aspect of this identity of interest arising out of free competition is the equality which is achieved between the cost of production and the price of the product. The social insurance approach stimulates individual initiative and thrift because it gears benefits directly to the wage-earning history so that the steady, long-time worker receives more benefits than the unsteady, short-time worker.  

In a 1935 article, FERA economic analyst Emerson Ross argued that the discontinuation of FERA was based on “defining the role of the federal government” as providing work, and localities as providing relief. The two liberal currents provided direct motivation for this division. Distancing the federal government from direct relief was a way of accommodating labor-market anti-statism because the SSA’s new assistance programs, OAI and ADC, were framed as permanent entitlements, unlike FERA’s earlier emergency provisions. As will be discussed at greater length in the following section, the SSA’s insurance programs, OAI and UI, were also permanent entitlements, but since eligibility for them was based on previous employment and came with certain limiting conditions, they were largely congruent with work-as-citizenship. Only the WPA’s work-relief straddled the liberal currents’ boundary as a federal program that might compete with the private labor market in providing jobs. This potential was kept in check because alone

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among the programs increasing the nation’s social security, work-relief stayed a temporary, “emergency” provision.

Furthermore, with the SSA’s passage those who were eligible for benefits through one of the SSA’s new areas of categorical assistance became ineligible for participation in the WPA. This meant that even if they considered themselves able-bodied and wanted to work, persons over 65 and single women with dependent children were not at liberty to choose work-relief over categorical assistance. There is evidence that many excluded from the WPA them would have participated if they could because of the WPA’s higher wages and greater social standing. Prompted by constituent complaints, Ohio Senator Robert J. Bulkley wrote to Roosevelt protesting these exclusions, noting that it left legal aliens with more options than those two citizen groups.\footnote{February 23, 1937, Letter “Senator Robert J. Bulkley to Franklin Delano Roosevelt,” Box 3, OF 1710, FDRL; “Moore to Franklin Delano Roosevelt, November 30, 1938,” Box 15, OF 444c Misc., FDRL, p. 1; Moore to Franklin Delano Roosevelt, December 8, 1938, Box 15, OF 444c Misc., FDRL, p. 1.}

In essence, the creation of categories for the needy unemployed rested on a contradictory set of assumptions that trace back to long-established beliefs about work, citizenship, and the role of the state in the labor market. Work was preferable to the dole, but work-relief as a solution to an underperforming labor market presented a number of clear dangers. One of these was fiscal; providing work relief to the entire population of out-of-work needy would require very large public outlays. But Roosevelt and his administration were just as careful about avoiding a permanent federal work-relief program, or otherwise establishing a precedent for a right to work. They kept the number of people who needed work or work relief manageable by removing certain groups from the labor market, and, at least theoretically, giving them access to direct relief in the form of new categorical

\footnote{February 23, 1937, Letter “Senator Robert J. Bulkley to Franklin Delano Roosevelt,” Box 3, OF 1710, FDRL; “Moore to Franklin Delano Roosevelt, November 30, 1938,” Box 15, OF 444c Misc., FDRL, p. 1; Moore to Franklin Delano Roosevelt, December 8, 1938, Box 15, OF 444c Misc., FDRL, p. 1.}
assistance programs. As a result of these constraints and policy choices, early New Deal social policy instituted an unequal system which limited freedom and choice for the unemployed, even as it created unprecedented social provisioning programs.

Comparing the WPA and SSA

Although they overlapped in development, the Works Progress Administration’s work-relief program and the Social Security Act’s economic security measures had quite divergent outcomes. The former was enacted under the Emergency Relief Appropriations Act of 1935, and remained strictly provisional until it was discontinued in 1943, while the 1935 Social Security Act established a number of permanent entitlements, most of which are still in place eighty years later. Policymakers’ interest in accommodating the liberal currents’ boundary condition provided an important motivation for this distinction and the currents constrained the policy debates on the WPA and SSA in other ways as well. In the WPA’s case, policymakers and business interests made it clear that it was important that work-relief constitute as little intervention into the private labor market as possible and not establish an entitlement to employment that would disturb the individual responsibility to obtain work in the private labor market. In addition

54 Edwin Amenta makes the startling claim that Roosevelt considered a government work program a higher priority than the rest of the social welfare initiatives that were passed in the Social Security Act of 1935 (Edwin Amenta, Bold Relief: Institutional Politics and the Origins of Modern American Social Policy (Princeton, New Jersey: Princeton University Press, 1998) p. 83). The historical record does not support this conclusion. In fact, though Harry Hopkins was a strong advocate for government work provision for able-bodied unemployed, Roosevelt’s stance was much more ambiguous. Long a champion for work-relief as an alternative to direct relief, Harry Hopkins convinced the president to embark on the experiment that was the Civil Works Administration. But Roosevelt’s support for work-relief must be balanced by his insistence that the CWA end in the spring of 1934 and his decision to separate the WPA from the rest of the SSA (“CWA Description Report,” November 8, 1933, Box 5, OF 444b CWA, FDRL; Walker, The Civil Works Administration, p. 33).
to keeping work-relief a temporary program, this was accomplished by limiting both the WPA’s funding and the types of jobs available under the WPA. The SSA created a number of permanent programs but they made various accommodations to the liberal currents, including the unequal treatment of categorical assistance and work-based social insurance programs described above. Beyond that, the faction that favored making Unemployment Insurance benefits temporary won out over those proposing other alternatives because temporary benefits were more compatible with the currents’ ideological imperatives. Thus, the liberal currents affected the course of debate over the WPA and SSA, and then the policies enacted at the conclusion of those debates served to reinforce work-as-citizenship and labor-market anti-statism’s dictates.

In the summer of 1934, with the CWA definitively ended, Roosevelt’s administration sought a new policy approach to combat unemployment. To that end, Roosevelt created the Presidential Committee on Economic Security (CES), which was to study the economic and social situation in the U.S. and present him with a comprehensive policy dealing with the various sources of economic insecurity by the end of the year.\footnote{“Executive Order, June 26, 1934,” Folder: June-Nov 1934, Box 48, Harry Hopkins Papers, FDRL; “Memorandum from Attorney General to Franklin Delano Roosevelt, June 26, 1934,” Folder: June-Nov 1934, Box 48, Harry Hopkins Papers, FDRL, p. 1.} Hopkins was involved in this new initiative as well, trying to convince Roosevelt that a work program was central to economic security. Though Roosevelt wanted to end relief, there was no guarantee that he would agree to a permanent public works program. When Roosevelt introduced the plan to craft legislation that would create economic security on June 8, 1934, he outlined three areas related to individuals’ security: housing, living in areas where there was employment, and social insurance for unavoidable problems. He came close to articulating a right to work:
These three great objectives—the security of the home, the security of livelihood, and the security of social insurance—are, it seems to me, a minimum of the promise that we can offer to the American people. They constitute a right which belongs to every individual and every family willing to work. They are the essential fulfillment of measures already taken toward relief, recovery and reconstruction.\footnote{Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt, Volume III, The Advance of Recovery and Reform 1934, pp. 287-292.}

Yet, there was little in terms of concrete proposals backing up his proposal that “security of livelihood” should be a right. Instead, Roosevelt’s emphasis on relocating the unemployed to areas with greater employment prospects suggested that most unemployment could by solved by a matching people up with jobs, which downplayed the potential for a permanent or recurring problem of too few jobs in the private sector.\footnote{Roosevelt, The Public Papers and Addresses of Franklin D. Roosevelt, Volume III, The Advance of Recovery and Reform 1934, pp. 287-292.} This trend continued; as planning for the new economic security program progressed, the idea of a right to a livelihood was not turned into a specific legislative proposal.

It became clear that any new work-relief program had to be constructed within certain ideological constraints, including limiting the impact on the private labor market by restricting the types and number of jobs offered under work-relief, and preserving the individual work-ethic by keeping work-relief an emergency measure not a right. That the CWA had provided work, not cash relief, was an important ideological element of the program.\footnote{Schwartz, The Civil Works Administration, 1933-1934, p. vii, 240; Walker, The Civil Works Administration, p. 46.} However, that work created two problems. To begin with, because the CWA strove to mimic private employment with socially productive work and decent wages, it became very expensive.\footnote{Schwartz, The Civil Works Administration, 1933-1934, p. 213.} It also raised questions about the effect of that work on private industry. This was a solid strike
against government work programs as a whole. Reprising the fear of early American political thinkers that government authority would lead to abuse of power, business leaders constructed a narrative in which the government, if unchecked, could become a competitor with private industry, and either drive wages up or eliminate jobs. \(^{60}\) This argument was even leveled against the CWA’s “production-for-use” programs, which put relief recipients to work producing goods that were then distributed to others in need. Production-for-use was widely acknowledged as the cheapest way for the government to provide assistance to the needy. Despite its low cost, and the fact that production-for-use effectively bypassed the market altogether, the business community cast it as dangerous to the economic system as a whole. \(^{61}\)

It is important to recognize that business opposition to the CWA and work-relief in general was not simply a matter of self-interest as opposed to an ideological position. Rather, business’ arguments about the negative effects work-relief could have on the labor market fit into and reinforced labor-market anti-statism, helping to construct a consistent ideological climate around the New Deal’s employment policies. Pointing to the intersection of business interests and the liberal currents, Elizabeth Fones-Wolf argues many businesses and business organizations in the 1930s saw the New Deal’s industrial relations and social welfare policies in distinctly ideological terms. What programs like work-relief threatened was the foundation of America’s “individualism and freedom,” and the system of free-


\(^{61}\) “The Lowest Possible Outlay for Relief” Jacob Baker to Harry Hopkins, November 13, 1934, Box 49, Harry Hopkins Papers, FDRL; “The Problem of Relief,” in *Business Week* (December 8, 1934), p. 36.
enterprise itself. Though key business organizations like the U.S. Chamber of Commerce had initially supported the National Industrial Relations Act’s move toward a more planned economy and its large public works program as exigent responses to economic catastrophe, that support was contingent on the persistence of a state of emergency. Once businesses recognized that an early recovery was underway, they were anxious to make the case for the capacity of the private sector to meet full employment as long as the federal government balanced the budget. As this cooperative atmosphere between business and the Roosevelt administration dissolved in early 1935, at least in part due to the introduction of the legislation authorizing the WPA and SSA, it is clear that business opposition was not the only voice championing restraint in employment policy.

Tellingly, the liberal currents’ constraints influenced even those who were committed to pursuing work-relief as a permanent measure. Staunch advocates of work-relief, including Harry Hopkins, Corrington Gill, and Aubrey Williams (Assistant Federal Relief Administrator), volunteered that work-relief should only encompass only a few types of jobs, such as those providing public goods and infrastructure, and pay less than private jobs in order to prevent it from competing with private industry. Limiting wages and the types of jobs provided

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CHAPTER 3. THE LONG NEW DEAL, 1933-1947

under work-relief are examples of how those supporting work-relief responded to and tried to counter the labor-market anti-statist argument against work-relief. In testimony before the Bureau of the Budget in January 1934, Hopkins argued for the necessity of direct government involvement in a labor market that did not produce enough jobs. He stated that private employers could not be expected to consistently maintain high levels of employment by themselves because of the nature of capitalism: “The responsibility of industry is to do a job as cheaply as possible and manufacture goods as cheaply as possible, and not to carry on their payroll employees they do not need.” Hopkins urged that something more than a program of short-term Unemployment Insurance was needed to meet the need of the nine million unemployed. He was careful to note that his desire for a permanent work program would still protect industry and “give them work on things that industry does not encompass.” In his testimony, Hopkins also drew a distinction between the CWA’s work-relief program and either an earned entitlement or regular employment, and argued that the CWA’s participants saw it that way as well: “They don’t consider they are on the Government’s payroll like a veteran’s pension or civil service payroll. I think the workers feel the Government has provided them with temporary jobs.”

In late 1934, facing the knowledge that economic growth had not mitigated a serious deficiency in privately created jobs, FERA Administrator Corrington Gill conscientiously suggested that work programs only cover a few areas of production, and otherwise be limited to construction and infrastructure projects. Thus, the


desire to end direct relief through a jobs program was pitted against the dictates of limiting government intervention in the private sphere of employment. Opponents to a public work-relief program also argued that it threatened to create dependency and that participants would construe that employment as a right.\footnote{Schwartz, 
*The Civil Works Administration, 1933-1934*, p. 149.} Policy that either explicitly or implicitly established a government work guarantee was problematic not just from a labor-market anti-statist vantage point. The tie between private employment and civic standing was an important component of work-as-citizenship that a work guarantee would destabilize. The dependency charge was also leveled against those on relief, and Harry Hopkins reported that there was even talk of disenfranchising people on relief in order to make it less attractive.\footnote{Hopkins, *Spending to Save: The Complete Story of Relief* (New York: W. W. Norton, Incorporated, 1936), p. 110.} That the same fear could be extended to direct relief and government work-relief indicates that to policymakers, anything supplanting private work dangerously compromised the individual responsibility that was a core part of citizenship.

This was the essence of the challenge that New Deal policymakers faced: how to create deeper government social provisions while upholding the ideological commitment to individual responsibility.\footnote{Louis Hartz says of Roosevelt: “even when Franklin Roosevelt adopted many of the quasi-collectivist measures of the European Liberal reformers, he did not use their language of class but submerged his liberalism and spoke pragmatically of solving ‘problems,’” (Louis Hartz, *The Liberal Tradition in America* (San Diego, New York, London: A Harvest Book, Harcourt Brace & Company, 1995/1991), p. 205.)} Within these complicated parameters, the CES began to formulate an approach to economic security that culminated in the landmark Social Security Act of 1935. Among the policy possibilities under consideration were both a permanent work-relief program and Unemployment Insurance tied to a work program. The CES’ policy deliberation process is thus an example of the tension created when employment policy proposals bumped up against the
ideological limits set by work-as-citizenship and labor-market anti-statism. The resolution of that conflict demonstrated both the ideological currents’ persuasive power, and created new institutional mechanisms for their perpetuation.

Hopkins clearly hoped that the legislation that grew out of the CES’ study would include a permanent work program. In a June 1934 memo Hopkins suggested that the CES would focus on eight areas, starting with “1. Development of work opportunities in private employment” and “2. Direct provision of work opportunity by the Government.” These were followed by various insurance and assistance categories including unemployment compensation, old age pensions, health insurance, survivors insurance, workers compensation, and relief for employables and unemployables. At first, the CES sounded agreement with Hopkins, extolling the virtues of a public work program which would provide work opportunities for the unemployed, and also increase circulation of money and aggregate demand. Its Executive Director, Edwin E. Witte submitted an initial outline in August 1934, in which he suggested five possible approaches, social insurance, annuity, a work guarantee, relief, and a combination of approaches. Of these, Witte said the work guarantee, which would involve public works and planning, “is one which most completely answers the ideal of economic security, as it relates to the problem of unemployment” and that it “is also assumed to be by far the best policy to society at large.”

In their preliminary report submitted in September 1934, the CES advocated a social welfare package that linked Unemployment Insurance with a work program. The report extolled the merits and popularity of government work provision to the

\(^{70}\) Attorney General to the President, Folder: June-Nov 34, 6/26/34, Box 48, Harry Hopkins Papers, FDRL, p. 4.

\(^{71}\) Edwin E. Witte, “Possible General Approaches to the Problem of Economic Security, First Tentative Outline,” Folder E&SS, 8/16/34, Box 48, Harry Hopkins Papers, FDRL, p. 3.
unemployed, though it also acknowledged the financial strain that employing all the able-bodied unemployed would pose. Social insurance, the report stated, “has manifest limitations in being readily applicable only to the employed population, in coming into operation only slowly, and in placing considerable burdens upon industry and the workers at a time when both profits and wages are low.”

Yet, over the course of that autumn, the CES increasingly focused on Unemployment Insurance, not a work program, while administrators at FERA continued to develop a work program. Witte’s own description suggests that FERA and the CES had different ideological and institutional viewpoints on the cause of and solution to unemployment, and possibly also an institutional rivalry. The CES’ proposal, Unemployment Insurance (UI), which provided newly unemployed workers in particular categories with very short-term benefits, treated unemployment as a frictional issue. In other words, workers moving from one job to another, might need temporary assistance. By contrast, FERA’s works program was able to deal with long-term unemployment, and those not recently unemployed. The funding sources for the two approaches were also quite different. Where the CES envisioned UI as a contributory system, in which employers paid into a reserve fund from which eligible unemployed could draw benefits, a works program was financed through general revenue. In addition, because of funding considerations, there was little parity between the work-program proposals and private sector work. The new work program did not resemble the CWA as much as FERA’s means-tested work-relief program, though in FERA’s proposal it was a long-term or permanent measure.

73 “A National Work Program,” December 14, 1934, Folder: Jacob Baker Memo on National Work Program, Box 49, Harry Hopkins Papers, FDRL.
initial openness that included work relief, Witte was shifting to a narrower policy response to unemployment, and one that was more in line with the ideological constraints. Witte claimed that the separate policy trajectories for the unemployment reduction programs proposed by the CES and FERA was at the behest of Hopkins, who, upon gaining the ear of the President with regard to the work program, chose to pursue that program independent of the CES.\footnote{Witte, The Development of the Social Security Act: a memorandum on the history of the Committee on Economic Security and drafting and legislative history of the Social Security Act (Madison: University of Wisconsin Press, 1963), pp. 11-12.} Such an institutional split, however, does not explain the limitations the CES imposed on Unemployment Insurance or the CES’ neglect of long-term unemployment.

Witte’s story of institutional rivalry is also contested by other policymakers participating in the process. Rexford G. Tugwell, Roosevelt’s Undersecretary of Agriculture, reports that he and Hopkins were disappointed that the CES’s final December 1934 report had focused on Unemployment Insurance, and omitted a work program. Tugwell further states that he and Hopkins prevailed upon the CES to rewrite the report and include a works program as an important economic security effort.\footnote{Rexford G. Tugwell, The Diary of Rexford G. Tugwell: The New Deal, 1932-1935, ed. Michael Vincent Namorato (New York: Greenwood Press, 1992), p. 179.} According to Witte and other sources, in December, Hopkins sought to explicitly join the work program with the other economic security legislation.\footnote{Witte, The Development of the Social Security Act, pp. 77-78; Arthur W. McMahon, John D. Millett, and Gladys Ogden, The Administration of Federal Work Relief (Chicago: Public Administration Service, 1941), pp. 26-27.} Among those who were present during the final discussions there is agreement that the final separation of the work program from the rest of the economic security provisions was made at the eleventh hour, favored by Roosevelt’s Secretary of the Treasury, Henry Morgenthau Jr. and his Director of the Bureau of the Budget, Daniel Bell.\footnote{Witte, The Development of the Social Security Act, pp. 77-78.} Apparently, Roosevelt’s financial advisors were
uncomfortable with including a public work program in “the enactment of the beginnings of a permanent structure of security,” and wanted the work component to be “a strictly temporary expedient.”

Looking closely at this policy construction and debate shows that a government work program as a permanent unemployment reduction measure was thus explored, and even seriously considered during the early phase of the New Deal. But it faced serious opposition, both because its cost would make balancing the budget harder, and because of the threat it posed to the liberal currents’ vision of work, citizenship and the states role in the labor market. By instituting a lasting role for the federal government in providing work for the unemployed, a permanent government work program would have contravened the core tenets of both labor-market anti-statism and work-as-citizenship, and possibly laid the groundwork for a right to employment. The conflict over and eventual demise of a permanent government work program, as part of what became the Social Security Act, renders visible the ideological currents’ influence on the policy debate. Policymakers’ decision to adhere to the currents’ framework, rather than breaking with it, reinforced the ideological boundary on employment policy.

Michael Brown and June Hopkins offer two different explanations for Roosevelt’s last-minute move to side with his financial advisors. Brown argues that this was a fiscal decision intended to keep a lid on long-term spending. Short-term spending was seen as quite different from spending that might incur long-term deficits or tax increases. Linking the decision to Roosevelt’s ideological distaste for direct relief, Hopkins argues that Roosevelt did not see work-relief as distinct from direct relief and so preferred Unemployment Insurance as a permanent mea-

In a sense, both of them are right. The financial and ideological motives that prompted Roosevelt to separate the work program from the SSA overlapped in important respects.

Detaching the work program did not balance the budget or save money in the short term. The appropriation for the new federal work-relief program was four billion dollars, and combined with money left over from previous appropriations, matched the sum suggested by FERA staff for a permanent work program. Importantly though, the temporary work program allowed Roosevelt to couch the spending in terms that made it sound more compatible with fiscal conservatism. Morgenthau suggested that Roosevelt tell Congress that the budget was balanced, aside from emergency expenditures related to unemployment and relief. Like the separation between the employment programs themselves, this budgetary partition helped preserve the distinction in non-emergency times between publicly provided social welfare and privately obtained work. Thus, the SSA’s UI and the WPA were not only influenced by the ideological currents during the policy debate process, but as enacted, the two policies served to reinforce labor-market anti-statism and work-as-citizenship and establish an institutional legacy with policy feedback potential.

Even as a permanent program, UI’s design cast unemployment as a short-term issue, whereas both direct relief and work relief, if made permanent, would have divorced benefits from work history and suggested that the 1930s’ economic crisis was not an aberration. However, both UI and the temporary work program

82 Blum, *Roosevelt and Morgenthau*, p. 117.
characterized unemployment as a temporary problem. This matched Roosevelt’s conviction that private employment would eventually absorb all but the most temporary unemployment. Yet, there was actually significant evidence that the private sector was not capable of absorbing the bulk of unemployment. There were at least nine million able-bodied unemployed in early 1934, which was why Hopkins argued that there needed to be a work-relief program after the CWA ended. The lowest that the unemployment rate dipped in 1934 was just over 16%; over the course of that year there were between 7 and 12 million unemployed adults. That there were still not enough private sector jobs was precisely the argument that underly the permanent work-relief program. The fact that Roosevelt was willing to base his employment policy decision on this belief that the private sector would provide enough jobs, in the face of evidence to the contrary, indicates his strong attachment to the liberal currents’ biases. The final policy outcome in which UI was included in the Social Security Act and a work-relief program, the WPA, was enacted as a distinct emergency measure, shows the ideological currents’ resilience when confronted with evidence-based challenges.

83 Brown, Race, Money and the American Welfare State, p. 53.
86 “A Program for Social and Economic Security,” undated, circa October 1934, Folder: Relief Plans and Programs 1933-1939, Memoranda and Reports, Box 49, Harry Hopkins Papers, FDRL p. 5; Aubrey Williams, with revisions by Corrington Gill, “The Plan to Give Work to the Able-Bodied Needy Unemployed,” November 30, 1934, Folder: Relief Plans and Programs 1933-1939, Memoranda and Reports, Box 49, Harry Hopkins Papers, FDRL, pp. 1-2, 4; Aubrey Williams to Harry Hopkins, October 30, 1934, Folder: Relief Plans and Programs 1933-1939, Memoranda and Reports, Box 49, Harry Hopkins Papers, FDRL, pp. 1-2; Corrington Gill to Harry Hopkins, “Relief Needs Winter 1934,” attached to November 6, 1934 Corrington Gill memo, Folder: Baker, Box 49, Harry Hopkins Papers, FDRL.
The differentiation between social welfare provision and private work was underscored by the fact that for the duration of the WPA, its workers were not included in employment statistics, “WPA workers were not ‘employed’ if the work they did was paid for by the government.” But neither were they counted as unemployed by the government. In addition, public opinion polls indicates that feeling about the WPA was mixed, and in some cases even contradictory. For example, although survey data in the late 1930s consistently showed that people preferred work-relief to direct relief, there was also strong sentiment that the solution to unemployment was to “Force reliefers [sic] into employment by slashing the WPA and other forms of relief.” Taken in the context of the existing bond between work in the private labor market and social citizenship, these conflicting statements about work-relief make sense; work-relief was only a positive when it was compared to programs that more fundamentally contravened the injunction that citizens find work on their own.

Frances Perkins, Roosevelt’s Secretary of Labor, reported that early on Hopkins advocated to Roosevelt a program of “unemployment and old-age insurance, and that payments should be made as a matter of right and not as a matter of need.” Roosevelt summarily dismissed that proposal, insisting that contributory social insurance programs be kept separate from need-based assistance, so that the latter could be discontinued as soon as possible. Another iteration of Roosevelt’s predilection to differentiate between earned and unearned benefits, it also

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89 “Summary of Public Relief Opinion Relating to the WPA and Relief,” February 20, 1939, Folder: Relief Plans and Programs: Results of Various Polls re WPA and Unemployment, Box 55, Harry Hopkins Papers, FDRL, p. 2-3, 6-7.
indicated his confidence that the need for any sort of assistance program would be temporary. Yet what wound up being discontinued first was actually the work program, while the categorical assistance which was enfolded into the SSA, proved much longer lasting.

Part II: The Full Employment Debate

A decade after the SSA passed, the 1945-46 full employment debate raised the possibility of a more permanent interventionist employment policy, based not on the social perils of unemployment but on the benefits to the entire nation and economy of a high rate of production and employment. A contentious debate over the 1945 Full Employment Act (FEA) ensued in Congress, and particularly in the House of Representatives that raised challenges to the liberal currents. Those endorsing full employment, which by 1944 included President Roosevelt, were actually working from an ideological paradigm that ran counter to key parts of labor-market anti-statism and work-as-citizenship. The FEA’s government-backed full employment goals, as part of larger macro-economic planning measures, situated the federal government as a permanent presence alongside private business in the labor market, and went a long way towards enshrining employment as a right. Yet, the bill’s supporters were hampered by a number of factors: the success of the early 1930s rhetoric against work-relief and government work; the institutionalized separation between work-relief and the other economic security measures; Roosevelt’s failure to alter the WPA’s temporary structure in the wake of the 1937-38 recession; and the ambiguous economic implications drawn from mobilization for World War II and reconversion to a peacetime economy. Taken together, these factors created an uncertain foundation for full employment.
In an attempt to make the bill more politically palatable in Congress, the FEA’s supporters sought to present their bill as non-threatening to the existing ideology. That put them in a position in which they could not either fully construct or defend a competing ideology for the measure. As a result, the FEA was watered down. What eventually passed as the 1946 Employment Act (EA) established neither an ideological nor an institutional basis for a new approach to unemployment, and labor-market anti-statism and work-as-citizenship continued to dominate the employment policy arena. In the post-war era of generally rising wages and economic prosperity this legislative outcome and its ideological implications had long-lasting effects on those who remained on the fringes of the labor market, of whom blacks made up a disproportionate number.

**Recession, War, and the Incomplete Groundwork for Full Employment**

The recession that hit the U.S. in 1937-38 and awareness of the stimulating effects that mobilization for World War II had on the American economy in general, and employment in particular, created opportunities for President Roosevelt to alter his approach to employment policy. Though the President did somewhat amend his economic doctrine, there is evidence that he maintained allegiance to the basic features of the liberal currents when it came to employment policy through the early 1940s. Roosevelt did make at least a rhetorical shift by embracing a right to work in 1944. However, by then, the two main institutional champions of government supported work policies and full employment, the WPA and the National Labor Relations Board had been shut down, and there was little else in the way of established policy that challenged the liberal currents’ ideological
arguments against government work programs and full employment.

In 1936 and early 1937, not long after the fateful decision in 1935 to separate the WPA from the Social Security Act, the early signs of economic recovery prompted Roosevelt to scale back federal spending in order to balance the budget. However, by late 1937 the improvement had been replaced by a recession, and Roosevelt debated with his advisors about how to respond. Recession, following so closely on the heels of the Depression, helped to usher in a commitment to a permanent government role in managing the economy. However, this commitment did not guarantee a specific type or level of government intervention into labor markets, and so did not fully alter the existing approach to employment policy. An important indication of this is that those supporting work-relief were only partially successful in their goals for the WPA. Though the WPA was expanded, it remained a temporary provision. The measures the President endorsed in the spring of 1938 included federal spending or loans amounting to more than $6 billion, including nearly $3 billion on public works and work-relief, with fully $1.5 billion for the WPA. Congress not only approved Roosevelt’s request for these appropriations, it actually increased the total funds.

The United States entered World War II in 1941, and even before that, production related to the war effort was helping, much more than any New Deal

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With its substantial boost to employment, the wartime economy is also generally credited as sounding the death knell for the WPA (renamed the Work Projects Administration in 1939), but in the early 1940s this was not an inevitable outcome, at least as far as the WPA was concerned. In June of 1941, the WPA’s Acting Commissioner, Howard O. Hunter, wrote to Harry Hopkins about a bill to create a more permanent government work program that the Conference of Mayors and the Congress of Industrial Organizations (CIO) had put together, and expected would be sponsored shortly in Congress. Hunter told Hopkins that he approved of the bill, which sought to divorce the government work program from relief and justify it instead as furthering the goal of “full employment,” which would be useful during the war and also important after its conclusion.\footnote{Howard O. Hunter (Acting Commissioner of Work Projects, Work Projects Administration) to Harry Hopkins, June 6, 1941, Folder: Work Projects Administration (1), Box 257, FDRL, Harry Hopkins Papers, p. 1.} Such a bill would likely have greatly transformed the WPA’s mandate, and posed a serious challenge to the liberal currents, but there is no record in the House of Representatives’ library for the 77th Congress indicating that the bill was introduced.\footnote{South Trimble, Clerk of the House of Representatives, and Hans Jorgensen, Tally Clerk, “Seventy-Seventh Congress, Calendars of the United States House of Representatives and History of Legislation,” (Washington, D.C.: U.S. Government Printing Office, 1942), \url{http://library.clerk.house.gov/reference-files/House_Calendar_77th_Congress.pdf}, accessed August 11, 2015.}
in the production capacity to support full employment. As long as the war was being waged, he declared “‘full employment of labor is essential to full defense because modern war demands the energy of everybody.’” Dismissing business’ concerns that increasing their productive capacity would leave them without adequate markets once the war ended, Hunter asserted that since “‘we can produce goods that the American people will want and in producing those goods, we can put workers to work who need work.’”

Similar arguments for full employment policies, based on the merits of government planning for a full production economy, were coming out of the National Resources Planning Board (NRPB) in the early 1940s. The NRPB, originally called the National Planning Board, was created in the 1933 and headed by the President’s uncle, Frederic A. Delano. The Board initially oversaw the administration of Public Works programs. After a federal reorganization in 1939, it was moved to the Office of the Executive, renamed the National Resources Planning Board, and tasked with advising the President about how best to manage the nation’s resources, physical and human. Essentially, the NRPB was supposed to serve as a clearinghouse for data that could be used to coordinate resource planning at the national level to ensure increasing living and work standards, and a minimum of waste. With that data compiled, it was up to the President and Congress to create institutional mechanisms through which the planning could be

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97 “WPA Chief Calls for More Effort: 100 Per Cent Defense Need of U. S., Citadel Alumni Told by Hunter,” unidentified newspaper, May 31, 1941, Folder: Work Projects Administration (1), Box 257, Harry Hopkins Papers, FDRL.

carried out. In 1940 the NRPB was urging Roosevelt to introduce legislation to centralize public works planning in order to most efficiently promote a stable employment environment. Otherwise, “State and local government policies may frustrate the efforts of the Federal Government to provide employment stabilization,” and the country could be left unable to get work programs started quickly when necessary. The NRPB would compile data for such planning and design “useful, needed projects without in any way committing the Government to the immediate construction of such works,” as part of that overall effort.

NRPB reports indicate that war-related spending quickly dwarfed the New Deal’s economic recovery program spending. In the first half of 1941, before the U.S. had joined the war, a dramatic rise in federal spending to spur industrial production capacity as part of America’s assistance to its European allies was already apparent. The federal government had gone from spending a total of $9.8 billion ($5.9 billion of which was tax revenue, while the remaining $3.9 billion was borrowed) in 1940 to $13.4 billion ($7.4 billion of which was tax revenue, while the remaining $5 billion was borrowed) by mid-1941, and estimates were that 1942 expenditures would be $25 billion ($12.6 billion projected tax revenue, leaving $11.4 billion as deficit spending). After joining the war in December 1941, spending increased even more dramatically. Part way through 1943, the NRPB noted that federal spending on wartime production had reached $14.5 billion in 1942, which did not count spending on the actual military buildup,

the vast expenditures for Army and Navy camps and barracks and

100 Confidential Draft Materials for Presidential Message on National Resources Planning Board, circa December 30, 1940, Folder: NRPB, Box 23, James Rowe Papers, FDRL, pp. 4-6.
depots, training establishments, housing developments, transportation facilities, community facilities, power production, and other training and servicing facilities.

These rapid changes caused some labor market issues, including shortages of trained workers for some industries, and also sparked concerns within the WPA and NRPB about how to plan for continued full employment after the end of the war. WPA administrators were certain that the improved employment prospects for some groups during the war, particularly, blacks, women, and older workers, would be temporary, necessitating a government work program to provide them employment upon the war’s end:

When the war is over there will be an immediate need for a work program, and provisions should be made now for developing a comprehensive program of post-war public works and public services. It will be necessary to provide useful work for a great many older men and women who will be the first ones dropped from private employment when the war is over.

Aside from the problem of a tendency for discrimination in the labor market, this argument for a public jobs program was based on the assumption that the private sector would not, on its own, provide enough jobs once the war spending ended.

The NRPB also sought to make government supported employment policies part of reconversion planning, further threatening the liberal currents. As early as 1940 the Board argued that significant government planning, including long term public works projects presently deferred in favor of defense projects, was needed.

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102 Charles E. Merriam, Acting Chairman, National Resources Planning Board, to the President, March 15, 1943, Folder: NRPB, Box 7, PSF, FDRL, p. 1.
104 Memorandum for Discussion, November 9, 1942, Folder: Work Projects Administration, Box 257, Harry Hopkins Papers, FDRL, pp. 1-3.
to maintain the high levels of production and employment that characterized the defense effort. In its later reports, including the 1942 *Security, Work, and Relief Policies*, and the 1943 *Human Resources of the United States*, the NRPB presented a vision in which economic health and social welfare were not only compatible, but both were essential to the nation’s continued security. In other words, they were advocating prosperity alongside equality. As part of that vision for the future, the NRPB argued that full employment was necessary and achievable after the war if the government followed the policies it recommended, which included higher taxes on the rich, and lower ones on the poor.

Aware that public work was controversial and had significant political opponents, the NRPB made efforts to present public work as merely one part of an overall reconversion strategy, but also sought to de-stigmatize perceptions about public work. For example, a 1943 report endorsed the stance that “the primary efforts of the Government in bringing about post-war manpower adjustment should be devoted to stimulating the increase of normal employment, and that public work undertaken chiefly to provide employment should be invoked only when the need is demonstrated.” So public work would be necessary mainly if other efforts were insufficient. But the report also stated “Public works and services are, however, a part of our normal civilian economy and in fact in normal times offer a large volume of employment,” and that it was important to avoid agriculture being “the dumping ground for the industrial unemployed.”


After presenting arguments and policies based outside the two liberal currents, both the WPA and the NRPB became targets. Under pressure from Congress, Roosevelt terminated the WPA in 1942 and Congress discontinued the NRPB’s funding in 1943. Faced with their imminent demise, administrators at both the WPA and NRPB continued to advocate for an increased government role in providing employment in order to offset labor market deficiencies. After it became clear that the WPA would be disbanded and any ongoing projects transferred to the Federal Works Agency by the end of 1943, leadership at the WPA still hoped that some degree of their overall mission and institutional expertise would be maintained if the “trained administrative employees of the WPA” were able to move over to the Federal Works Agency, which would help deal with unemployment after the war.

For its part, the NRPB released a “New Bill of Rights” in 1944 which, though in no way minding as legislation, sought to provoke discussion about employment issues. Along with “the right to work usefully and creatively through the productive years,” the NRPB argued for expanded access to social welfare services to provide for the basic necessities of life including “food, clothing, shelter, and medical care.” These new rights were consonant with the NRPB’s characterization of the interrelationship of economic growth and social welfare, but they were distinctly incompatible with the liberal currents’ interdiction on a government backed right to work. Michael Brown makes an argument similar to this, claim-

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109 Memorandum for Discussion, November 9, 1942, Folder: Work Projects Administration, Box 257, Harry Hopkins Papers, FDRL, pp. 1-3.
ing that the “proto-social democratic ideology of the 1940s lacked any grounding in American political culture,” which made it hard to find a stable platform for policies based on both growth and equality.\textsuperscript{111}

The wedding of social and economic policy did not wholly die with the NRPB. Many of its over-arching goals were supported by organized labor and the Townsend movement. In addition, President Roosevelt included the right to work at a living wage as part of his “Second Bill of Rights” in his 1944 State of the Union Address, and the FEA was a legislative translation of the NRPB’s stated goal of full employment.\textsuperscript{112} However, the foundation for a right to work and full employment was far from certain. Roosevelt’s enumeration of a right to work at a decent wage was not immediately followed up with legislation that would have turned that rhetoric into policy. If this did reflect a genuine shift in Roosevelt’s understanding of the relationship between private work, citizenship and the government, it was too little, too late to undo the effects of earlier rhetoric against relief and work-relief, and the lack of a policy foundation for a government entitlement to employment. When the FEA was introduced, its sponsor called Roosevelt’s promise nothing more than “a meaningless figure of speech,” until it was backed by concrete legislation.\textsuperscript{113}

The NRPB had argued that the lesson from war mobilization was that full


employment was dependent on extensive government involvement in the economy and labor market, through both spending and planning. Many Americans, as well as many members of Congress seemed to agree. Stephen Kemp Bailey notes that of those surveyed in a 1944 poll “67.7 percent [were] in favor of the proposition that the federal government should, if necessary, assure jobs for all.”

In the 1944 elections both political parties had backed the idea of “full employment,” and there was serious concern among policy makers in Congress that the reconversion process from a war to a non-war economy could prompt renewed unemployment. The high rates of employment resulting from war mobilization seem also to have hurt the case for full employment policies. Theda Skocpol cites public opinion polls from 1943 that show that a majority of those surveyed did not think that the NRPB’s recommendations for employment and relief programs would affect them personally. In combination, this indicates that as the war drew to a close there was a great deal of ambiguity about the prospects for economic and employment growth in America, and the government’s role in assuring future prosperity.

Planning, Spending, and the Ideological Arguments Against Full Employment

The FEA was a specific legislative challenge to the narrative that unemployment could be dealt with largely at the level of the individual. The proposed solution was not to interrogate the role of work in social standing, but to attempt to create enough work for everyone. As a goal, this was both ambitious and vague. The ambiguity of full employment, and the means of achieving it, as well

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114 Bailey, Congress Makes a Law, p. 179.
116 Skocpol, Social Policy in the United States, p. 192.
as its perceived connections to previous New Deal work-relief made this a difficult endeavor for its advocates. During the debate in Congress, the FEA was variously characterized as a planning or a spending bill, and it was attacked on both counts. Although the FEA proposed numerous types of government economic management, and focused on supporting employment in the private sector, the fact that it included reference to a public works programs became a focus in the Congressional debate. This tended to obscure the fact that the bill originated as a comprehensive planning measure that would use government spending on programs such as public works as a last-resort measure, while largely relying on other means including monetary policy, and production incentives for business.

Because of existing labor-market anti-statist sentiment, which saw planning as a threat to free-enterprise and spending on public employment as both fiscally irresponsible and a repudiation of the individual responsibility to find work in the private sector, the bill’s sponsors were forced into a position where they could defend the bill neither as a planning bill, nor as a spending bill.

Other scholars have explicitly or implicitly drawn attention to the ideological stakes of the full employment debate. Stephen Kemp Bailey in his extremely detailed account of the Full Employment Act asserts that an important, and ultimately persuasive, feature of the argument against the bill was based on the supposed ideological incompatibility of “full employment and freedom.” Building on Bailey’s argument, Gary Mucciaroni draws a connection between the persuasive power of business arguments against the FEA and America’s “ideological climate,” which he characterizes as “a provincial conservatism friendly to busi-

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118 Bailey, Congress Makes a Law, p. 130.
ness and hostile to government.” A.E. Holmans comes close to diagnosing an ideological motivation for the efforts to derail the FEA in his work on America’s post-war fiscal policies. He contends that the nature of the issues raised by Roosevelt and the New Deal, and the embroiling of compensatory fiscal policy with the passions aroused by those issues, are the reasons why compensatory fiscal policy as an anti-deflationary technique has been opposed so rigorously and so long in the United States.

Essentially, Holmans is saying that the political viability of using counter-cyclical government spending as a macro-economic tool for boosting growth during slack periods was compromised by its association with the New Deal’s social welfare spending and labor market interventions, including industrial regulations and work-relief. However, Bailey, Mucciaroni and Holmans do not delve deeply enough into the ideological roots or implications of the opposition to full employment policy.

Augmenting their arguments, I contend that despite attempts to have the Full Employment Act rely on arguments about the macro-economic benefits of a ‘full-production’ economy such as was experienced during World War II, the proposed legislation brought up old arguments about the role of the state in the labor market and seemed to threaten the privileged position of work in the private sector. The FEA pushed up against the liberal currents, and that made it hard to champion. Treasury Secretary Fred M. Vinson in his testimony on the FEA stated, “In a modern industrial society the opportunity to work is the very basis of the inalienable and God-given rights of life, liberty, and the pursuit of happiness.”

121 “Statement of Secretary Vinson before the House Committee on Expenditures in the Ex-
But, if the FEA’s assurance of access to a job was close to a direct articulation of work-as-citizenship, it was hurt by the way that it was seen as encroaching on that current’s counterpart, labor-market anti-statism.

Barry Karl suggests that the centralized control during WWII, particularly the efforts of the Office of Price Administration were more responsible for creating business ire against government intervention in the economy akin to the FEA than New Deal programs. General business opposition to the FEA should not disguise the fact that there were several different opinions and response strategies among key business organizations after the bill’s introduction. Notwithstanding this variation, there were some key issues that even the most moderate business groups were unwilling to compromise on, and these sticking points overlap with the boundaries defended by the liberal currents. Echoing their calls to limit spending at the first signs of an economic recovery in 1936, business interests worked to prevent the FEA from establishing a permanent program of government spending to compensate for labor market slack, while intervention short of that was more tenable. Robert Collins notes that though business groups, like the local and State chapters of the Chamber of Commerce, had negative reactions to the FEA, the national leadership of the Chamber was less quick to come out against the bill. Like the federal government, the Chamber’s national organization was extremely interested in preventing “renewed mass unemployment” after the war, and not necessarily opposed to the government contributing to economic management. Eventually the Chamber of Commerce did provide testimony against the bill and worked to limit its spending provisions, though it temporized somewhat

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122 Karl, *The Uneasy State*, pp. 219-220.
by endorsing “countercyclical public works and tax reduction in hard times.”

Elizabeth Fones-Wolf delineates between business groups who outright opposed the bill and more moderate businessmen who “disseminated reports on the employment issue that accepted the idea of a limited federal involvement in the economy but rejected compensatory government spending as the solution to unemployment.” She states that as long as the bill left “responsibility for providing employment...in the private sector” business leaders were satisfied. I would add that the changes that business leaders sought not only left provision of work in private hands, they also failed to disturb the individual mandate to find work, another key element of the liberal currents.

The FEA’s Congressional supporters repeatedly characterized federal spending on public works as “a last resort measure.” The way in which they described public works spending suggests that they saw it operating as a counter-cyclical economic stabilizer, if not quite as automatically as a program like Unemployment Insurance, the payments for which rose and fell according to the business cycle without any additional government action. Congress would not only have had the opportunity, but in fact been required, to debate about what particular measures would be implemented in the case of an economic downturn. However, the response from members of Congress makes is clear that they did not view spending on public works was dispassionately as one of a range of economic tools. Instead, unlike the bill’s other forms of government counter-cyclical intervention, including monetary adjustments and tax-based production incentives, which were

124 Fones-Wolf, Selling Free Enterprise, pp. 33.
apparently more acceptable forms of counter-cyclical economic management, federal spending was singled out as the main target of the FEA’s opposition.

The way in which forestalling deficit spending on public works became a central rallying point for the opposition to the FEA is interesting, considering that according to Barton J. Bernstein, allowance for budget deficits was increasingly the norm: “in practice, many so-called conservatives no longer feared annual deficits” and “even non-Keynesians did not recommend balancing the budget in fiscal 1946.” This suggests that it was the combination of spending and public works that was the sticking point. In fact, arguments against the FEA indicate that the bill’s spending on public works was associated with a government guarantee of work, and it was that which provided significant motivation for the FEA’s Congressional opponents.

Indicating its connection to the established bastion of federal planning, members of the Bureau of the Budget’s Fiscal Division were deeply involved in the inception and later defense of the Full Employment Act. Prominent among those working on the bill were Louis H. Bean (Chief Fiscal Analyst, Fiscal Division, Bureau of the Budget), Gerhard Colm (Principal Fiscal Analyst and Assistant Chief, Bureau of the Budget, Fiscal Division), and J. Weldon Jones (Assistant Director, Bureau of the Budget).


critiques of the laissez-faire economic model, they and the Congressional sponsors attempted to pre-empt claims that the FEA would allow the federal government to replace or compete with private enterprise. The bill, therefore, explicitly stated its support for free enterprise in its first section, and listed an array of mechanisms that the federal government could use if private investment failed to achieve full employment. Moreover, the FEA had no actual appropriations, and any proposed measures meant to promote full employment would have to be separately passed by Congress.

Section 3-c of the bill which enumerated the use of Federal investment and expenditure, should all other means of promoting investment commensurate with full employment fail, received the bulk of the attention in the subsequent hearings on the bill. However, the section immediately preceding that, 3-b, indicated just how much deliberation would be required before concrete employment-boosting mechanisms were put into effect. If the combination of private, federal and state investment were insufficient to induce production at a full employment level, the first step would be recommendations for legislation including, though not limited to,

current and projected Federal policies and activities with reference to banking and currency, monopoly and competition, wages and working conditions, foreign trade and investment, agriculture, taxation, social security, the development of natural resources, and other matters as may directly or indirectly affect the level of non-Federal investment and expenditure.


Thus, the FEA’s supporters could accurately argue that the bill did not propose a set solution to unemployment, but simply laid out a procedure for the President to present ideas to Congress for creating additional investment and production, at no point mandating specific levels of government spending. In fact, a memo written by Louis Bean indicates that within the Fiscal Division the inclusion of federal investment and expenditure was seen as a means of boosting business confidence in order to obviate much actual government spending.\footnote{Bean also anticipated that the bill would enable the expansion of private industry, especially in under-developed areas.\footnote{131}} Bean also anticipated that the bill would enable the expansion of private industry, especially in under-developed areas.\footnote{132}

Bailey notes that the initial employment proposal submitted to the Senate had already been toned down in sub-committee from its original drafting, in an effort to broaden the bill’s appeal. The changes that were made before it was introduced in Congress for full debate, included the revision of the following passage from “It is the responsibility of the Government to guarantee that right by assuring continuing full employment” to “It is the policy of the United States to assure the existence at all times of sufficient employment opportunities.”\footnote{133} Alvin H. Hansen, a fervent proponent of the FEA who served on the Board of Governors of the Federal Reserve Bank, recommended characterizing “full employment as a major goal of national policy and not in terms of ‘assuring’ full employment.”\footnote{134}

Clearly the bill’s supporters knew that an overt statement about a right to employment was politically risky. It is important to recognize that faced with this


\footnote{133} Bailey, Congress Makes a Law, pp. 57, 58-59 emphasis in original.

\footnote{134} Alvin H. Hansen, Board of Governors of FED, to Louis Bean, June 9, 1945, Folder: Full Employment Correspondence, Box 12: Full Employment, Louis H. Bean Papers, FDRL.
problem they sought to avoid direct confrontation on this key component of the liberal currents, rather than offering an alternative ideological justification for an entitlement to work.

This pattern of deflecting attacks as opposed to facing them head-on is also discernible in the general characterizations of the FEA that its supporters supplied. From the start, the sponsors of the bill had decried claims that the FEA was a program of deficit spending, and represented the FEA as requiring only minimal government intervention.\footnote{\textit{Full Employment Act of 1945: Hearings Before the Committee on Expenditures in the Executive Departments, House of Representatives}, pp. 322-323; Arthur Smithies to J. Weldon Jones, Bureau of Budget Material on Full Employment Bill, Fiscal Division, October 25, 1945, Box 71, #432, RG 51 39.3, NA, p. 11; James E. Murray, Remarks before the Full Employment Meeting, Hamilton-Hotel, Washington, D.C., September 12, 1945, Folder: NRPB: Income, Prices, Employment, and Unemployment, Box 143, PSF, FDRL.} The attempt to distance the FEA from deficit spending was seen by some of its supporters as a mistake, since it provided fodder for the opposition to propose amendments that explicitly forbade incurring deficits.\footnote{Arthur Smithies to J. Weldon Jones, Bureau of Budget Material on Full Employment Bill, Fiscal Division, October 25, 1945, Box 71, #432, RG 51 39.3, NA, p. 1.} On the ideological level, it was another example of the FEA’s proponents backing off from a more positive articulation of what necessitated future deficit spending.

In the Senate hearings on the bill, the FEA’s supporters used new macroeconomic conceptions to justify the bill, and tried to couch the bill’s proposals in terms congruent with the liberal currents. Wyoming Democratic Senator Joseph O’Mahoney argued that full employment was a good business bill and that full employment was actually necessary in order to control government debt and prevent inflation.\footnote{Memorandum from Louis H. Bean to J. W. Jones, July 30, 1945, Box 12: Full Employment, Folder Full Employment Bill, FDRL; Memorandum from Louis H. Bean to J. Weldon Jones, July 30, 1945, Bean Papers, Box 12: Full Employment, Folder Full Employment Bill, FDRL.} The bill’s sponsor, Senator James E. Murray, a Montana Democrat, also cited high employment as a means of combatting national debt.\footnote{Remarks by Honorable James E. Murray (US Senator, Dem. Montana), p. September 12, 1945, Bean Papers, Box 12: Full Employment, Folder Full Employment Hearings, FDRL, p. 1.} Secretary
of Commerce Henry A. Wallace, in his endorsement of the bill, characterized the bill as based primarily around promoting private industry, with the government using fiscal, taxation, and monetary measures. He, like the bill’s other supporters, stressed that the bill’s main purpose was to “stimulate private consumption and investment,” and promote private enterprise rather than having government spending supply all of the funds, or enter into competition with private enterprise. However, even as he demonstrated that the bill was essentially a planning measure, he worked to downplay the government’s planning role. Wallace called it “intelligent planning” not a “planned economy” and claimed that “the only alternative to the full-employment bill is a planned economy which imposes specific controls on the production and distribution methods of business.”

The avoidance strategy did not succeed, and the FEA sponsors’ argument that the FEA would facilitate job creation in private industry fell on deaf ears. Opponents insisted that the bill would replace private enterprise with the government, a clear violation of labor-market anti-statism. For example, during the House Hearings on the FEA, Democratic Congressman Donald J. Irwin of Connecticut, stated his conviction that the bill would nationalize jobs, and asserted that federal aid always brings “‘federal poison.’” Congressman Ralph E. Church, a Republican from Illinois, saw the FEA as constituting “government red tape and

141 Notes for Senator Murray, September 23, 1945, Folder: Full Employment Hearings, Box 12: Full Employment, Louis H. Bean Papers, FDRL.
regulation” which would stifle business’ ability to create full employment on its own.\textsuperscript{143} Alabama Democratic Congressman Carter Manasco, Chair of the House Committee on Expenditures which reviewed the FEA, kept arguing that federal jobs would be the main route to full employment, even when Fred Vinson, as Secretary of the Treasury, referred to public works as a “last resort measure.”\textsuperscript{144}

Ohio Republican Senator Robert Taft, one of the orchestrators of the opposition to the FEA in the Senate, worked to add amendments to the bill that would limit its spending capacity and prevent employment from becoming a right. He was solidly against “compensatory spending” and inclusion of the phrase “assurance” of employment in the bill.\textsuperscript{145} Taft’s efforts to modify both suggest that he saw a connection between spending and an entitlement to employment. Taft’s proposed ‘balanced budget’ amendment, which was adopted unanimously by the Senate in October 1945, substituted a tax-and-spend policy for long-term deficit spending, though it did leave open the possibility for temporary deficits. Senator George remarked during the session that opposition to Taft’s amendment would be tantamount to “[admitting] frankly that this is a program for deficit spending, indeed, unlimited deficit spending.”\textsuperscript{146} In the end, the version of the employment bill that passed did not include this budget restriction, and substituted to similar effect, a reference to “‘sound finance.’”\textsuperscript{147}

\textsuperscript{145} “Amendments to Full Employment Bill” September 10, 1945, from Louis H. Bean to H. C. Loeffler and Gerhard Colm, Box 71, #432, RG 51 39.3, NA.
\textsuperscript{146} Gerhard Colm to J. Weldon Jones, “The ‘balanced budget’ amendment to the full employment bill,” October 8, 1945, Box 71, #432, RG 51 39.3, NA, pp. 1, 3.
\textsuperscript{147} Gerhard Colm to J. Weldon Jones, “House Committee Bill on Production and Employment,” November 26, 1945, Box 71, #432, RG 51 39.3, NA, p. 2.
The FEA’s opponents definitely played on the negative associations with New Deal relief policy as they attacked the bill. In the House hearings on the FEA Chairman Manasco characterized the New Deal’s spending as “‘a threat hanging over business’” that “resulted in continued unemployment.” The failure of the 1930s federal spending to achieve full employment was also cited by Michigan Republican Representative Clare Hoffman to illustrate problems with the FEA’s basic premise, though no comparable consideration of the spending on the war effort seemed to figure into his assessment. Republican Congressman Walter Judd stated that “his conscience would not permit him to vote for a ‘blank check’ to provide such volume of expenditures as may be needed,” and suggested that the bill’s objective of assuring jobs might run into conflict with the government’s fiscal solvency. The potential damage the FEA might wreck on the individual work ethic was also visible in the opposition’s statements on the bill. Representative Hoffman argued against what he saw as the bill’s implicit support of unionized workers, including strikers, at the expense of non-unionized workers. Collective bargaining had been authorized by Congress under the 1935 National Labor Relations Act, but Hoffman’s objections indicate that sentiments were still mixed on how that right fit in with the individual mandate to work in the private sector. Also raising alarms about the future of the private employment, an unnamed Congressman from California complained during the hearings on the FEA that “in his district men were refusing to go back to farm work at wages higher than they were getting in 1939.”

Treasury Secretary Vinson derided this sort of argument against the FEA as incompatible with American values,

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Lastly, some of the Club ‘intellectuals’ [meaning standard opponents to the FEA] believe that a pool of the unemployed helps keep labor in its place, which is conducive to the profitable operation of the enterprises with which they are connected. Naturally, these persons seldom express their opinions for the records.”

By focusing on the potential problem of deficits funding public works and the resultant destruction of the private employment system, the FEA’s opposition was actually building on the rhetorical arguments marshaled by Roosevelt and his administration against relief in the 1930s. It was up to individuals to obtain work for themselves in the private labor market, and relief, including work-relief, outside of emergency circumstances, would upset that important social value. Conflating full employment with relief was made easier by the existing association between public works projects and direct relief. Republican Senator Edward H. Moore of Oklahoma explicitly connected the dots between full employment and relief, asserting that full employment meant workers subsidizing “those who fail or refuse to work and produce.” The Farm Bureau also invoked the negative consequences of relief in its statement against the FEA, though its argument was based on relief’s effect on the cost of labor, not its destruction of the work ethic. In an interesting intersection of interests and ideology, the Farm Bureau’s statement against the FEA also illustrates negative perceptions of relief, in particular its detrimental effect on the costs of labor. The Farm Bureau’s Ed O’Neal, himself a Southern plantation owner and an opponent to many New Deal policies, complained that “The Farmers of the Nation resent not being able to hire help because relief


150 Holmans, United States Fiscal Policy, 1945-1959, p. 42.
projects in the community *can outbid them for labor.*\textsuperscript{151} Though this objection was grounded in farmers’ interest in ensuing continued access to cheap labor, it fit directly into a narrative about the negative effect that relief could have on the private labor market, including contributing to wage hikes and labor shortages.\textsuperscript{152} Thus, the FEA’s opposition side-stepped the underlying premise of the bill that the periodic increases in unemployment were harmful not just to individuals, but to the economy as a whole. Acknowledging that would have threatened the established narrative that the unemployed needy simply did not espouse the necessary American work ethic.

Not all federal spending was equally problematic in the mid 1940s, which reinforces the conclusion that ideological, not just fiscal, objections undergirded the opposition to the FEA. For example, in June 1944, just a year before the FEA was introduced, Congress passed the Servicemen’s Readjustment Act, which provided veterans with extended unemployment, housing and education benefits. This measure enjoyed broad conservative support, though it too entailed broad spending increases.\textsuperscript{153} This bipartisan endorsement makes sense in the light of the liberal currents. Like those included in the SSA’s contributory insurance programs, the veterans were seen as having ‘earned’ benefits through their war service. The legislation was also motivated by macro-economic goals related to reconversion, but these economic considerations seemed to be subsidiary to work-as-citizenship requirements. The bill had initially been proposed as a more far reaching social welfare program, but it was transformed into another temporary

\textsuperscript{151} Bailey, *Congress Makes a Law*, p. 148, emphasis in original.

\textsuperscript{152} Actually, it was common practice in rural areas to kick recipients off of relief or ADC when there were agricultural labor shortages.

CHAPTER 3. THE LONG NEW DEAL, 1933-1947

measure targeted solely at returning veterans.

The Ideological and Institutional Consequences of Dilution

A number of key accounts of the full employment debate, drawing on Stephen Kemp Bailey’s conclusion, agree that the 1946 Employment Act’s final form rendered it a fairly empty statement about the desirability of high employment, without any means to realize that goal. However, the traditional understanding of the dilution of the FEA into the EA also rests many of its conclusions on the inadequate institutional structures established under the Employment Act and the transition from the FEA’s ‘social Keynesian’ approach that joined government economic measures with social welfare policies, to the EA’s nascent ‘commercial Keynesian approach,’ that made no such connection.

By contrast, I argue that the dilution of the FEA was important more for its ideological implications than in any institutional capacity or economic doctrine it foreclosed. What made the early versions of the bill most revolutionary was the ideological alternative they proposed to the liberal currents. The generally flattering light cast on the FEA overstates the institutional import of the original bill, and concludes, without sufficient evidence, that the transition to the EA was what set America on the path toward government economic intervention separated from social welfare interventions.


\[156\] Both variations of Keynesianism are based on the writings of John Maynard Keynes who in the 1930s asserted that economic downturns of sufficient depth would not be rectified through the mechanics of the “free market” (John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New Delhi: Atlantic Publishers and Distributors, 2006). Keynes rejected the classical economics assumption that economic depressions are a natural feature of the market, for which the unhindered mobility of prices and wages can provide a path toward
In fact, there would have needed to be significant institutional capacity constructed in the wake of the FEA for it to alter the existing approach to unemployment, and the original bill had both social Keynesian and commercial Keynesian elements, making it unclear which approach would have won out. Many scholars seem to assume that if the FEA had been passed, greater institutional capacity for addressing full employment perspective would have necessarily followed, and that such capacity would have united economic and social welfare goals.\footnote{Mucciaroni, The Political Failure of Employment Policy, 1945-1982, pp. 19; Skocpol, Social Policy in the United States, pp. 215; Weir, Politics and Jobs, pp. 46-47.}

I agree with this argument only insofar as seeing the FEA as a necessary condition for a new approach to employment and unemployment. But because the change that the FEA would have brought was primarily ideological rather than institutional, it was not, on its own, sufficient to herald a repudiation of the existing policies that valorized employment in the private sector over other sorts of recovery and job creation. Instead, he proposed that with an economic depression of sufficient magnitude, the economy could reach an underemployment equilibrium, from which there would be no market-driven mechanism that would spur greater production, spending, or employment. Because an extended depression and unemployment reduces the total pool of money circulating in the economy, there is no justifiable reason for business, on its own, to contribute to job creation through increased investment or production. Thus, Keynes argued, the need for a government spur or stimulus to the economic system, to guide it back to a more productive equilibrium (James A. Caporaso and David P. Levine, Theories of Political Economy (Cambridge: Cambridge University Press, 1992), pp. 101-103, 106, 114-116; Keynes, The General Theory of Employment, Interest, and Money, pp. 234-235, 271). The difference between social Keynesianism and commercial Keynesianism is what form the government stimulus takes. Social Keynesians support measures to stimulate demand such as government spending that are also redistributive and fill in where the market cannot or will not. This could include policies to create public or private jobs, or providing Unemployment Insurance, education and job training, and public health care (Margaret Weir, “Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States,” in The Political Power of Economic Ideas: Keynesianism Across Nations, ed. Peter A. Hall (Princeton, New Jersey: Princeton University Press, 1989), p. 170). Commercial Keynesians favored measures to stimulate demand that were less fiscally demanding, and saw no need to connect policies to redistribution or social welfare policies in general. They preferred manipulation of fiscal policies (taxing or not taxing) and monetary policies (interest rates), and only limited public spending. The key for commercial Keynesians was that any increase in government spending or deficit would be temporary and as non-interventionist as possible (Colm, “Fiscal Policy and the Federal Budget,” p. 214; Skocpol, Social Policy in the United States, p. 215).
work and treated unemployment as an individual failing. From the perspective of work-as-citizenship and labor-market anti-statism connection, the omission of the commitment to full employment in the final Employment Act was a significant change since it removed the specter of a right to employment. How that commitment to full employment would have been carried out institutionally, particularly in relation to existing employment and labor legislation, is not as clear.

A contingent within organized labor recognized this uncertainty about the FEA’s implementation. The American Federation of Labor (AFL) was quite tentative in its support for the bill, due to concerns that government sponsorship of full employment might negatively effect important labor supports that had been recently gained including minimum wages, Unemployment Insurance, and other fair labor practices passed by executive order. Recognizing that its approval of the bill would be politically advantageous, the Bureau of the Budget went out of its way to court the AFL’s endorsement for the FEA. The Congress of Industrial Organizations (CIO) was more amenable than the AFL to the bill. Started in the midst of the Depression, the CIO “attributed the downturn of late 1937 and 1938 to the abrupt decline in Federal spending after 1936, when government ‘reduced its expenditures and began at the same time to collect increased taxes.’” Hoping to avoid another such catastrophic drop in federal spending, the CIO was ready to support government backed full employment, and as noted earlier, had even helped put together a legislative proposal for a non-relief government work program in 1941.


The FEA contained no provisions for specific appropriations, and the debate-provoking commitment of federal expenditures to make up for a deficit in private production or employment was far more vague than the specific commitments laid out in earlier employment related bills such as the Social Security Act. Treasury Secretary Vinson stressed in his testimony on the bill that the FEA’s boost to business confidence and the findings disseminated by the new ‘National Production and Employment Budget’ would promote economic stability and growth and thereby avoid the necessity of returning to the provision of “relief.” He argued that such sophisticated economic analysis would provide Congress with the “tools” to make good policy decisions, but that even with the FEA in place, the government would need to “take the positive steps that will facilitate and encourage an expansion of consumption and private investment whenever this becomes necessary to prevent a great depression.”

In essence it was up to Congress to enumerate the specific government responses to economic downturns based on the data and analysis in the National Budget, and Vinson expected that to take the form of “changes in credit policy” more often than any program of “expansion of public construction.”

Thus, it is not clear that from a programmatic perspective the FEA would have been significantly different from the EA, unless it had been followed by additional legislation that spelled out specifically redistributive policies as opposed to less intrusive measures. Making a redistributive agenda even less urgent, the feared

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161 “Statement of Secretary Vinson before the House Committee on Expenditures in the Executive Departments, on the Full Employment Bill,” October 31, 1945, Treasury Department, Louis H. Bean Papers, Box 12, Folder: Full Employment (Hearings), FDRL, p. 4.
162 “Statement of Secretary Vinson before the House Committee on Expenditures in the Executive Departments, on the Full Employment Bill,” October 31, 1945, Treasury Department, Folder: Full Employment (Hearings), Box 12, Louis H. Bean Papers, FDRL, pp. 5-6.
rise in unemployment did not materialize with the end of the war, and instead focus turned to controlling inflation. According to Leon Keyserling, a member of the Council of Economic Advisers from 1946-1953, the main problem was not the change from the FEA to the EA, but the fact that the EA was essentially ignored.

Therefore, it is necessary to take a closer look at claims that the FEA was an important missed opportunity to create a centralized planning apparatus in the executive branch. Margaret Weir argues that the absence of the institutional capacity that the National Employment and Production Budget would have created, and the resulting division of economic planning within the Executive Branch between the Bureau of the Budget and the Council of Economic Advisers (CEA) foreclosed deficit spending as a post-war economic tool. Two things compromise this conclusion. First, rather than deficit spending being wholly off the table, the Council of Economic Advisers (CEA), the economic advisory group created by the EA, evaluated deficit spending in 1946 and 1947 and decided that it was not the best means of achieving the production goals that it understood the EA mandated. Second, more fundamentally, there was significant evidence of planning capacity and coordination within the executive branch that both pre- and post-dated the EA.

In the early and mid 1940s, the Bureau of the Budget (BOB) was a key institutional site for economic planning. Director of the Bureau of the Budget,

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166 Council of Economic Advisers, *Second Annual Report to the President*, 27.
167 Assorted memoranda in: Folder: Conferences with President Roosevelt, 1943-45, Folder: Conferences with President Truman, 1945, Folder: White House Memoranda, 1946, Box 3,
Harold Smith met weekly with President Roosevelt, and later with President Tru- 
man, to discuss upcoming legislation, programs within the federal agencies, and 
the overall economic situation. The work that the BOB was conducting amounted 
to macro-economic planning, even if that term was not yet in vogue. For exam-
ple, Smith was at pains to convince Truman in a September 1945 meeting that 
action needed to be taken in order to prevent Congress from precipitously cutting 
funding to essential programs and disrupting the reconversion process. 168

In his advisory capacity to President Truman, Budget Director Smith weighed 
in on the employment bill that emerged from Congress in 1946. He apparently 
approved the overall import of the final employment bill. In a memo to the White 
House, Smith recommended Truman sign the bill, citing its basic congruence with 
Truman’s legislative program laid out September 6, 1945, and January 14, 1946. 
Smith acknowledged that though “the language of the bill is not as forthright 
as the language of the original Senate version endorsed by the President, it is 
similar in substance.” More interestingly, Smith explicitly stated that the National 
Production and Employment Budget’s replacement with the ‘Economic Report’ 
was not substantial, since either would provide the necessary economic analysis 
needed for planning future action.

Instead, what Smith saw as possibly the most significant issue with the EA 
was the presumption that the

policies designed to create and maintain maximum employment, pro-
duction, and purchasing power can be separated from other aspects 
of the federal program, and that responsibility for advising the Presi-
dent on employment policies can be separated from responsibility for

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168 “Conference with the President, September 5, 1945” Harold Smith Papers, Box 3, Folder: Conferences with President Truman 1945, FDRL, p. 1.
counseling him on other aspects of his economic and fiscal program.

However, he recommended that this obstacle to comprehensive planning could be mitigated “by presidential action, particularly by the selection of the presidential appointees and by staff arrangements within the Executive Office of the President.”

Smith further noted the similarity between the BOB and the new CEA and recommended close coordination:

> It would be highly desirable if the Council’s special facilities for economic analysis and the existing facilities in the Bureau of the Budget can be made to complement each other. The preparation of the President’s Economic Report and the preparation of the President’s Budget must obviously be closely interrelated operations.

According to Gerhard Colm, the EA did facilitate this administrative coordination and improved the coherency and impact of the President’s three yearly addresses: the State of the Union, the Economic Report, and the Budget Message.

Institutional capacity is important, but it is not everything. Just as ideology finds expression through concrete measures including public policy and government institutions, institutional capacity is directed, at least in part, by ideology. It is certainly the case that this capacity for economic planning did not constitute a platform for employment policies that contravened the established boundaries of work-as-citizenship and labor-market anti-statism. The full employment debate concluded without any positive articulation of a right to work, which was a necessary, if insufficient, condition for dislodging the liberal currents. Without the

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170 Harold Smith, Director of the Bureau of the Budget, to Mr. Latta (White House), February 13, 1946, Samuel I. Rosenman Papers, Box 9, Bill File 2/20-2/26/1946, HSTL, p. 3.

stimulus of either drastic depression or global war, the federal government had no ongoing impetus to reprise its role in providing either government work programs, or funding for expanded private sector employment.

Conclusions

Ideology, in the form of two liberal currents – work-as-citizenship and labor-market anti-statism – constrained both early and late New Deal employment policy. Ultimately however, for civic inclusion, an extremely important issue is how ideology intersects with institutions. Institutions, including social and employment policy, are important sites for delineating social and political inclusion. Although without attention to ideology, the ways in which they accomplish this are easily overlooked. Key decisions made by the executive and legislative branches in the 1930s and 1940s illustrate that understandings about the social standing conveyed through private work and the inability of the federal government to act as a substitute for the private labor market had a profound effect on the policies that serve as the foundation of America’s approach to employment and unemployment.

The New Deal’s early policies combatting unemployment, including direct relief, work-relief, and Unemployment Insurance, were considered best if they were either emergency programs, or only available for a limited period of time. Such conditions meant that they trespassed minimally into work-as-citizenship’s requirement that individuals obtain work for themselves, and the private labor market’s prerogative of providing work. As a result of decisions linking work-relief to means testing, limiting its funding, and separating it from a larger docket of social security measures, the work-relief programs of the New Deal expanded the conception of citizenship only as compared to the lack of social rights imbued
in direct relief. Unemployment Insurance, tied as it was to participants’ work history, had a more positive effect on social citizenship. But since UI was only designed to offset short-term unemployment and was jointly administered by States and the federal government, its benefits were not sufficient to make up for ongoing labor market inadequacies.

The full employment debate partially re-contextualized the unemployment question as one of economic health, which had the potential to destabilize the liberal currents’ insistence that unemployment was an individual rather than a labor market failure. But, in part because “full employment” straddled economic and social arenas, the demands of economic growth proved insufficient as a basis for substantially expanding citizenship to include the majority of the unemployed, and the proponents of the Full Employment Act did not successfully provide an ideological alternative to the liberal currents that could have served as a more robust foundation for a full employment policy.

Starting during the New Deal, the federal government adopted a general mindset in which boosting production and economic growth was the tide that was supposed to lift all boats. That turned out not to be a realistic expectation because equality was not a specific provision of either the era’s economic or employment policies. During the New Deal, guided by the dictates of the liberal currents, employment policy created unequal access to benefits, meaning that were winners and losers. Recognizing the influence of the liberal currents provides a starting point for questioning the dominant idea that maximum employment will necessarily follow as long as economic growth is present. The second CEA annual report asserted that maximum employment is achievable in a poor economy as well as in a vibrant one, though in a poor one it would mean “everyone slaving away with feeble tools to eke out a meager living.” The report’s authors concluded, there-
fore, that it is more appropriate to work for maximum production than maximum employment, and, moreover, state that full production is necessary in order to attain “the highest standards of living.”

America’s experience in the decades since the conclusion of the New Deal has borne out this prediction, showing that even during periods of extended economic growth there is not always enough productive, meaningful work to go around. Instead, the necessities of profit and growth resulted in fundamental changes in the labor market, including increases in “temporary employment,” which meant even less economic security for many workers. Prioritizing economic growth without paying commensurate attention to basic labor market conditions and the distribution of income and resources within the economic and social realms was most ideologically feasible, but it was also a recipe for income inequality.

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172 Council of Economic Advisers, Second Annual Report to the President, p. 7.
Chapter 4

Ever More Unequal Prosperity in the Great Society and Beyond

(1963-1977)

Seen in its best light, the Great Society and the years that followed (1963-1977) worked to complete the social and economic promise of the New Deal, extending opportunity and prosperity to all Americans, and explicitly including African-Americans in new ways. While the Great Society was another period of political opening for employment policy, when important questions about unemployment and inequality were debated and some groundbreaking policies were enacted, the spectrum of employment policy in these years was also constrained by an ideological boundary condition grounded in the American liberal tradition. The unemployment policies enacted by the Great Society’s presidential administrations, and the two that followed – namely, John F. Kennedy, Lyndon B. Johnson, Richard M. Nixon, and Gerald R. Ford – sought to reduce unemployment and economic insecurity without compromising the basic tenets of the two liberal currents that
bounded employment policy discussions: *work-as-citizenship* and *labor-market anti-statism*. Advancing employment policy within the liberal currents’ boundary condition created dilemmas for these presidential administrations. Kennedy and Johnson had to figure out how to pursue an activist macro-economic policy and a national campaign to reduce entrenched economic insecurity – particularly among historically disadvantaged populations – while maintaining the privileged position of private sector work. This led Kennedy and Johnson to largely pursue policies that reinforced the labor market’s existing processes, rather than calling for fundamental alterations. Later, Nixon and Ford sought to stimulate economic growth, foster job creation, and reform social policy in a period of economic downturn and stagnation, and amidst rising public hostility to social welfare programs. Though various alternatives were weighed by these administrations, some of which posed explicit challenges to the liberal currents, the ideological boundary condition remained substantially intact through the late 1970s.

At first glance the labor market during most the Great Society does not seem to have warranted much intervention. It is true that the national unemployment rate during the 1960s and early 1970s was generally fairly low, usually between 4% and 6%. However, the low unemployment rate served to disguise economic insecurity for many individuals. For example, at the close of 1963, while overall unemployment was only 5.9%, the unemployment rate for blacks was nearly double that at 10.7%, the unemployment rate for 14-19 year olds was even higher at 17.2%, and the Department of Labor reported that 37 major labor market areas had unemployment rates over 6%. Much of this unemployment was not simply short-term turnover as workers shifted from one job to another; 35% of

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the unemployed had been without work for 15 weeks or more, and another 17% had been without work for 27 weeks or more. In addition to insufficient labor market demand in many areas, changes in the types of jobs and wages and benefits available meant that underemployment – when workers who wanted to work full time were only able to secure part-time work – was a growing problem that did not show up in the unemployment rate. The Secretary of Labor estimated that over a million workers were under-employed in late 1963. This, combined with nearly another million people who would try to enter the labor market “if the job prospects improved” meant that there were at least 6 million Americans without stable footing in the labor market at the close of 1963. Over the course of that year, more than 15 million Americans had experienced some period of involuntary unemployment. With the Department of Labor expecting that the labor force would continue to grow at a rate of more than a million people a year, such economic insecurity would continue to increase unless there was a substantial uptick in stable, full-time jobs.

The Kennedy and Johnson administrations were well aware of these issues and articulated their interest in improving things for the unemployed and the economically disadvantaged. The Civil Rights Movement’s leaders had also articulated an agenda that included promoting economic opportunity for blacks. However, the Kennedy and Johnson administrations’ efforts to increase access to employment were constrained by their commitment to the liberal currents. Implicit in the Civil Rights Movement’s push to improve employment prospects for blacks was a challenge to work-as-citizenship’s basic precepts, since routine, ingrained racial discrimination had historically prevented many in the black community from se-

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2 Willard Wirtz to the President, December 9, 1963, Folder: 11/22/63-9/2/65, LA 2, Box 6, White House Central File (WHCF), Lyndon Baines Johnson Library (LBJL).
curing access to the sorts of stable jobs that provided social welfare benefits. How could work serve as a basic route to social and political inclusion if some people were prevented from full and free participation in the labor market? The Kennedy and Johnson administrations did not provide a satisfying answer to that question, though they made some efforts to remedy outright discrimination in the labor market and to increase the number of jobs in the labor market. Overall, their employment policies generally supported rather than disrupted work-as-citizenship and labor-market anti-statism. Kennedy and Johnson demonstrated a preference for macro-economic policy and programs such as manpower training as solutions for unemployment, both of which were labor market reinforcing, instead of labor market altering. Johnson also repeatedly declined to support public jobs programs, which was a distinctly labor market altering policy.

The Nixon and Ford administrations were less concerned with the economically disadvantaged, or furthering the Civil Rights Movement’s agenda. They did develop a variety of employment and macro-economic policies to respond to the “stagflation” crisis, the unprecedented economic conditions of simultaneously rising inflation and unemployment. However, like their predecessors, Nixon’s and Ford’s employment policy agendas largely conformed to the liberal currents dictates. Both Nixon and Ford promoted macro-economic measures as unemployment reduction instruments, and consistently resisted proposals to create permanent public service employment programs. Under the Nixon and Ford administrations there were also some examples of employment policies, either proposed or enacted, that challenged the liberal currents’ boundary. For Nixon this included both proposals that originated within his administration, and ones coming from Congress that he only reluctantly acceded to. A key policy proposal that pushed against the currents’ boundary was Nixon’s linked manpower and welfare pol-
icy reform plan, which involved establishing a minimum income program for the poor. The minimum income program, though motivated by a work-as-citizenship based interest in increasing the work output of the poor, would have fundamentally contravened the liberal currents by broadening poor peoples’ alternatives to private sector work. Yet, Nixon resisted other policies that conflicted with the liberal currents’ boundary, such as policies that included temporary and more permanent public service employment programs, notably the 1973 Comprehensive Employment and Training Act. Ford’s administration did not generate employment policy proposals that pushed against the liberal currents. However, due to exigent economic and political circumstances, Ford did agree to several expansions in public service employment. There was growing bipartisan acceptance of public service employment in the 1970s that showed that some policymakers were willing to venture farther into labor market altering policies. But even this development did not signal a wholesale abandonment of the liberal currents’ definition of work as a paid, private sector activity. When a new full employment bill was introduced in Congress that included a work guarantee, it occasioned opposition from Democrats as well as Republicans and was sufficiently altered that it did not extend a right to a employment.

The institution-focused analysis of American employment policies that currently predominates among American Political Development (APD) scholars does not adequately recognize or explain the ideological limitations evident in the employment policies of these years. Largely passing over ideology, existing Great Society employment policy studies hone in on bureaucratic rivalry over employment policy ideas, political party competition, and inadequate institutional structures or capacity as explanations for the employment policy outcomes in the 1960s and
A prominent example of the institutional rivalry argument is the competition during the Kennedy and Johnson administrations between the Council of Economic Advisers (CEA) and Bureau of the Budget (BOB) on the one side and the Department of Labor (DOL) on the other. The CEA, these studies argue, enjoyed greater presidential support and thus succeeded in quashing more “progressive” labor market policy proposals put forward by the DOL and members of Congress, including public employment. Although the DOL is often portrayed as the institutional champion for public employment during the War on Poverty, the DOL’s position during that period was actually quite ambiguous when it came to policy mechanisms for achieving full employment. Policymakers at the DOL were

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5 Weir, *Politics and Jobs,* pp. 71; Russell, *Economics, Bureaucracy, and Race,* p. 34; Mucciaroni is more nuanced than this, but not so different in his characterization of structuralists versus Keynesians (Mucciaroni, *The Political Failure of Employment Policy,* pp. 41-45, 46-47). Under the administration of President Nixon’s Labor Secretary James D. Hodgson, the DOL was actually an active proponent of public employment, though it was essentially a lone voice in the administration (Secretary of Labor James Hodgson to President Richard Nixon, January 22, 1972, “The Public Employment System,” Folder: January-March 1971, Employment Program, Box 16, President’s Handwriting Files, White House Special Files, Staff Member and Office Files, Richard M. Nixon Library).
not immune to the ideological forces that influenced the CEA, BOB and other presidential advisers. In addition, though there were institutional divisions, and differences in capacity, these institutionalist analyses at best explain how “full-employment legislation” was blocked, not why numerous political interests did not want “the federal government to reorder its economic policy priorities and increase spending and public investment to guarantee jobs to anyone unable to find employment in the private sector.” Ideology is the missing link in this story. An analysis of the legislative record reveals that the two liberal currents led various interests to conclude that a full employment policy through public service employment was unacceptable.

Institutionalists also see political party competition as a driving force in policy-making, but in the years between Kennedy and Ford’s presidencies, partisan dynamics are insufficient as an explanation for the various administrations’ employment policy agendas and decisions. For example, all four presidents opposed public service employment, indicating that party affiliation did not govern that policy preference. Party competition and compromise between the executive branch and opposition political parties in Congress can help explain some policy outcomes such as why the manpower side of Nixon’s agenda included a public service employment program, and why Ford also passed bills expanding public service employment. But party competition does fully explain other key policy outcomes. This includes Kennedy’s and Johnson’s successful opposition to public employment proposals and bipartisan opposition to proposals to create a positive right to employment. Moreover, party agendas would not have predicted that the Republican Nixon administration would have pursued income redistribu-

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tion and explicitly joined poverty and manpower program design in his “Revenue Sharing” reform package. Further highlighting the unexpected nature of Nixon’s move, though Kennedy and Johnson explicitly sought to reduce economic insecurity among the poor, both of the Democratic presidents worked to keep income redistribution out of the War on Poverty (WOP).

Looking more closely at ideology’s role can explain both the points of overlap and divergence among these administrations. More specifically, the same two ideological currents that bounded employment policy possibilities in the New Deal again constrained options and shaped outcomes in this era. As in the New Deal, political and economic circumstances led some policymakers to propose policies that challenged the currents’ limits on employment policies. Though the boundary around employment policy was subject to some degree of adaptation as a result, the liberal currents’ basic shape and influence remained intact. This meant that during the Great Society neither growing income inequality nor substantial shifts in the composition and functioning of labor markets received adequate attention, since those most affected by the growth in low-wage and contingent work were not considered to be as important socially or economically as the more established white male workforce. Instead, work-as-citizenship and labor-market anti-statism predisposed Great Society policymakers and their successors to focus on the demand for labor only in the most general sense of facilitating overall economic growth, and cast most unemployment, underemployment, and resulting economic insecurity, as non-economic problems. In total, the employment policies between 1962 and 1977 reinforced and expanded on the worst legacies of the New Deal’s employment policies: individual or cultural explanations for long-term economic insecurity among able-bodied adults, short-term public employment, a new focus on training rather than more substantive labor market interventions for the un-
employed and under-employed, and separate and unequal policy paths for workers with long-term work histories and non-workers or workers with fewer skills and work experience.

**Part I: The War on Poverty and the Empty Promise of Opportunity**

The Kennedy and Johnson administrations were rhetorical champions of the importance of access to opportunity, job creation, and economic growth. In actual employment policy terms, policymakers in these two administrations worked to decrease unemployment through measures that targeted economic and job growth without dealing with other core labor market inadequacies. Though the administrations’ economic growth policies helped bring unemployment down below 4% between 1966 and 1970, throughout the 1960s there were still significant segments of the population facing economic insecurity because of an insufficient quantity of jobs and an inadequate number of stable, full-time jobs. Two distinct sets of employment policy discussions demonstrate the constraining influence of work-as-citizenship and labor-market anti-statism during the War on Poverty (WOP) 1964-1969. The first set focused on reducing unemployment through labor market bolstering initiatives, including the 1962 Manpower Development and Training Act (MDTA), and the 1964 Tax Cut. The second group, which culminated in

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the anti-poverty programs initiated by the 1964 Economic Opportunity Act, attributed entrenched economic insecurity to cultural patterns rather than economic deficiencies, and was almost entirely non-economic in design.

Both the macro-economic and the anti-poverty policies acknowledged that unemployment had negative economic and social effects. However, neither set of policy intervention was based on a nuanced analysis of labor market mechanics and in each case the policy goal was to reform individuals not the labor market. Direct job creation was never seriously undertaken; antipathy toward public employment as an unemployment solution was prominent in both sets of policy discussions. As a result, the WOP policies as a whole entrenched the conviction that labor market inadequacies were not an appropriate target for unemployment-reduction efforts. In addition, none of the Kennedy-Johnson employment measures addressed one of the most important labor market realities of the era: the confinement of many workers to a secondary labor market characterized by unsteady, low-wage work. The rise in this type of work over the 1960s, particularly in the service sector, was key driver of economic insecurity that employment policy did little to remedy.

Many other scholars, including E. Wight Bakke, Gary Mucciaroni, David Raphael Riemer, and Margaret Weir have argued that the Great Society’s macro-economic policies did not sufficiently explore or address labor market demand. However, there are some key distinctions between this existing work and my overall understanding of this period’s employment policy. To begin with, unlike previous

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analyses, my particular interest is in the ideological underpinnings of this insufficient attention to labor market demand. My focus on the two liberal currents also leads me to different conclusions about the Great Society’s employment policies. For example, I show that the Great Society’s early manpower training programs and tax policies were consistent with the War on Poverty programs’ reform efforts directed at individuals, rather than fundamentally divergent approaches. By contrast, Margaret Weir argues that there was a clear break between the policies before and after the War on Poverty, and that institutional factors were responsible for that change.\(^\text{12}\) Though employment policy was closely intertwined with the poverty program, the poverty program was not the impetus for restricting experimentation with labor market policy. The MDTA and 1964 Tax Cut which predated the poverty effort demonstrate similar limits on employment policy. This suggests that institutional interactions, though certainly important to policy implementation, are not the best explanation of the boundary conditions on policy design.

The two ideological currents help us understand certain, otherwise puzzling, things about the employment policies coming out of the early 1960s. The Kennedy and Johnson administrations had information indicating that labor market weakness – as measured both by the quantity and quality of available jobs – was a key source of unemployment, underemployment, and economic insecurity. Members of Johnson’s administration articulated a nuanced model for understanding employment and unemployment, but then failed to follow that through with policies that altered the labor market dynamics to which they attributed unemployment and underemployment. Their administrations’ employment policies did not focus on making changes to the labor market that would have more fully addressed

these problems, so they were unable to fully follow through on their promises to extend access opportunity through employment. The liberal currents’ influence on policymakers helps to account for the two administrations’ disregard of such evidence. Intrinsic to the currents were the related ideas that there was always employment available for those interested in working, and that the market, not the government, was the best arbiter of labor market demand.

**Manpower and Macro-Economics Combat Unemployment**

Employment prospects for many were very good in the early 1960s, but national policymakers recognized that unemployment had not vanished, and the Kennedy and Johnson administrations enacted two policies that aimed to decrease unemployment resulting from several types of general economic dislocations. The 1962 Manpower Development and Training Act (MDTA), was a new type of employment program designed to reduce unemployment by re-training workers displaced by technological advancement from their previous occupations. The MDTA entailed no job creation for the unemployed or under-employed. It was followed two years later by the 1964 Tax Cut, which strove to stimulate economic growth by cutting individual and corporate tax rates. Leaving this money in the hands of individuals and businesses was supposed to boost aggregate economic demand and lead to job creation, which it did. It is fairly uncontroversial to argue that the MDTA and the 1964 Tax Cut were foundational to the Kennedy-Johnson approach to unemployment and economic insecurity. More unusual is my assertion that the two policies shared an ideological foundation that shaped their approaches to reducing unemployment through labor market reinforcing measures rather than interventions that would have more substantially altered labor market functions.
The MDTA and the Tax Cut are generally cast as policy rivals since the MDTA was based on a theory of structural unemployment, while the Tax Cut, drawing on Keynesian theories about aggregate demand, was designed to boost demand generally in the economy which would increase labor market demand, thereby offsetting unemployment caused by fluctuations in the business cycle. Explanations tend to focus on the apparent differences in the two policies’ economic frameworks and diagnoses of unemployment, as well as the institutional effects of that conflict.\footnote{Mucciaroni, \textit{The Political Failure of Employment Policy}, pp. 46-47, 271-272; Weir, \textit{Politics and Jobs}, pp. 67, 73-75.} What such accounts miss is that both the structuralists and the Keynesians relied on inadequate definitions of employment and unemployment. Both economic growth policies and manpower training glossed over the potential for economic security to remain a serious problem even amidst economic growth and with re-training programs offsetting technological displacement of workers. The MDTA and the Tax Cut both reinforced the conviction that, with some government support, the labor market could be trusted to create the right sorts of jobs at sufficiently high wages. Since it remained generally an individual responsibility to obtain work, economic insecurity was and that it was generally an individual responsibility to obtain work.

The battle between structuralists and aggregate demand Keynesians over economic ideas is usually understood to have produced an institutional separation of federal manpower and economic management in the 1960s, which effectively restricted the effect of both manpower and aggregate demand policies on unemployment.\footnote{Mucciaroni, \textit{The Political Failure of Employment Policy}, pp. 32-33, 40-41, 44, 47; Weir, \textit{Politics and Jobs}, p. 70. The sides in the institutional rivalry were not necessarily always clear. Some of the original conceptual planning for the MDTA came out of the Bureau of the Budget (BOB), which Mucciaroni and Weir cast as an opponent of the structuralist diagnosis of unemployment. On the history of the MDTA see: Gladys Roth Kremen, “MDTA: The Origins of the...
over ideas, and policy ideas over ideology, the important ideological commonality on both sides of the structuralist-Keynesian divide is elided. That the Keynesians and the structuralists shared fundamental ideas about the labor market and its ability to produce sustainable levels and types of employment, and moreover maintained these ideas in the face of evidence to the contrary, indicates that the liberal currents acted as guidelines for policymakers, which restricted employment policy under Kennedy and Johnson. Regardless of any institutional separation, the MDTA and the Tax Cut helped institutionalize the currents’ narrative about the causes of unemployment and the best government means of alleviating unemployment preceding and during the War on Poverty.

Paying more attention to these ideological currents also helps explain the inconsistent support for public service employment within the Department of Labor (DOL) and the Council of Economic Advisors (CEA), during the Kennedy and Johnson administrations. Policymakers’ ambivalence toward government job creation was in part based on the assumption during the 1950s and 1960s that “enough jobs existed paying wages above the poverty level, and therefore employment policy should be directed toward training people for jobs rather than creating jobs for people.” Once concern shifted from unemployment among middle-class white workers to the disadvantaged unemployed – which often meant blacks in urban areas – interest in whether available jobs would provide wages above the poverty level was no longer paramount. Notwithstanding the distinctly inferior employment expectations for the disadvantaged unemployed, the administrations’


15 Mucciaroni, The Political Failure of Employment Policy, p. 68.
disinclination to directly intervene in the labor market is striking. The persistent resistance to government jobs programs, given the importance of increasing overall employment as a means of generating and sustaining economic growth, suggests that the constraint was ideological rather than purely economic or institutional. The Kennedy and Johnson administrations had evidence that the labor market was producing an insufficient quantity of jobs, and not providing enough high-quality jobs, but concerns that public jobs programs would threaten the autonomy of the private labor market and weaken the directive that individuals find their own work in the marketplace made that an undesirable policy instrument. The liberal currents’ ideological boundary was also strengthened by business interests’ opposition to government job creation policies, which largely dovetailed with labor-market anti-statism. However, there is evidence that the liberal currents helped justify such objections and provide policymakers with ready reasons for pursuing other policy avenues.

The MDTA

The MDTA superficially joined macro-economic planning and employment policy with its goal of full employment through manpower training. However, the policy’s inadequate conception of labor market dynamics prevented it from actually addressing the key issues of job creation or job quality. The structural unemployment model underlying the MDTA cast the “mechanization of industrial processes, shifts toward higher skill jobs, and the geographical movement of industry” as the major impediments to full employment.\(^\text{16}\) Therefore, structuralists argued that retraining unemployed workers for new occupations created by technological change

\(^{16}\) “Volume II, Part 1, Programs of the DOL,” Administrative History of the Department of Labor, Box 2, Lyndon B. Johnson Library, p. 683.
would solve the rising unemployment of the late 1950s and early 1960s. Equally important is that the MDTA sought to adapt particular deserving workers and former workers to the changing conditions of the labor market, rather than intervening in the mechanics of the labor market in order to provide security for the current and aspiring labor force. As such, it reinforced the workers’ high social standing by using work history as a basis for inclusion in the program, and by providing training but not permanent jobs, it maintained sufficient distance between the government and the private labor market to satisfy labor-market anti-statist concerns.

The MDTA’s plan to reform the unemployed, rather than reforming the economy or the labor market, fit in with Republicans’ disinterest in intervening in the private labor market. However, a closer look at the historical record indicates that this characterization needs to be expanded. To begin with, it was not just Republicans who were wary of intervening in the mechanics of the labor market. Democrats, including the MDTA’s Congressional sponsors also cast individuals as the most appropriate target for intervention. In addition, the MDTA’s design and implementation shows evidence not only of attempts to preserve labor market autonomy, but also protecting work-as-citizenship’s basic tenets which included preferential social and political inclusion of skilled, male workers as well as preserving the individual responsibility to find work.

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20 This willingness to craft labor market reinforcing policies in order to assist skilled, male workers was also an important motivation for the Comprehensive Employment and Training Act in the 1970s.
If we look at who the MDTA targeted, and who was left out, we find that policymakers’ focused on unemployment without attention to economic insecurity deriving from underemployment. The policymakers who devised the MDTA were motivated by the fact that the unemployment rate for married men had reached an unprecedented high of 5% in 1960-61. Such men were considered a socially and economically important group. Just as essential, they were also deserving since many of them had some skills, established work histories, and their new unemployment was thought to result from technological change, rather than personal failings such as a poor work ethic. Therefore, constructing a program to help these men find new employment by training them for new occupations or industries did not greatly strain work-as-citizenship. As such, the manpower legislation initially required participants to be male heads of families with three years of work experience. By contrast, those with a more tenuous attachment to the labor force, including many of the working and non-working poor, did not meet these requirements. Changes in labor market conditions that particularly affected those stuck in poverty, including the lack of investment or industry in some geographical areas, and the rise in service-sector jobs and low-wage work, were not part of the MDTA’s economic model.

Such omissions were deliberate, since policymakers were not insensible to these issues. The 1961 Area Redevelopment Act created the Area Redevelopment Administration, which distributed funds to areas lacking industry and employment. The Area Redevelopment Administration funded public works projects and also provided loans to private businesses that were intended to facilitate private investment in these depressed areas. It was followed by other similar measures including

22 Mangum, *MDTA*, p. 17.
the 1962 Public Works Acceleration Act, and the 1964 Appalachia Act of 1964.\textsuperscript{23} The MDTA, however, included no funds for public works. The Kennedy administration initially proposed that the MDTA include funding to relocate workers, which would have at least partially addressed the continued dearth of work opportunities in some geographical areas, but after protests from merchants, this provision was removed.\textsuperscript{24} As had happened frequently in the 1930s and would continue to happen throughout the 1960s and 1970s, objections to particular sorts of government labor market intervention were voiced by business interests. This lent strength to ideological arguments against such policies, even when there were policy and institutional precedents for such policies.

Moreover, the MDTA specifically allowed participants to retain their Unemployment Insurance benefits, in addition to receiving a training stipend while enrolled. Since only certain types of workers were eligible for Unemployment Insurance to begin with, policymakers clearly expected MDTA trainees to have a solid attachment to the labor force. This preference for more experienced workers was also present in the unemployment debates of the 1930s. Crafting manpower legislation that addressed changes in the quantity and quality of work would have challenged some of the basic tenets of work-as-citizenship. Namely, this brought into question the assumption that there was enough work available for the adult workforce, or that being willing to work was the main impediment to employment among able-bodied adults. The structural unemployment model did not question the market’s prerogative to define the level and type of labor demand. Structuralists argued that there was no deficiency in economic development or employment, so the MDTA did not include job creation programs for the unemployed or the

\textsuperscript{23} James T. Patterson, \textit{America’s Struggle Against Poverty in the Twentieth Century} (Cambridge, Massachusetts: Harvard University Press, 2000), p. 123.

\textsuperscript{24} Mangum, \textit{MDTA}, p. 25.
under-employed.

Intriguingly, while policymakers were hammering out the details of the MDTA, there was a recent precedent for federal retraining to be joined to job creation and economic investment programs, since the Area Redevelopment Act had done both. Thus, in debating and passing the ARA, policymakers demonstrated their awareness that the economic system was failing to provide work in some areas, but did not build on that foundation when creating the MDTA.\footnote{Mangum, \textit{MDTA}, pp. 10-11.} Laurie J. Bassi and Orley Ashenfelter argue that the Works Progress Administration (WPA) and Public Works Administration (PWA) during the New Deal were the first instances of structural unemployment intervention, and that the MDTA followed in their footsteps in 1962.\footnote{Laurie J. Bassi and Orley Ashenfelter, “The Effect of Direct Job Creation and Training Programs on Low-Skilled Workers” in \textit{Fighting Poverty: What Works and What Doesn’t}, eds: Sheldon D. Danziger and Daniel H. Weinberg (Cambridge: Harvard University Press, 1986), p. 134} This categorization obscures the stark contrast between the WPA and PWA’s provision of public service employment and the MDTA’s provision of training and stipends, but not jobs, to compensate for changes in labor market demand.\footnote{Mangum, \textit{MDTA}, p. 11.} There were some points of overlap between the programs, as the WPA, PWA, and MDTA (as originally implemented) were all preferentially directed at adult, married men, while other subsets of the unemployed, such as women and blacks were not targeted. Nor did any of the three programs do much to alter the private labor market itself.

Even working within the structuralists’ limited economic framework, for job training to reduce unemployment, participants must transition from training to private employment. The MDTA’s original model was based on the expectation that stable employment at a decent wage was available for participants, once they
were trained in new areas or fields. In order to assure this linkage between training and employment, the legislation included a requirement that trainees have a “reasonable expectation of employment.” However, MDTA administrators soon found that the program’s targeted population, skilled males with prior work histories, actually made up only a small proportion of the unemployed. That should have brought into question the structuralist conviction that most unemployment was essentially the result of a mis-match between the skills of the unemployed and the skills sought by employers. Instead, in response to Civil Rights protests in 1963, and amidst planning for a federal poverty program, the MDTA was simply reoriented to the “disadvantaged” poor, which was a euphemism for poor blacks in cities. That created a new set of problems, particularly relating to participants’ retention in the MDTA and job placement for the new target group after completing the program.

Once directed at the black urban poor, who were presumed to have fewer basic skills, the MDTA’s type of training changed to accommodate entry-level job placement, which was generally insecure and low-wage. This dampened participants’ enthusiasm, who wanted more career security than the lowest rungs of the labor market could offer. Black participants also had concerns about their uncertain employment prospects after completing training, since even for entry level jobs there was widespread racial discrimination. In fact, policymakers were aware of this issue and saw the job placement component of MDTA as an obstacle to increasing participation among the new target group because of many employ-
ers’ refusal to hire blacks. A DOL staff member reported that with the MDTA’s shift to targeting poor blacks, the House Rules Committee wanted to jettison the ‘requirements that there be job prospects in sight before an individual can be trained, obviously a barrier to training of Negroes.’ With this shift then, the human capital rationale for providing training for skilled displaced workers to transition into new skilled occupations and industries was replaced with a program designed to get less-skilled workers into jobs as quickly as possible, which meant providing much less actual training. This raises a fundamental question about what it means to provide training, if the training is merely getting participants into jobs for which they were already qualified. Policymakers at the time largely circumvented this issue, though some awareness of it seeped into public perception of the MDTA. Manpower training was politically palatable because it was an alternative to public works or work-relief, and therefore more compatible with the liberal currents’ constraint on the government providing alternatives to the private labor market. But ironically, participants, administrators, and the public came to see the reoriented MDTA as essentially a form of social welfare for the poor.

As such, on both a programmatic level and in the court of public opinion, MDTA foreshadowed shortcomings in the later Economic Opportunity Act policies directed at the disadvantaged. Although there were important differences

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32 Lee C. White to the President, December 4, 1963, Box 6, LA 2, WHCF, LBJL.
34 This similarity is not always recognized in existing work on the period, and the MDTA is instead held up as a model that was passed over by the War on Poverty planners in favor of initiatives that were even further removed from the labor market. For example, Margaret Weir focuses on distinctions between the MDTA’s acknowledgment of labor market problems (i.e.– structural unemployment was caused by automation) and the Economic Opportunity Act’s anti-poverty initiatives, which attributed unemployment more to individuals (Weir, *Politics and Jobs*, pp. 67-68).
between the MDTA and the EOA – after all, the motivations for the two acts were quite dissimilar – it remains that like the later Economic Opportunity Act policies, the MDTA was sorely constrained by the bifurcated treatment of the skilled, experienced unemployed (most of whom were white men), and the less-skilled, less-experienced unemployed workers (more of whom were black). This distinction between economic insecurity as experienced by established workers and by those with a less substantial workforce attachment dates back to the New Deal’s differential approach to the work-based insurance programs like Old Age Insurance and Unemployment Insurance, and the less-generous means-tested assistance programs for the rest of the poor.

Under the new manpower paradigm in the 1960s, established workers were considered worthy of the more significant investment entailed by retraining and skills training. This was justified, in part, by the expectation that such training would contribute to national economic growth. For those without such a work history, though, training was limited to basic job readiness training, because any job would serve. While training was, in general, a more acceptable labor market intervention than providing a government job, the divergent expectations for these two types of unemployed were grounded in the work-as-citizenship dictate that citizens had to earn access to government support through work in the private labor market, preferably through long-term employment. When the private labor market failed to meet the needs of such deserving workers, it was acceptable for the government to step in and provide a pathway to a comparable job in another sector of the labor market. However, for the unemployed whose work history was more fragmented or nonexistent, the lack of work was interpreted as an individual rather than a labor market failing.
The Tax Cut

In 1962 President Kennedy characterized the current tax structure as a drain on economic growth that stood in the way of a full capacity economy. To remedy this, the president proposed lowering personal and corporate income tax rates, as a means of boosting economic growth and promoting “full employment.” It was eventually passed as the 1964 Tax Cut. There has been significant debate about what the Tax Cut represented politically as well as in the context of the nascent War on Poverty. However, my focus is on the Tax Cut’s ideological foundation and the policy’s implications in the larger context of employment policy. The Tax Cut was part of an overall economic strategy seeking to bring the economy to full employment, and as such, its conceptions about the causes of unemployment and the appropriate interventions to reduce it deserve close scrutiny. In addition, paying closer attention to the ideological currents running through the tax cut policy debates shows how the Tax Cut’s reimagining of Keynesian economic stimulus policy fit more easily into the liberal currents’ constraints.

The macro-economic rationale for Kennedy and Johnson’s economic policies derived from the Keynesian idea that government spending could induce increases in aggregate demand, which was seen as the main driver of economic growth. A variation of this, suggested by CEA Chairman Walter Heller, was that lowering taxes would have a similar effect, by freeing up revenue for individuals to

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35 Bernstein, Promises Kept, p. 148.
spend on goods, and for businesses to spend on increasing production and employment. Leftist economists such as John Kenneth Galbraith and Leon Keyserling advocated more traditional Keynesian stimulus through public sector spending in part because of its capacity to ameliorate market inequalities. Heller’s tax cut, though, was based on a new “commercial” interpretation of Keynesianism that left everything in the hands of the private sector. It, therefore, did nothing to directly remedy labor market and income inequalities. Kennedy’s economists expected that the Tax Cut would stimulate economic growth and job creation, and that as employment rose it would put upward pressure on wages.

Though their preferred approach to economic stimulus was tax cuts, many in Johnson’s cabinet, including Treasury Secretary Douglas Dillon and Walter Heller, supported expanding government social programs. However, they also preferred to see social program spending as distinct from the primary goal of economic growth, which could most efficiently be achieved through the Tax Cut. From one light, these new Keynesians wanted to have their cake and eat it too; cut taxes without limiting deficits so that government services would not have to be reduced. The Treasury Secretary and CEA Chairman expected the Tax Cut to trigger a rise in aggregate demand which would stimulate economic growth and thereby increase government tax revenue, allowing the eventual expansion of spending.

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38 Bernstein, *Promises Kept*, 150.

39 Robert J. Lampman to Walter W. Heller, June 10, 1963, “An Offensive Against Poverty,” Folder: B: CEA Draft History of the War on Poverty, Box 1, Legislative Background and Domestic Crises, LBJL, pp. 1-4; R.J. Lampman, “For Walter W. Heller’s speech. This is a draft of a section on ‘The Costs of Slack’,” Folder: B: CEA Draft History of the War on Poverty, Box 1, LBDC, LBJL, pp. 1-2; Walter W. Heller to the President, February 3, 1964, Folder: Tax Cut 1964, 1/9/64-2/14/64, Box 52, LE/FI-11, LBJL; Sylvia Porter, “Economic Rise Watched Closely,” undated, circa February 1964, Folder: Tax Cut 1964, 1/9/64-2/14/64, Box 52, LE/FI-11, LBJL.
on social programs. Their commercial Keynesian approach was more in line with labor-market anti-statism since tax cuts were less disruptive to the labor market than starting by increasing government spending in order to promote job creation or provide social services. Heller and Dillon presumed that the Tax Cut would spur economic demand which would lead to higher wages and also increase total government revenue which would allow government spending to continue and even grow. Complicating this plan, Congressional conservatives were less sanguine about the Tax Cut’s ability to generate sufficient economic growth to offset the dip in federal revenues. They worried that the Tax Cut might instead increase deficits and inflation.

After the Tax Cut’s introduction in Kennedy’s 1963 State of the Union Address, the opposition from House Ways and Means Committee chairman Wilbur Mills, and Senate Finance Committee chairman Harry Byrd effectively stalled it until after Kennedy’s assassination. Once Johnson became president, he expanded on Kennedy’s commitment to fend off deficits by limiting the size of the budget, and won the Tax Cut’s passage. The compromise Johnson reached with Congressional conservatives was that the federal budget would be constrained to $100 billion, which involved redistributing spending on social programs as well as strict staffing ceilings within the federal government. Some of Johnson’s economic advisors were dismayed at the budget cuts. Walter Heller worried that the budget compromise would hurt the “expansionary effect of the Tax Cut” because of the

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40 Secretary of the Treasury Douglas Dillon to the President, December 6, 1963, Attached: Undersecretary of the Treasury Henry H. Fowler to Dillon, Undated, Subject: Tax Cut, LE/FI 11, Box 51, WHCF, LBJL; Bernstein, Promises Kept, p. 126.
41 CEA Chairman Walter Heller to the President, February 3, 1964, Folder: Tax Cut 1964, Box 52, LE/FI-11, WHCF, LBJL; Caro, The Years of Lyndon Johnson, pp. 394-396.
42 Brown, Race, Money, and the American Welfare State, pp. 228-229; Caro, The Years of Lyndon Johnson, p. 396.
decline in “federal purchases.” Thus, there was potential that if the Tax Cut was paired with such tight budget caps its stimulating effect would be limited, which could, in turn, affect job creation and wage levels.

Notwithstanding Heller’s concerns about the consequences of severely restricting government expenditures, the rationale for the Tax Cut was that taxes dampened the economy’s growth potential. By lessening taxes’ fiscal drag, the Tax Cut would reinforce the economy’s, and by extension the labor market’s tendency toward growth. This reinforced labor-market anti-statism, since the Tax Cut assumed that any direct government intervention to create jobs through public service employment, or to regulate the types of jobs in the private labor market was unnecessary, and possibly even counter-productive.

Yet, prior to the major legislative battle for the Tax Cut, the CEA knew that there were significant labor market issues, that economic growth, and even a boost to wages might not address. Nor were these problems confined to downturns such as the 1957-58 and 1960-61 recessions. Crucially, the CEA knew unemployment figures did not accurately portray the availability of work for those seeking it. Though gross employment rose from 1957-1963, unemployment stayed around 6%, and participation in “the labor force failed to grow as much as expected,” decreasing from 58.7% to 57.4% of the adult population, while large numbers of women entering the workforce swelled the number of job-seekers. Added to that was the increase in part-time employment, and the fact that family income growth had slowed such that for the median class most income was spent on necessities.

43 Secretary of the Treasury Douglas Dillon to the President, December 6, 1963, Attached: Undersecretary of the Treasury Henry H. Fowler to Dillon, undated, circa fall 1963, Folder: Tax Cut 1964, Box 51, LE/FI-11, WHCF, LBJL.

There was also a substantial drop in blacks’ labor force participation rate in the 1950s. More and more African Americans were migrating north to cities, but once there they were in competition with white migrants for a limited number of job opportunities. As a result of racism among employers and labor unions, blacks’ “access to permanent, full-time work” was sharply reduced during the 1950s. After peaking in 1959, the ratio of black to white unemployment dropped, but the unemployment rate for black men and women remained close to double that of white men and women throughout the 1960s. All of this amounted to a significant rise in hidden unemployment – unemployment that was not readily recognizable from the national unemployment rate – and underemployment that the Tax Cut did not address.

The CEA was not wholly insensible to the plight of those confronting economic insecurity, but its conclusions about how the Tax Cut would affect the poor were somewhat contradictory. Heller understood the limits of the Tax Cut to help the unemployed poor as he was pursuing it. In fall 1963, he argued that the Tax Cut would create new entry-level jobs, while expected Civil Rights legislation would remove the barrier of race discrimination in the labor market. These two factors in combination would in theory work to allow poor people of color to more fully participate in the labor market. Poor blacks were widely known to be “last hired and first-fired,” and not coincidently composed a significant proportion of the long-term unemployed. Yet Heller also acknowledged the Tax Cut and

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Civil Rights measures would not be enough to help all those left “in the wake of progress.”\textsuperscript{48} CEA economists had concluded in August 1963 that increases in aggregate income would fully eradicate poverty only when “per capita GNP reaches infinity.”\textsuperscript{49} Simultaneously belying and bypassing this pessimistic prediction, the CEA maintained that long term unemployment among the poor was not due to any inherent economic or labor market deficiency, and could be remedied through efforts to “[provide] access to opportunity” to the poor.\textsuperscript{50} Contrary to this conclusion, based on the CEA’s own findings, long-term unemployment and lack of access to stable jobs were themselves key causes of poverty, which the proposed anti-poverty policies would not remedy. Instead, based on this extra-economic diagnosis of poverty, the CEA’s anti-poverty program was designed as a non-economic campaign. As such, its distribution of opportunity would only indirectly link up with macro-economic goals. The anticipated “additional national product from investment in people and reduction of market barriers” was a byproduct, not the means of achieving the poor’s “participation in a democratic society.”\textsuperscript{51}


\textsuperscript{49} Robert J. Lampman and Donald A. Nichols, August 5, 1963, Subject: POST-WAR POVERTY TRENDS, Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.


The Intersection of Anti-Poverty Efforts and Unemployment

The anti-poverty effort that resulted in the Economic Opportunity Act (EOA) of 1964 contained little in the way of economic measures, and largely failed to examine or address the availability of sufficient steady jobs at adequate pay. The Council of Economic Advisors, working to generate policy proposals for reducing poverty, made a pivotal leap from identifying income deficiency as the core cause of poverty, to articulating a cultural approach as the best way to reach the long-term unemployed. There were clear fiscal and political motivations for following an anti-poverty approach based on cultural interventions. However, there is also evidence that policymakers’ embraced the liberal currents’s framework, which provided a positive justification for a cultural approach to poverty. In addition to oversimplifying culture’s role in creating and perpetuating lasting poverty, the policymakers crafting the Economic Opportunity Act did not address the most fundamental root of inadequate income: the growth and volatility of the low-wage labor market. Proposals that acknowledged this systemic problem and called for public works programs or income maintenance for the poor were rejected, and attempts at public-private partnerships for job creation were not successful.

Showing their allegiance to the liberal currents, most Kennedy and Johnson administration members evinced antipathy for public employment as an unemployment and anti-poverty tool. This is true of the leadership at the Department of Labor as well, despite some scholars’ claims that the DOL steadily supported public employment. The DOL did consistently lobby for expanding job-training programs for adults, and, perhaps more importantly, also sought to expand the established conceptions of employment and unemployment to include more relevant experiences and factors. Though such policy measures stretched the boundaries
established by the liberal currents, they were much easier to reconcile with labor-market anti-statism and work-as-citizenship than public jobs programs.

**Oversimplifying Poverty’s Cause**

In June 1963, CEA staff economist Robert Lampman directly linked poverty to low-wages, and argued for “an aggressive expansionist full employment fiscal policy” in order to promote “exits from poverty.” This so-called fiscal policy did not include any labor market intervention, but was instead to be comprised of training programs along with relocation assistance, anti-discrimination efforts, “community redevelopment,” and other services for the poor.\(^52\) Policymakers were concerned about the concentration of unemployment, poverty, and participation in government aid programs in some urban and rural communities.\(^53\) The apparent contradiction of extreme poverty amidst general prosperity, and the disproportionate number of poor blacks in urban areas, suggested that these populations of “hardcore” unemployed were disconnected from general macro-economic trends, and instead the result of social or cultural phenomena.\(^54\) The inattention to the quantity and quality of the labor market’s job production was all the more striking since the CEA and Bureau of the Budget knew that a majority of poor families participated in the labor market, but were still unable to earn enough to rise out

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\(^53\) William Capron, “The Federal Government and Urban Poverty: Discussions at Brandeis University, June 16-17, 1973,” p. 215. Also note that Capron says CEA didn’t see issue as about blacks or only urban areas, 75% of the poor were white, and many of them were in rural areas.

of poverty.\textsuperscript{55}

As planning for the WOP progressed in 1963 and 1964, the CEA had data that showed correlations between poverty and one or more of the following: discrimination, inadequate education and training, loss of a breadwinner, care-taking responsibilities, retirement, and concentrations of unemployment in urban ghettos.\textsuperscript{56} Crucially though, policymakers concluded that all of these factors were causes not effects of unemployment and poverty. Thus, the persistence of poverty in some urban and rural areas was cast as the result of a cycle or culture of poverty. The role of labor market inadequacies – in terms of the total number and quality of jobs – that disproportionately affected black workers because of ongoing discrimination and pre-existing inequality in labor market inclusion was not part of this model. Had the complexities of the causal relationship been more fully acknowledged, it would have compelled a discussion about whether there were enough jobs for those seeking to work, and just as importantly, whether those jobs offered enough hours and wages for workers to support themselves and their families.

There were rhetorical references to job scarcity and underemployment, but they did not translate into labor market oriented policies. In a letter to the Speaker of the House of Representatives in January 1964, President Johnson voiced concern about involuntary unemployment, and low-wage levels: “we have failed to provide employment for all who seek it” and “there are many workers who receive less than a decent minimum wage.”\textsuperscript{57} However, the culture of poverty perspective provided

\textsuperscript{55} Walter E. Heller, November 5, 1963, Subject: 1964 Legislative Program for ‘Widening Participation in Prosperity’–An Attack on Poverty, Appendix A, Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL; Bureau of the Budget Director Charles L. Schultze to Joseph A. Califano, August 14, 1965, Folder: 11/63-9/65 Labor, Box 6, LA 2, WHCF, LBJL.

\textsuperscript{56} William M. Capron and Burton A. Weisbrod, December 2, 1963, Subject: Administratively Confidential Preliminary Draft of “Attack on Poverty,” Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.

\textsuperscript{57} The President to the Speaker of the House, January 30, 1964, Folder: DOL 11/21/63-
an excuse not to deal with discrimination and other labor market weaknesses, and thereby reinforced the liberal currents, particularly labor-market anti-statism’s aversion to direct labor market intervention.

Also working against policies that addressed the deficiency in jobs and wages was evidence that policymakers, including Johnson accepted the liberal currents’ narrative that placed nearly all of the responsibility for obtaining work on the individual. Exemplifying this view, in his January 1964 State of the Union address, President Johnson asserted that “Very often, a lack of jobs and money is not the cause of poverty, but the symptom.” Respectable citizens worked; an inconsistent work history demonstrated personal failings, and receipt of relief indicated a shameful lack of American self-reliance. Because of this and the widely held conviction that government relief engenders harmful dependency, the rise in relief rates among the long-term poor was interpreted as proof of a cultural component to poverty. In a March 1964 message to Congress, Johnson argued that work was the appropriate path out of poverty, and that increasing government relief would cause greater harm to the poor.

Policymakers’ decision to design policy around the culture of poverty also served to de-emphasize important evidence about racial discrimination and income inequality in the labor market that the Civil Rights Movement had collected and made available. During the 1950s and 1960s the National Association for the Advancement of Colored People had collected evidence showing there was significant discrimination against skilled black workers, which negatively impacted their

\[3/15/64, \text{Box 232, FG 155-21/A FG 160, WHCF, LBJL.}\]


\[59 \text{ Draft Presidential Message to Congress, March 2, 1964, Subject: Why is America Prosperous?, Folder F: Legislative History on Poverty, Legislative Background-EOA 1964, Box 2, LBDC, LBJL.}\]
ability to carry out the mandate to work. In the 1963 March on Washington, Civil Rights leaders called for public works, an increase in the minimum wage, and government intervention to prevent labor market discrimination. Articulating these policies indicated that the Civil Rights Movement identified a lack of overall employment, inadequate wages, and racial discrimination in the private market as the key barriers to economic success for blacks. They achieved some of these aims. Title VII of the 1964 Civil Rights Act expressly forbade discrimination on the basis of race, which the Johnson administration rightly assumed would increase blacks’ access to employment. However, the Johnson administration declined to pursue public jobs programs. Moreover, the simultaneous promulgation of the rhetorically weighty, if factually dubious, characterization of black unemployment as deriving from “matriarchal, welfare-dependent families,” popularized the notion that economic insecurity for blacks was fundamentally not economic in origin.

Espousing a similar employment policy agenda, in early 1964 the AFL-CIO’s Executive Council identified income inequality and lack of jobs as largely responsible for poverty, arguing for “National policies to sharply increase employment – for the jobless and the under-employed” including “a vast increase in federal outlays

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for job-creating public works. But organized labor also strongly resisted racial integration in unions, and lobbied against public works programs that might disadvantage unionized workers. Since long standing exclusion from unions and many places of employment left many black workers with fewer labor protections and less job security, greater government intervention in the labor market had fewer potential disadvantages to the Civil Rights Movement than it did for organized labor. However, the Johnson administration was disinclined to include public jobs programs in its’ attack on poverty.

Once policymakers articulated a “culture of poverty” as the cause of long term unemployment, that diagnosis not only obviated the need for public service employment, it also undermined the Civil Rights Movement’s identification of labor market failings as responsible for most entrenched unemployment and poverty in black communities. As was demonstrated in the discussion of the MDTA, the Kennedy and Johnson administrations had a structural analysis of unemployment and poverty that acknowledged that there was not sufficient employment for ev-

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66 Milton Turen, Labor Welfare Division BOB to Charles Schultze BOB Director, August 6, 1963, Subject: Local Government work projects to provide employment for the unskilled – Pittsburgh, RG 51, BOB, Series 61.1a, Box 1, E3-211, National Archives; Undated, “Hard Core Unemployment,” RG 51, BOB Series 61.1a, Box 1, E3-2/1, NA: discusses difficulties in avoiding union workers in any “made work program.”

67 In December 1963, Hirst Sutton the Director of the Bureau of the Budget’s Division of Labor and Welfare noted that a statement that “the program should not emphasize public works or area economic redevelopment was stricken from the paper,” and expressed concern that such an omission might inadvertently open the door to such a program (Hirst Sutton to the Director, “Comments on the new proposals for attacking poverty,” December 24, 1963, Folder: BOB Papers on Poverty C, Box 1, LBDC, LBJL, p. 1.
eryone in the labor market. But, as they drew back from policies that would have altered the labor market in favor of an approach based on the culture of poverty, the administrations demonstrated that they were not willing to address the problems as they had themselves defined them.  

The culture of poverty narrative drew on individual and cultural explanations for poverty, rather than labor market inadequacies. This reflected the liberal currents understanding of unemployment as an individual failing, and individual level interventions as the most appropriate government response to economic insecurity. In one fell swoop, the culture of poverty conveniently absolved the labor market from closer scrutiny and reduced the potential for more invasive federal employment policy while also helping to keep race and labor market legislation separate. The way to fix long-term unemployment and insecurity amongst inner-city blacks, was to reform the population’s “culture” rather than acknowledging or directly addressing any labor market failings, such as the widely acknowledged shortage of employment in many urban areas.  

Relying on the cultural explanation, the poverty programs being developed focused on “individual and community self-help” mechanisms in combatting sustained unemployment and paid little attention to underemployment and the inadequacies of existing jobs. In addition to the ideological compatibility between such self-help models and the liberal currents, there were fiscal considerations that made the low cost of such an approach particularly appealing. Adhering to the agreements Kennedy had made with congressional conservatives, Johnson made it very clear that in order to get the Tax Cut passed and keep the total federal budget under $100 billion, the poverty program could not require significant

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68 Patterson, *America’s Struggle Against Poverty in the Twentieth Century*, pp. 124-125.

new appropriations. To put these budget constraints in perspective, at a time when federal transfer payments through work-based insurance and work-exempt aid programs totaled $33 billion, the WOP planners sought to craft a comprehensive answer to poverty with a $1 billion budget. Of that one billion total, only about $500 million was to come from new appropriations, the rest was reallocated from existing programs. It was hard for those on the anti-poverty task force who advocated greater spending on the War on Poverty to justify it, not only because of general fiscal restraint, but also because within the culture of poverty framing, the target population for the anti-poverty program were not deserving or aspiring workers, but instead a group which was effectively cut off from the mainstream American culture that valued private sector work.

Working within the fiscal limitations Johnson had laid out, Heller instructed the Cabinet that the proposed poverty program would need to be focused “on a relatively few groups and areas where problems are most severe and solutions most feasible.” Adam Yarmolinksy, an early member of the poverty task force, later stated that it was a “tactical decision” to focus on cultural reeducation and

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72 Kermit Gordon to the President, January 22, 1964, Folder: 11/22/63-9/30/64, EX WE 9, Box 25, WHCF, LBJL.
73 At a 1973 conference on the origins of the War on Poverty, Adam Yarmolinsky, principal deputy to Sargent Shriver during the poverty planning process, noted that the 1960s anti-poverty funding stayed flat, tied to the “very small reservoir of good feeling for the poor” (Adam Yarmolinsky, “Poverty and Urban Policy: Conference Transcript of the 1973 Group Discussion of the Kennedy Administration Urban Poverty Programs and Policies,” (Brandeis University, June 16-17, 1973), pp. 302-303, 323, 326.
job training. The task force expected the tax cut to create entry-level jobs, and since they concluded both that it would “take longer to prepare people for jobs” and that “it was less expensive to prepare people for jobs than to create the jobs,” they targeted their efforts on the poor themselves not on the labor market or job creation.\(^{75}\) The fact that entry level jobs were seen as adequate for the target population indicates the gulf between key facts known about the economically insecure at the time, and the program being designed to help them.\(^{76}\)

In addition to keeping costs down, self-help also reinforced the link between work and social standing by “[minimizing] passive acceptance of ‘handouts’” in order to “[maximize] the pride that individuals and communities can take in their own efforts to eradicate poverty.”\(^{77}\) Bureau of the Budget Director Charles Schultze alluded to the compatibility between the culture of poverty’s self-help approach and American values when he called “organized local action to help the individual help himself” a “time-tested American method.”\(^{78}\) There were also immediate precedents for the service strategy that underlay self-help. The MDTA, the 1963 Youth Opportunity Act, the 1963 Vocational Education Act, and the 1962 Social Security Act amendments all distributed services rather than income or jobs.\(^{79}\)

As a result of the spending cuts conservatives won, the Tax Cut cut affected the poor in two ways. First, the budget cap required redistributing spending on social programs.\(^{80}\) Second, there were new, non-economic, self-help programs.
designed to help the poor who were not expected to benefit sufficiently from the Tax Cut. By incorporating the working and non-working poor in this distinct way the CEA signaled that, like the structuralists, it considered the experienced, middle-class workforce as the true measure of economic and labor market health. In addition, resting on the MDTA and Tax Cut’s narrow conception of labor market mechanics, the nascent War on Poverty essentially ignored several of the key factors responsible for persistent economic insecurity: underemployment – workers who are unable to secure full-time employment and who are involuntarily working part-time, or at multiple part-time jobs – and inadequate wages. This exclusion is all the more noteworthy since CEA reports documented the prevalence of such labor market problems. A report by Walter Heller himself acknowledged that in 1963 53% of those living at or below the poverty line, some 5.3 million families, were headed by one or more workers. While the MDTA had identified a decline in the need for low-skill workers due to technological advances, there was a concurrent rise in service-sector jobs that were low-wage. Due in part to the transition to a more service-oriented economy, this was a serious problem particularly because that work was often not steady or full-time. Such data suggested that what the working poor – who made up the majority of those stuck in poverty – needed was better jobs and better wages. Yet, those planning the

81 Walter E. Heller, November 5, 1963, Subject: 1964 Legislative Program for ‘Widening Participation in Prosperity’ – An Attack on Poverty, Appendix A, Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.

War on Poverty focused on adapting individuals to the labor market through training, education, and cultural interventions, rather than intervening to alter labor market mechanics themselves.\textsuperscript{83}

The Kennedy and Johnson administrations’ policies did help to alleviate unemployment and underemployment, just not enough to ensure economic security for all the working and non-working poor. The Tax Cut and the WOP helped to create jobs, while the MDTA provided income transfers and training. Former Health, Education and Welfare Secretary Wilbur J. Cohen argued that despite programmatic failings, the community action and manpower programs “gave many people for a number of years relatively stable employment—because they were also in effect employment programs, and you can’t discount that.”\textsuperscript{84} Government defense spending for the Vietnam War also led to an expansion in the public sector, which increased employment opportunities for the poor.\textsuperscript{85} However, even in combination the employment policies and the defense spending, fell short of eradicating problems for the working and non-working poor.

Underemployment and low-wages were still serious issues between 1965 and 1969. The number of people officially recorded as working part-time for economic reasons (meaning involuntarily), dropped overall between 1961 and 1969. From a high of more than 3.5 million in 1961, the number of involuntary part-time workers fell to a low of 1.7 million in 1967. However, there was also steady growth in labor market participation in the 1960s and the underemployment rate continued to average above 2 million people in the second half of the 1960s.\textsuperscript{86} And it was more

\textsuperscript{83} “An Attack on Poverty (Improving Opportunities for the Disadvantaged; The Nation’s Stake in Lifting Horizons for All),” October 26, 1963, Folder: B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL, pp. 1-3.

\textsuperscript{84} Transcript of “The federal Government and Urban Poverty”, June 16-17, 1973, Discussions at Brandeis University, p. 345.


\textsuperscript{86} U.S. Bureau of Labor Statistics, Employment Level: Part-Time for Economic Rea-
than likely that these part-time workers were poor. A 1965 Bureau of the Budget report notes that “more than half of poor families were headed by an employed person, whose earnings were so low that he (or she) couldn’t get above the poverty line.” The report further states that most of the poor who didn’t work at all were taking care of a home or were prevented from working by disability or old age. Thus the vast majority of the poor capable of work did not suffer from individual or community deficiencies, but rather lack of access to good jobs or care-taking options.

Quality, as well as quantity, of jobs was essential to achieving a long-term effect on unemployment and underemployment, especially for those at the fringes of the labor market. Replacing existing entry-level jobs or even increasing the supply of part-time, low-skill, low-wage ones could, at best, do little more than cycle the working poor from one unstable, dead-end employment situation to another. This is a widely accepted argument. Others including Gary Mucciaroni, and Katherine V. W. Stone have pointed out the inadequacy of unstable low-wage work. Growth in this sector of the labor-market accelerated in the 1970s, but both Mucciaroni and the Johnson administration make it clear that economic insecurity that derived from insecure, low-wage jobs was a known issue in the 1960s.

Addressing changes in the labor market such as jobs lost to automation and the decline in agriculture and steady manufacturing jobs concurrent with an ins-


87 Bureau of the Budget Director Charles L. Schultze to Joseph A. Califano, August 14, 1965, Folder: 11/63-9/65 Labor, Box 6, LA 2, WHCF, LBJL.

creasing number of lower-wage, less secure, service-sector jobs, could have been a prominent component of the anti-poverty initiative. Instead, cultural approaches to poverty became entrenched. This was significant from an ideological perspective because though the cultural diagnosis had fiscal and political motivations, it also rested on and reinforced the two liberal currents. If economic insecurity was primarily a cultural problem – based on the argument that the poor lacked the proper ethics and attitudes needed to succeed on their own in the private employment sphere – then government intervention should be aimed at individuals rather than the labor market. Thus the culture of poverty’s policy directives reflected labor-market anti-statism. In addition, by absolving the labor market of responsibility for unemployment and poverty, the culture of poverty’s services approach implicitly supported work-as-citizenship’s directive that individuals are responsible for obtaining private-sector work.

The OEO Versus the DOL on Public Employment

When the Economic Opportunity Act (EOA) was passed in August 1964, the new federal programs were comprised of community-level services and youth education and training, some run by a new agency: the Office of Economic Opportunity, and some by established executive departments such as the DOL. Community ac-

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89 The OEO was in charge of VISTA, a community volunteer program; Job Corps, an education, work experience, and vocational training program for youth; and the Community Action Program (CAP), federally funded community organized non-profits (Robert A. Levine, The Poor Ye Need Not Have With You: Lessons from the War on Poverty (Cambridge, Mass: The MIT Press, 1970), p. 49). The major work training program, the Neighborhood Youth Corps (NYC), administered by the Labor Department, was also aimed at poor youth. The remainder of the EOA’s provisions fit into the same model with anti-poverty efforts limited to education, community aid, and work-experience not linked to stable, permanent employment. EOA Education programs included: adult literacy training, and funding for university-level work-study programs; training: new work-experience pilot projects for those on public assistance. Individual and community-level federal assistance included: coordination of volunteer efforts for poor children, loans to low-income rural families, small business loans, and funding for programs to
tion not only promised to address the cultural side of poverty, it was “innovative,” cheap, and perhaps most importantly, it did not replicate the public works approach of the New Deal’s Civil Works Administration (CWA) or Works Progress Administration (WPA). Therefore, it did not create the possibility of temporary or permanent public works programs that could incur significant budget outlays and make the government an employer of last resort. It did, however, require the creation of new institutional infrastructure within the OEO to oversee the new Community Action Programs (CAPs) which would provide many of the services to communities. For all of its flaws, the community action approach involved significant institutional changes, and provided opportunities for institutional reform.

The CAP system was a way for Johnson to circumvent the existing infrastructure for U.S. employment policy: the United States Employment Service (USES). It was common knowledge that the locally-administered USES generally helped middle-class, and white unemployed preferentially to poor and black unemployed. The OEO argued that CAPs helped to get the USES to “disperse its operation into target poverty areas, in [out-stationing] staff in CAP neighborhood centers, and in providing increased services to the poor where they reside. None of these conditions prevailed before the creation of CAP.” The fact that attempts to reform the USES itself were largely unsuccessful did have some long-term effects on the administration of employment policy. But, the shape of employment policy during the War on Poverty was affected as much by ideological arguments against government labor market intervention as by limits on the president’s capacity to

91 Theodore M. Berry to Shriver, April 24, 1967, Subject: White House Manpower Meeting, Box 7, LA 2, WHCF, LBJL.
92 Weir, Politics and Jobs, pp. 80-81.
introduce or change institutions. To understand what shaped Johnson’s perspective on employment policy requires a close look at ideology.

Outside of CAPs, the main focus was on job training which involved only limited government intervention into the demand and supply mechanisms of the private labor market. There were some calls for public employment as a solution to unemployment and poverty during the WOP, but there were ready fiscal and ideological arguments that prevailed against such a course. When some public employment measures were finally enacted, they were hamstrung by the failure of business to hold up its end of the programmatic structure. There was deep, if often nonchalant, opposition to public employment programs among the poverty program policymakers.

Those within the Johnson administration that pushed for economic development, not just “the development of human beings,” had to compete with concerns that the poverty program not create expectations or policy precedents for federal job creation. A memo from February 1964 succinctly warned that a proposed “clause ‘by providing for everyone who wants to work the opportunity to make his contribution,’ appears to place too much emphasis on job creation.”

93 The CAPs expansion of institutional capacity complicates Margaret Weir’s claim that political resistance to institutional changes restricted the employment policy choices during the War on Poverty (Weir, Politics and Jobs, p. 74). 94 Existing work on American employment policy development, such as those by Gary Mucciaroni, Judith Russell, and Margaret Weir often understate the parallels between the Great Society’s and the New Deal’s cautious approach to government employment provision, and only rarely recognize ideological influences on the limited array of acceptable policy options. Intermittently Mucciaroni and Weir do allude to ideology’s importance. For example, Mucciaroni states that public employment lacked the “ideological appeal” of alternative proposals, and Weir states that labor market policies were bereft of “intellectual coherence or professional support” (Mucciaroni, The Political Failure of Employment Policy, p. 47; Russell, Economics, Bureaucracy, and Race; Weir, Politics and Jobs, p. 72). 95 Legislative Proposal to Attack Poverty (The Point One Program), undated, circa late 1963, early 1964, Folder: BOB Papers on Poverty C, Legislative Background-EOA 1964, Box 1, LBDC, LBJL. 96 LW DIV Draft of “Possible Changes in Poverty Bill,” February 2, 1964, Folder: BOB Papers on Poverty C, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.
The government as an employer of last resort threatened the basic tenets of the liberal currents, and was not part of Johnson’s legislative anti-poverty proposal, though it clearly could have been.

A report used as background material for Johnson’s March 1964 message laying out his anti-poverty legislative plan, estimated that “It would cost about $11 billion a year to bring all poor families up to the $3,000 a year income level” which the author argues the U.S. could afford, but crucially, doing so “would not end dependency.” Contrasting the debilitating effects of government assistance with the redemptive, independence-producing effects of citizens securing work in the private sphere conformed with the currents’ framework. Later, though, the report argued that the proper course was to instead ensure that “every man and woman who wants to work can get a steady job at a decent wage,” provide training for those who need it, improve education, and provide assistance to those unable to work.\(^97\) The latter three goals, which fit within the liberal currents’ established boundary, were components of the Economic Opportunity Act or existing legislation, and figured in Johnson’s announcement on March 16. Johnson’s address also stated that improving wages was an important anti-poverty measure. However, the message made it clear that the aim of the EOA was to “create new opportunities” not to provide public service employment or guarantee jobs.\(^98\)

Several scholars have contended that the institutionally-challenged DOL, and its Secretary Willard Wirtz, was a fervent champion for public service employment as an anti-poverty measure.\(^99\) The situation was not so clear cut as this. Wirtz

\(^97\) “Message on Poverty,” undated, circa early 1964, Folder: E, Legislative Background on the EOA, Box 2, LBDC, LBJL.


\(^99\) Michael L. Gillette, Launching the War on Poverty: An Oral History (New York: Twayne
was deeply concerned about the supply of jobs, and he and his department worked to enlarge understandings of unemployment. However, even Wirtz was ambivalent about direct government job creation.\textsuperscript{100} The OEO, however, led by its director, Sargent Shriver, was a consistent advocate for public employment, though its policy proposals were just as consistently ignored. Rather than seeing this as a revised take on institutional rivalry over the War on Poverty, my focus is on the ideological divisions demonstrated by the DOL’s and OEO’s different policy proposals.

Since I look directly at policymakers’ stances on the liberal currents, I differ from a number of other scholars who have analyzed the DOL’s role in crafting the War on Poverty. For example, Judith Russell is among those who view the DOL as the main institutional champion for using public jobs policies to reduce unemployment. According to Russell, the reason this policy approach did not succeed was that the DOL was outmaneuvered by the CEA, which preferred to rely on aggregate demand boosting policies.\textsuperscript{101} My reading of the evidence points to a different conclusion. To begin with, DOL Secretary Willard Wirtz supported the Tax Cut as a good means of promoting \textit{private job creation}.\textsuperscript{102} More importantly,
Wirtz was not a consistent supporter of direct job creation as an unemployment measure.\textsuperscript{103} Wirtz’s proposals for increasing government spending were usually based around increasing funding for job training programs. The real area of difference between CEA Chairman Heller and Wirtz at the DOL centered on the relative importance of job training. Wirtz wanted job training to comprise the bulk of new anti-poverty efforts, whereas Heller saw job training as merely one part.\textsuperscript{104} As it turned out, job training was a component of the new War on Poverty. But, as previous experience with the MDTA demonstrated, even when directed at the poor, job training was hardly synonymous with reducing unemployment, let alone dealing with underemployment and deficient wages.

Russell is not alone in her characterization of the DOL’s position on public job creation during the War on Poverty. Margaret Weir and Michael L. Gillette make similar claims.\textsuperscript{105} Archival records show that though Wirtz at times emphasized the job creating potential of public works, he did not present government employment as the main vehicle for the poverty program. Whereas Sargent Shriver, both early and late in the War on Poverty, advocated for significant public job creation programs.

DOL Secretary Wirtz’s public and more confidential statements demonstrate his equivocal position on public works and public jobs programs as an unemployment-reduction measure. Wirtz strongly recommended referencing the Area Redevelopment in Prosperity’–An Attack on Poverty, Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL, p. 1.

\textsuperscript{103} Caro, \textit{The Years of Lyndon Johnson}, p. 397.

\textsuperscript{104} On DOL policy preferences see: Chapter on Social Problems, Folder A: CEA Draft History of the War on Poverty, Legislative Background on the War on Poverty, Box 1, LBDC, LBJL, p. 5.

\textsuperscript{105} Weir also casts Wirtz and the DOL as stymied in their efforts to achieve an “active manpower policy that would be a vital complement to macropolicy” (Weir, \textit{Politics and Jobs}, p. 67). Gillette claims that Wirtz’s push for training and jobs policies and increasing the minimum wage lost out to OEO Director Sargent Shriver’s Community Action Programs (Gillette, \textit{Launching the War on Poverty}, pp. 89-91).
ment Association’s Appalachian program in the President’s forthcoming “Message on Poverty” since without it, the message “will contain no public works provisions, will be very weak on employment-creating measures, and the war on poverty will simply not appear as big as it can and should be.” But when faced with the prospect that even with the Tax Cut the private labor market might not supply enough jobs to sufficiently lower unemployment, Wirtz argued for supplementing it with a “Full Opportunity Program” that included programs to promote full education and full employment, but notably, not public works.

Wirtz most often championed job training, rather than job creation policies, in his communications with the other policymakers planning the poverty program. Wirtz’s preference for training over public service employment was not simply fiscal in basis because the adult job training programs he sought also required greater funds than the budget compromise over the Tax Cut had left available. However, training had much less potential than public jobs programs to disrupt the private labor market’s employment prerogatives, making more compatible with the liberal currents’ boundary condition.

In his relations with Congress, Wirtz defended the administration’s tepid approach to employment creation. During his testimony at Congressional hearings on the poverty bill in March 1964 Wirtz stressed the importance of creating jobs as a way to reduce poverty, but did not suggest that the government take on

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106 Willard Wirtz to Bill Moyers, February 29, 1964, Folder: Legislative History on Poverty F, Legislative Background-EOA 1964, Box 2, LBDC, LBJL.
107 Jack Valenti to the President, November 12, 1964, Folder: 11/63-9/65 Labor, Box 6, LA 2, WHCF, LBJL.
108 Wirtz lobbying for job training: Chapter on Social Problems, Folder A: CEA Draft History of the War on Poverty, Legislative Background on the War on Poverty, Box 1, LBDC, LBJL, p. 5; Wirtz on need for “community work-training for adult workers” Wirtz to Schultze, July 29, 1965, Box 9, “Community Work and Training,” RG 51, BOB SR 60.11, NA.
109 Chapter on Social Problems, Folder A: CEA Draft History of the War on Poverty, Legislative Background on the War on Poverty, Box 1, LBDC, LBJL, p. 5.
that task directly and referred to the Tax Cut as “a ‘hit in the solar plexus of poverty.’”\footnote{Weisbrod to Heller, March 19, 1964, Subject: Secretary Wirtz’s Performance at the Poverty Bill Hearings, Folder B: CEA Draft History of the War on Poverty, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.} That same month Wirtz advised Johnson that the administration needed to take decisive action against the Senate Subcommittee on Employment and Manpower’s bill that would have cost five times as much and committed the government to creating public works jobs. Wirtz worried that this bill had potential to make the administration’s poverty bill look “inadequate.”\footnote{Wirtz to the President, March 11, 1964, Folder: 11/63-9/65 Labor, Box 6, LA 2, WHCF, LBJL.} Wirtz was joined in his negative assessment of public works proposals by the Bureau of the Budget. In December 1964, Phillip S. Hughes, the BOB’s Assistant Director for Legislative Reference, advised the President against supporting Senator Nelson’s alternative poverty proposal, which included “a large-scale work and training program for all unemployed workers in the United States” doing conservation work. Hughes also warned of an even broader work and training proposal coming out of the Income Maintenance Task Force.\footnote{Phillip S. Hughes to Redmon, Assistant Director for Legislative Reference, BOB, Subject: Request for evaluation of Senator Nelson’s bill “To conserve the human and natural resources of the Nation,” December 24, 1964, Box 25, EX WE 9, WHCF, LBJL.}

In addition, Wirtz accepted a cultural diagnosis of “hard-core unemployment” that reflected the liberal currents’ framework. This cultural conception of entrenched unemployment weighed against a massive public works program. In an early 1964 poverty planning memo, Wirtz made several initial statements that characterized poverty as primarily the result of insufficient employment, namely that: the “Poverty Program must start out with immediate, priority emphasis on employment,” and “the essential characteristic of the poor is unemployment or underemployment.” This emphasis on getting the poor working implied at least a
soft critique of the labor market’s insufficient production of jobs, but Wirtz elsewhere reiterated the individual responsibility to obtain work. Wirtz castigated welfare, one of the few options available to the economically insecure without an established work history, as “caring for the wounded.” He also invoked classic blame-the-poor arguments about the corruptible influence of public assistance and “the intransigence of the poverty culture,” especially in the absence of a male breadwinner.\footnote{Wirtz to Kermit Gordon, January 23, 1964, Poverty, Box 12, Kermit Gordon Papers, JFKL, pp. 1-2, emphasis in original.} Wirtz’s apparently sincere desire to connect the heads of poor families with work did at least implicitly acknowledge that the poverty culture was affected by the availability of employment. However, Wirtz stopped short of complicating the causal relationship between culture and unemployment among the poor. Doing so would have conflicted with his blatant culture-of-poverty affirmation that “A major characteristic of poverty is the property of self-perpetuation. The rich get rich and the poor get children.”\footnote{Wirtz to Gordon, January 23, 1964, Poverty, Box 12, Kermit Gordon Papers, JFKL, p. 4-5.}

Returning to his earlier work-focused declarations, Wirtz did call for a supplemental program that would “create useful jobs” for “those presently (or about to be) unemployed.” But any recognition this made of the labor market’s failure to provide sufficient jobs was then undercut with his proclamation that “Training is employment.”\footnote{Wirtz to Gordon, January 23, 1964, Poverty, Box 12, Kermit Gordon Papers, JFKL, p. 4-5, emphasis in original.} Equating the two cast blame on jobless individuals for failing to be prepared to meet the rigors of the labor market, and assumed that, once trained, there would be employment available to them. The ongoing experience of the MDTA had indicated that this assumption was faulty. In an echo of the New Deal’s strategy removing people from the labor market in order to lower the pool
of unemployed, Wirtz also proposed removing some six million youth from the labor market by increasing public education by two years. Finally, Wirtz’s employment proposals included using the United States Employment Service (USES) as a clearinghouse for matching the unemployed with jobs, and a plan to use government insurance to encourage Organized Labor to invest its’ pension and welfare funds in anti-poverty programs, but not a public jobs program.\textsuperscript{116}

As the WOP developed after the passage of the Economic Opportunity Act, Wirtz expressed concern that the re-targeted MDTA and the new federal Work Experience Program (WEP) for welfare recipients were not reaching enough of the hard-core unemployed. Even worse, Wirtz worried that such training without a clear “work opportunity” at its conclusion was not sufficient motivation for many of the target population to participate or complete the program. Once again, though, the solution he proposed did not stray far from the established Economic Opportunity Act’s pattern of offering training and temporary employment. Rather than calling for a program to provide lasting employment, Wirtz suggested an adult community work program, modeled on the DOL-run Neighborhood Youth Corps. Wirtz envisioned that the program would serve as a bridge for the unemployed between training and more permanent work in the private sector.\textsuperscript{117} His proposal gained traction and resulted in the transfer of the WEP’s “work and training features” from the Department of Health and Human Services to the DOL, accompanied by a name change to “Community Work and Training.” What is most important is that despite these changes the program was still mainly “a work experience and skill training services” provider, not a public service

\textsuperscript{116} Wirtz to Gordon, January 23, 1964, Poverty, Box 12, Kermit Gordon Papers, JFKL, p. 7-9, 12.
\textsuperscript{117} Wirtz to Schultze, July 29, 1965, Box 9, “Community Work and Training,” RG 51, BOB 60.11, NA, p. 4.
As he gained first-hand experience administering programs to the long-term unemployed, Wirtz’s sentiments about the poor hardened and began to even more fully conform to the liberal currents. By the end of 1966, Wirtz characterized long-term unemployment and “subemployment” in urban slums as fundamentally non-economic in origin and also non-responsive to economic growth. If such cultural arguments are accepted, it lifts the obligation to intervene from the government. Bolstering the liberal currents’ sway, clearly even left-leaning Democrats were comfortable with the federal government leaving the labor market to its own devices. After noting the overlap between unemployment in urban ghettos and factors such as “race or ethnic origin” and “sex,” Wirtz curiously did not cite racism, sexism, or lack of available work as responsible. He instead attributed the situation to the deficient character of the residents, arguing that most of such “jobless there won’t get jobs even if the economic growth rate goes on up. They don’t have...what today’s jobs take.”

This somewhat paradoxical combination of genuine concern about the detrimental effects resulting from inadequate employment alongside cultural explanations for persistent poverty, is emblematic of the DOL’s efforts in the War on Poverty. For example, Wirtz’s and the DOL’s efforts to expand accepted understandings of employment and unemployment, referenced a much more complicated model of labor market dynamics than the one on which the culture of poverty was based. Yet, the cultural component of poverty also received signif-

\[118\] Frank L. Lewis to BOB Director, April 11, 1967, Subject: Labor-HEW administrative responsibilities for the Work Experience Program and the Community Work and Training, Box 9, RG 51, BOB, SR 60.11, NA.

\[119\] Secretary of Labor to Frank L. Lewis, BOB Education, Manpower, and Science Division, December 31, 1966, Subject: Secretary of Labor’s Report to the President on Employment and Unemployment in Urban Slums, Box 10, RG 51, BOB SR. 60.11, NA, pp. 1, 19, 24.
icant attention at the DOL, without staffers acknowledging the implicit contra-
diction between those two conceptions of economic insecurity. Wirtz considered
unemployment figures inadequate and he sought to have the government augment its measure in a number of ways including: distinguishing between the em-
ployed and the underemployed; differentiating between the long and short term unemployed; including the assets of the unemployed not just their “employabil-
ity,”[120]; incorporating a category of “discouraged workers;” and conveying that
the pool of unemployed frequently changes, particularly among the short-term unemployed.[121] These changes could help produce a more nuanced picture of the
labor market’s successes and short-comings. But Wirtz’s proposals can also be
tied to administration-wide efforts to measure and focus policy on the hard-core unemployed, who the culture-of-poverty narrative instructed were most immune
to normal labor market and economic functions.

According to its official Administrative History, the DOL argued that “employ-
ment” should include attention to worker satisfaction and connect the “economy”
with the “national human purpose of giving life a chance to flower whenever its seed is planted.” More generally, between 1963 and 1968, DOL staff began
to chart dissatisfaction with “the willingness to trade off unemployment for price
stability;” and noted “increased consideration of what is implied by ‘income main-

[120] “Employability” was a category left over from the New Deal that sought to distinguish between those who could be expected to work in the private labor market based on their physical ability and lack of other legitimate duties such as child-care, and those who were either physically incapable of work, or needed to perform household labor such as child-care. For the DOL, “employability” was also problematic because “is very difficult to measure since there is no objective standard for it and it depends on economic conditions as well as on the abilities and desires of individuals,” i.e.- lots of women stay home to take care of their families (Charles L. Schultze, BOB Director to Mr. Califano, August 14, 1965, Folder: 11/63-9/65 Labor, Box 6, LA 2, WHCF, LBJL).

[121] Willard Wirtz to the President, December 9, 1963,Folder: Labor-Wirtz Memos, Box 23, George Reedy Papers, Office Files of the White House Aides, LBJL.
Such sentiments were laudable and congruent with a greater focus on income and labor market inequality, and particularly the underemployment of the working poor. However, as had happened with the 1945 Full Employment Act, the DOL did not indicate a policy plan for measuring or improving worker-satisfaction.

This conspicuous failure to match actual labor market policies with the espousal of a more complicated model of employment and unemployment indicates the liberal currents’ persuasive power. The culture-of-poverty narrative fit within the currents’ boundaries and largely obviated other policy approaches to reducing unemployment. Records cite the DOL’s interest “in attacking not just ‘unemployment’ (thought of primarily as an economic fact) but ‘poverty’ (which is human), and in striking (even if only for one generation) the phrase ‘labor market’ from the Department lexicon.”

The DOL further stressed that “social indicators were not developed to complement the economic indicators, and since we do only what we measure, the measuring principally of economic facts continued to contribute to a distortion of program emphasis.” Despite the positive intentions that motivated this statement, it supported the idea that poverty was not an economic issue, and so should not be solved through economic and labor market interventions.

If the DOL was not an uncomplicated advocate for labor market interventions, neither was it alone in advocating for a greater emphasis on jobs in the poverty program. In fact, the Department of Health, Education and Welfare (HEW) and the newly created Office of Economic Opportunity (OEO) even advanced

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122 Volume I, Administration of the DOL, Folder: Administrative History of the DOL, Box 1, LBJL, p. iv.
123 Volume I, Administration of the DOL, Folder: Administrative History of the DOL, Box 1, LBDC, LBJL, p. iv.
124 Volume I, Administration of the DOL, Folder: Administrative History of the DOL, Box 1, LBDC, LBJL, p. xi, emphasis in original.
proposals for public works programs as anti-poverty measures. HEW Assistant Secretary Wilbur Cohen sent a proposal to the Bureau of the Budget (BOB) and the Council of Economic Advisers (CEA) in January 1964 that included public works and cooperation with the private sector to increase the supply of jobs.\textsuperscript{125} This, like the expansion to categorical programs that HEW wanted, would have required substantial additional fiscal outlays which the impending Tax Cut budget deal precluded.\textsuperscript{126} The OEO also proposed an employment based anti-poverty measure early on in the poverty program planning process, and then between 1965 and 1967 consistently lobbied for a public service employment program, eventually getting a mostly unsuccessful public-private partnership jobs program, the Concentrated Employment Program (CEP). Johnson’s consistent rejection of these proposals demonstrated his firm opposition to public service employment as either an economic measure or an means of reducing unemployment.

While the components of the Economic Opportunity Act were being hammered out, Sargent Shriver, supported by Wirtz, put forward a $1.25 billion government employment program, which a new tax on cigarettes would fund. Johnson flatly rejected the idea, refusing to consider imposing any new taxes while pushing for Congress to pass the Tax Cut.\textsuperscript{127} Gary Mucciaroni pinpoints this failed public

\textsuperscript{125} Wilbur Cohen, HEW Assistant Secretary, January 10, 1964, Subject: Staff memorandum on ‘Outline of a Proposed Poverty Program,’ Folder: BOB Papers on Poverty C, Legislative Background-EOA 1964, Box 1, LBDC, LBJL.

\textsuperscript{126} Capron, “The Federal Government and Urban Poverty,” p. 144; Burton Weisbrod and William Capron on CEA approach, Chapter on Social Problems, Folder A: CEA Draft History of the War on Poverty, Legislative Background on the War on Poverty, Box 1, LBDC, LBJL, p. 3.

\textsuperscript{127} There is some disagreement about whether Shriver or Wirtz originated this proposal. Michael Gillette claims that Wirtz proposed the program (Launching the War on Poverty, p. 89). However, Adam Yarmolinsky, who was present at the meeting, states that Shriver presented the plan, was the “original proponent of jobs as a solution” and made an “impassioned speech for jobs which the president completely ignored.” Since Yarmolinsky also notes that Wirtz supported Shriver in his proposal, this is not an example of them competing, but rather cooperating (Adam Yarmolinsky, “The Federal Government and Urban Poverty,” pp. 287-288).
employment proposal as a decisive event for the War on Poverty’s employment policy approach. Mucciaroni bases this conclusion on reasoning put forth by then Assistant Secretary of Labor Daniel Patrick Moynihan who argued that had this funding been secured, and the employment program included in the WOP, “‘the energies and attention of the administration would have been turned to the vital task of reforming and restructuring the job market.’” Such a pronouncement not only glosses over the strong fiscal pressures against increasing the initial funding for the WOP, it assumes that budgetary short-fall was the only argument against a more involved labor market intervention, which leaves no room for considering the ideological side of things.

Estimates in the early 1960s indicated that between $15-40 billion was needed to mount an effective poverty program, suggesting that with only $1.25 billion, the rejected proposal would have been more symbolic than path changing for employment policy. As a symbol it wouldn’t have been alone either. The Accelerated Public Works Project was enacted in 1963 with $450 million in funding, but like other isolated public works projects, it did not lead to a substantive change in labor market policy. Equally important, the job creation component Shriver suggested, like the 1963 Accelerated Public Works Project showed no clear shift away from labor-market anti-statism. In other words, it did not include plans to reform and restructure the job market, or to provide the poor with other than entry-level jobs. A really path-breaking employment policy would have had to more fully subvert the liberal currents and provide mechanisms for matching un-

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130 Secretary of Commerce to the President, January 8, 1964, FI 4 / FG Budget Appropriations, Federal Government, Box 43, WHCF, LBJL.
employed and underemployed poor with stable, long-term employment, in either the private sector or through a new type of public jobs program. Barring access to that type of employment, no “jobs component” of an employment or training policy was ever very far from work relief. This incident did demonstrate Johnson’s preference for cutting taxes rather than increasing government spending in order to boost economic growth. In fact, Johnson was so committed to reducing the federal role in the economy that in his first State of the Union address in 1964 he announced that he would lead efforts to dramatically shrink federal employment.\footnote{Lyndon B. Johnson: “Annual Message to the Congress on the State of the Union.,” January 8, 1964, online by Gerhard Peters and John T. Woolley, The American Presidency Project, \url{http://www.presidency.ucsb.edu/ws/?pid=26787}, accessed October 14, 2015.}

Johnson’s disinclination to increase government spending was not only based on his desire to appease private business interests and thereby promote economic growth. Rather, his stance on controlling government spending, particularly when it came to social policies including welfare and employment policy, was also derived from his adherence to the liberal currents. In addition to the total allocation of funds within the War on Poverty, the types of anti-poverty programs Johnson endorsed, as well as the ones he rejected, were significant. Johnson preferred to get the poor working to providing them with relief, but he frequently espoused an ethic at the nexus of labor-market anti-statism and work-as-citizenship: that such work should be in the private not the public sphere. For example, Johnson repeatedly emphasized the importance of education rather than direct job creation as a solution for unemployment. In a November 1964 address he stated, “Unemployment is still far too high. More young people than ever are looking for their first jobs. We have 3,200,000 18-year-olds who want to go to school or want to
find a job this year. Educational opportunities, therefore, must be increased."\[132\]

A few days later Johnson argued that while full employment was not realistic, “full employment opportunity” was a worthy goal that depended on “full educational opportunity.” He also made it clear that work properly belonged in the private sphere, declaring: “I do not want to see several generations come and go, never having known private employment.”\[133\] This left little room to consider the income and race inequalities that the private labor market had already wrought, let alone interventions that could ameliorate these effects. Johnson was also open about his dislike for the paternalistic, dependency-promoting nature of welfare.\[134\] Combined with his reluctance to position the federal government as the primary source of economic growth or employment generation, this indicates that Johnson’s employment policies were a point of intersection between his desire to satisfy business interests and his adherence to the liberal currents’ vision of employment as an individual responsibility and a private sector prerogative.

Shriver and others at the OEO continued to unsuccessfully advocate for public jobs programs between 1965 and 1968. Johnson’s dismissal of these proposals indicates that the liberal currents’ injunctions against the government supplanting the individual’s responsibility to find private sector work continued to hold sway. An August 1965 OEO plan for creating jobs in the ghetto sought to include

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features that would accord with the liberal currents, though it was premised on acknowledging deficits in the private labor market’s job production record. For example, the proposal stipulated that the jobs would be “at or slightly above the poverty level,” and “deliberately [avoided] guaranteeing a job for anyone who needs or wishes a job.” More radical statements in the plan threatened the liberal currents’ boundaries, though, such as “to the degree that the private market is not performing needed tasks, we seek to perform them through public employment.” The contemplated program also explicitly intoned the need for participants to have “channels for upward mobility.”

In its provision of mostly entry-level, low-wage jobs, this OEO proposal resembled the limited work opportunities offered by the Work Experience Program and the Community Work Program. However, the attention to participants’ long-term work prospects set it apart from the other work programs. This emphasis on matching the poor with permanent jobs was a consistent element in OEO proposals, and provides a telling contrast with the DOL’s job-training, work experience, and private-sector job creation schemes. In the OEO’s public employment proposal the federal government would not directly provide the jobs, rather “[CAPs], public bodies, non-profit organizations” and possibly a select group of private firms would be the employers. Despite this, it was still essentially a public jobs program just administered at a more local level, which meant it was in conflict with the liberal currents. Formally submitted to the administration as part of the OEO’s 1965 National Anti-Poverty Plan, the public employment plan was

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136 In addition to other mentioned proposals, an October 1965 proposal sent to the President’s office by OEO Assistant Director Joseph A. Kershaw outlined a public employment program based on creating permanent “subprofessional” jobs in the health field (Kershaw to Califano, October 18, 1965, Subject: Possible participation of the health field in the proposed “Public Employment Program,” LA 2, Box 7, LBJL.)
flatly rejected by the President, and OEO’s budget request of $4 billion in the 1967 Fiscal Year was cut to $1.75 billion. Government incentives for private sector job creation was a more acceptable alternative to the OEO’s proposals. In 1965 the DOL started to work with the President’s office on a “Job Development Program,” in which the government would serve as catalyst for creating private sector jobs.

In 1966 the OEO put forward several more public jobs proposals, though these too made no headway with Johnson. After the BOB’s new Director Charles Schultze lobbied for a tax increase in the summer of 1966, Shriver argued that any tax increase should include some funding for public service employment. Shriver contended that the $1-1.5 billion cost of a program creating 300,000 jobs was negligible in the context of the revenue gained from a tax increase. Johnson declined to pursue either Shriver’s or Schultze’s proposals. Later that year, in response to work training programs proposed by left-leaning Congressmen, Robert A. Levine, the OEO’s Assistant Director for Research, Planning, Programming, and Budget, wrote a report for Shriver assessing those proposals and outlining a plan for OEO. Levine pinned the future of the CAPs and OEO on their ability to mount a “significant manpower effort at the local level.” Building on the earlier OEO public employment proposal, Levine wanted a “public employment program with permanent jobs,” which could be be combined with existing training and work

138 Wirtz to the President, April 9, 1965, Subject: Job Development Program, Box 6, LA 2, WHCF, LBJL; Califano to Wirtz, October 14, 1965, Box 36, FG 600/Task Force, WHCF, LBJL.
139 On tax increase: Troika to the President, August 22, 1966, Box 23, FI 4, WHCF, LBJL; Sargent Shriver to Charles Schultze, September 6, 1966, Box 9, “Manpower federal Coordination (1966-67),” RG 51, BOB SR 60.11, NA.
experience program to produce an efficient and flexible program for localities to adapt to their particular needs. Levine also warned against such a program being delegated to DOL given what he characterized as the DOL’s proclivity to provide training and then just “push the people out into the labor market whatever the condition of that market.”

In essence what OEO was contemplating was a new paradigm for management of manpower programs with a strong public service employment component, that circumvented the MDTA and the DOL’s other manpower training efforts without repealing or replacing them. Since the OEO’s proposals were dismissed by Johnson, in favor of continuing the War on Poverty’s established “services strategy,” this new paradigm did not gain sufficient political traction to displace the liberal currents.

A number of existing works on the Great Society’s employment policies either largely or entirely pass over the OEO’s concerted, but futile, attempts to include public service employment in the War on Poverty, and instead focus on the DOL’s manpower proposals. Juxtaposing the OEO’s and the DOL’s positions on public service employment would complicate the widely accepted view

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140 Levine to Shriver, October 11, 1966, Subject: Work Training Programs, Box 10, National Work and Training Program, 1966, RG 51, BOB SR 60.11, NA. Another issue is that with a big manpower effort, OEO would have increased leverage over state ES.

141 Shriver to John Gardner, Secretary of HEW, 1966, Draft Memo, Box 10, National Work and Training Program, 1966, RG 51, BOB SR 60.11, NA.


143 Gary Mucciaroni makes passing reference to an OEO report outlining public employment as a response to the 1967 riots, but does not systematically evaluate the OEO’s proposals or Johnson’s persistent rejection of them (Mucciaroni, The Political Failure of Employment Policy, p. 74). Judith Russell does not mention of the OEO’s public employment proposals and instead accuses Shriver and Yarmolinsky of scuttling Wirtz’s “idea of jobs policies” early on for their own institutional gain (Russell, Economics, Bureaucracy, and Race, 149-150). Margaret Weir does not reference the OEO’s calls for public jobs programs, though she does mention other proponents of public employment. This is a significant omission given her argument about the CEA’s and BOB’s superior institutional capacity as compared to the DOL and other would-be labor market reformers (Weir, Politics and Jobs, pp. 71-74, 92).
that the DOL was the main institutional champion for more direct labor market intervention during the War on Poverty. Just as important, comparing the anti-poverty manpower proposals coming out of the OEO and the DOL shows the ideological division between the two agencies on the fundamental causes of urban unemployment. While the DOL identified deficiencies in individuals as the primary source of long-term unemployment and asserted that providing services such as job training was the most appropriate remedy, the OEO identified deficiencies in the labor market as the fundamental cause of such unemployment, and sought to directly supplement private sector employment with public jobs programs.

In addition to advocating for the Job Development Program described earlier, Wirtz persuaded Johnson to begin to a more targeted job training, casework, and job placement program to get “hard hard-core cases ready for employment.” Wirtz furthermore actively argued against the OEO’s approach of supplying public employment jobs to the poor stranded in urban ghettos. He maintained real problem was not “lack of jobs, but...lack of willingness or ability or both to do the jobs that are available.” He did concede that there was some complicity on the part of the labor market, namely that the wages in such areas were too low. However, Wirtz interpreted the “increasing evidence of rejection of the training programs” as proof that poor blacks were malingering, and stressed the necessity that “jobs be earned.”

Wirtz rationalized both the ongoing racial unrest and rioting in U.S. cities, and the unfilled training slots in DOL programs as cultural problems. This reinforced the liberal currents’ narratives on individual responsibility and the neces-

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144 Wirtz to the President, January 4, 1967, Subject: Concentration of the Manpower and Poverty Programs on the City Slums and Ghettoes, Box 232 T2-1, RG 51, BOB 61.1a, NA.
145 Wirtz to the President, August 1, 1967, Subject: Negro Unemployment and the Riots, Box 8, LA 2, WHCF, LBJL; Wirtz to the President, August 5, 1967, Subject: Use of Training Opportunities; Preliminary Report, Box 8, LA 2, WHCF, LBJL.
sary independence of the private labor market. Recognizing a legitimate economic explanation for the burgeoning social unrest among poor blacks, as well as their appraisal of the DOL’s training programs as inadequate, would have necessitated a re-evaluation of the War on Poverty’s general assessment of the problem of poverty. If policymakers were unwilling to admit that the labor market was fundamentally responsible for the concentration of poverty and unemployment in urban slums, responsibility shifted to the poor themselves. Likewise, Wirtz’s preferred program was based on the government incentives for private industry to create training and job slots. This did not threaten the labor-market anti-statist injunction against government provision or guarantee of work. By contrast, the OEO’s public service employment programs involved, even if indirectly, the federal government providing work to make up for perceived short-falls in the private labor market.

In September 1967, Wirtz outlined a $1 billion public-private partnership work program for the President that was supposed to produce 400,000 private-sector jobs in areas with high concentrations of hard-core unemployment. Launched less than a month later, the Concentrated Employment Program (CEP) in conjunction with the Jobs in the Business Sector sought to centralize oversight of the War on Poverty’s various training and work-experience programs and to induce business investment in rural areas and urban ghettos by subsidizing their hiring and provision of on-the-job-training to the urban unemployed. By the end of 1967, the administration had proposals from some 93 businesses to produce close to 21,000 jobs, but only around 4,000 “firm commitments.” Unfortunately, this

146 Califano to the President, September 12, 1967, Box 8, LA 2, WHCF, LBJL.
147 Wirtz to the President, September 12, 1967, Box 8, LA 2, WHCF, LBJL; Califano to the President, September 20, 1967, Box 8, LA 2, WHCF, LBJL; Califano to the President, September 20, 1967, Box 8, LA 2, WHCF, LBJL; Small Business Administration Memo to All Area Administrators, December 19, 1967, Box 8, LA 2, WHCF, LBJL.
148 Secretary of Commerce to the President, December 28, 1967, Subject: Test Program for Job Development, Box 8, LA 2, WHCF, LBJL.
neoliberal experiment did not ultimately garner enough support from private employers in order to create employment for many of the “disadvantaged,” despite the earmarking of close to $500 million in WOP funds for CEP in the 1969 federal Budget. Nor did it effectively provide a way to deal with the rampant racial discrimination which a BOB review documented as “one of the dominant influences on the program.”

Throughout the War on Poverty, Johnson demonstrated consistent opposition to the government directly providing jobs to the unemployed and underemployed poor, both by repeatedly rejecting public jobs program proposals, and by endorsing alternative job creation measures that did not threaten to establish the a foundation for a right to employment. Though there were undoubtedly fiscal considerations weighing against public service employment proposals, the ideological boundary was also a limiting factor. Fiscal restraint did not prevent Johnson from increasing the funding for the manpower budget by 25% in 1968 in order to establish a “new private industry job program.” Unlike the OEO’s unsuccessful proposals, this type of program presented little conflict with the liberal currents. Rather than providing employment which could lead to the government becoming the employer of last resort, incentivizing private sector job creation entailed minimal labor market intervention and preserved individuals’ role in obtaining private sector work.

149 William D. Carey to Jim Gaither, “Concentrated Employment Project,” July 5, 1968, Box 17, Jim Gaither Papers, LBJL.
150 Califano to the President, January 11, 1968, Box 9, LA 2, WHCF, LBJL.
Part II: Employment Policy and the New Federalism

During President Richard Nixon’s and President Gerald Ford’s administrations, the trajectory of employment and poverty policy both converged and diverged from the Great Society’s path. Starting with the points of overlap, like Kennedy and Johnson’s macro-economic approach, Nixon and Ford turned to monetary and fiscal tools to try to lower rapidly escalating unemployment and inflation. Also like their Democratic predecessors, Nixon and Ford opposed a large and permanent public jobs program as a long-term fix for unemployment. I argue that these shared characteristics between the Kennedy-Johnson and Nixon-Ford administrations’ poverty and employment policy rest on a common ideological foundation established by work-as-citizenship and labor-market anti-statism. However, it is important to note that the liberal currents’ continued influence during Nixon’s and Ford’s presidencies did not preclude either variation in employment policy approach as compared with that of Kennedy and Johnson, or the pursuit and enactment of policies that pushed against the currents’ boundaries.

Some of Nixon’s policy responses to unemployment were both unexpected from a partisan perspective and in conflict with the currents’ boundary condition. First, Nixon’s imposition of price and wage controls in 1970 and 1971, part of his macro-economic efforts to halt increases in inflation, represented a substantial intervention in the private market, and one that went beyond the liberal currents’ framework. Second, Nixon was open to some employment policy instruments that pushed up against the liberal currents’ limits, and which Presidents Kennedy and Johnson had refused to countenance. Namely, Nixon pursued a two-pronged approach to reforming manpower and welfare programs that included a
minimum income program for the poor. Since the minimum income would have been available to the working and non-working poor, it threatened to subvert work-as-citizenship’s injunction that able-bodied individuals find work on their own in the private labor market. Both Kennedy and Johnson had opposed guaranteed income proposals for the poor when members of their administrations put them forward. The income maintenance proposal’s relationship to the ideological boundary condition was further complicated by the fact that Nixon’s support for it was rooted in his desire to remove the work disincentive from existing income redistribution programs like Aid to Families with Dependent Children.

Notwithstanding Nixon’s willingness to challenge the liberal boundary condition around employment policy, much of his macro-economic and employment policy agenda – including the 1969 Tax Reform Act, tax cuts under the 1970 Economic Stabilization Act, expansions to Unemployment Insurance, and his resistance to public service employment programs – effectively bolstered the two liberal currents’ framework. In fact, the greatest blow to the liberal currents’ dominance over employment policy in the 1970s was the inclusion of a public jobs program in the 1973 Comprehensive Employment and Training Act (CETA), a component that Nixon steadfastly opposed. However, in order to gain passage of the other elements of his manpower reforms, including a revenue sharing funding setup, and consolidation of numerous federal manpower initiatives, Nixon was forced to compromise with Democrats in Congress who supported a public jobs program as an unemployment measure. As the largest non-temporary manpower program since the New Deal, and the first that explicitly incorporated public service employment, CETA has been hailed by some scholars as a major turning point for U.S. employment policy.

\[151\text{ Weir, } Politics and Jobs, \text{ pp. 117-119;} \text{ Mucciaroni, } The Political Failure of Employment\]
lic service jobs meant that it had the potential to supplant the liberal currents’ boundary condition, the program’s design and administration also demonstrate the currents’ adaptive potential. CETA maintained or escalated many established work-as-citizenship and labor-market anti-statist features, which tempered the program’s long-term effects on the structure of employment policy.

Taking as examples the institutional reform goals Nixon sought as part of his manpower and poverty policy reforms, and the impact of party politics in Congress on CETA’s final form, it is clear that institutional factors helped shape employment policy outcomes in the early 1970s. But institutions do not tell us the whole story. Many of Nixon’s employment policy choices fit within an ideological framework constructed and maintained by the two liberal currents. Recognizing which policies reflected and reinforced the currents’ boundary condition, and which were in conflict with those limits, fills in gaps in more institutionally-oriented accounts. This includes the ideological barriers to innovation in employment policy shared by Kennedy, Johnson, and Nixon. In particular, Nixon’s pursuit of a program that joined manpower and anti-poverty efforts under one umbrella is more comprehensible when viewed in the context of its attempt to promote welfare-recipients’ private sector work effort. Likewise, CETA’s rise was conditioned on the existence of political and economic conditions that were able to overcome the strong ideological arguments against its provision of an alternative to private sector employment. Because the underlying ideological framework was not altered, CETA was constantly subject to attack, and left little in the way of a permanent institutional legacy.


Margaret Weir and Gary Mucciaroni both highlight the importance of institutional factors, such as political party competition, on employment policy under Nixon and Ford (Weir, Politics and Jobs, pp. 113-114; Mucciaroni, The Political Failure of Employment Policy, pp. 124-125).
Ford’s approach to employment policy was also largely bounded by the liberal currents. Building on the precedent set by Kennedy, Johnson, and Nixon, Ford used tax cuts to spur economic growth and reinforce the labor market’s demand and supply mechanisms. In addition, Ford’s macro-economic measures were more limited than Nixon’s and did not push against the currents’ boundary in the way Nixon’s use of temporary price and wage controls had done. The operation of the liberal currents’ boundary condition was also evident in Ford’s willingness to take the extreme step of vetoing legislation, including several public works bills, that he felt would hurt the private sector’s job creation prerogatives. Though Ford strongly opposed public service employment, he signed legislation that increased CETA’s public service jobs program, and eventually agreed to a public works program that he had repeatedly opposed. Such decisions were not evidence of Ford’s repudiation of his stance on the importance of promoting private sector employment. Rather they were expedient responses to severe economic crises. The Ford administration also sought to prevent passage of a new full employment bill that included a government employment entitlement. The fact that they were joined in this effort by prominent Democrats indicates that growing toleration for public service employment was not the same thing as accepting such a fundamental change in the boundary around acceptable employment policy.

Nixon’s Macro-Economic Responses to Stagflation

Soon after Richard Nixon took office unemployment started to rise dramatically. Complicating the situation, inflation also increased, something which prevailing economic theory had argued was not possible since unemployment and inflation
were supposed to be inversely related. Nixon blamed the economic downturn on too much spending in the previous decade. He argued in his 1971 Economic report that “1970 was the year in which we paid for the excesses of 1966, 1967, and 1968, when federal spending went $40 billion beyond full employment revenues.” However, 1971 was expected to be better, Nixon assured, because Johnson’s outlays would terminate and the new economic policy of “orderly expansion” would bring down both unemployment and inflation. Nixon was adamant that “the control of inflation and the achievement of full employment are mutually supporting, not conflicting goals.”

Before any manpower legislation was passed, Nixon used several macro-economic tools to try to boost economic growth, lower unemployment, and control inflation. These interventions show both that Nixon was influenced by the liberal currents, and that he was willing to contradict their boundary condition in order to defend workers’ economic security. Starting with the 1969 Tax Reform Act and followed by expansions to the federal-State Unemployment Insurance program in 1970 and 1971 and the price and wage freezes enabled by the 1970 Economic Stabilization Act, Nixon showed that he was willing to try orthodox and unorthodox measures to regain economic stability.

Although the 1969 Tax Reform Act (TRA) did reduce tax rates for many workers, it was not quite the same as the Kennedy-Johnson Tax Cut. In contrast to the 1964’s supply side cuts, Nixon’s tax bill was more demand-oriented, with most of the rate reductions going to low and middle income workers. Nixon’s proposed changes reduced or eliminated the tax burden on those with low income, while also closing loopholes that had allowed some high-income individuals and corpo-


\[\text{Economic Report of the President, February 1, 1971, Box 59, CEA, FG 6-3, WHCF, RMNL, pp. 1-7.}\]
rations to evade their “fair” tax burden. Nixon’s interest in preserving workers’ earned income, which reflected core work-as-citizenship tenets, overlapped with his general economic concerns about the dangers of inflation. Nixon sought to control federal spending concurrent with the Tax Reform Act, in order to prevent a growing deficit from pushing up prices. Congress did not wholly accede to this, and the final bill included spending increases that Nixon feared would contribute to inflation.155

The permanent and temporary Unemployment Insurance extensions in 1970 and 1971 were another remedy that helped to offset the economic insecurity that arose from unemployment, while minimizing direct labor market intervention. These two social insurance extensions also signaled the ongoing importance of work-as-citizenship. The Unemployment Insurance program was part of the 1935 Social Security Act, designed to provide temporary income support for certain classes of workers as they transitioned from one private sector job to another. Thus, though Unemployment Insurance provided unemployed workers an alternative to private sector work that was funded by taxes on employers, which was not entirely consistent with labor-market anti-statism, conditions on the benefits meant that the program did not unduly encroach on the liberal currents’ boundary condition. The time limits on benefits and the requirement that the unemployment be involuntary on the part of the worker, prevented Unemployment Insurance from fully contravening labor-market anti-statism, while the fact that eligibility was predicated on significant attachment to the workforce (i.e. newly employed workers, part-time workers, workers at sufficiently small firms, as well as agricultural and domestic laborers did not qualify for benefits under

the original legislation) meant that it supported work-as-citizenship’s preference for workers with established work histories in the private sector. In general, Unemployment Insurance demonstrated that there was space for policy compromise within the two liberal currents’ framework. Unemployment Insurance was an acceptable amendment to the private labor market’s oversight of work because recipients had already demonstrated their worth though their work history.

Responding to an unemployment rate over 8%, the 1970 Employment Security Amendments enabled States to lengthen the benefit period for unemployed workers to collect Unemployment Insurance by 13 weeks during times of high unemployment, and mandated that firms employing as few as one worker participate in the program. By requiring even smaller employers to participate, the amendments also included “employees in State hospitals and universities, small businesses, and nonprofit institutions in jobs which tend to have low wages and unstable employment. The increased security of Unemployment Insurance coverage is a distinct benefit for these workers.” Moves like this to expand Unemployment Insurance to new groups of workers and lengthen benefit availability were contentious because there was disagreement over how much breathing room workers should be accorded relative to prevailing labor market conditions. Though the bill stretched the employment policy boundary somewhat, it did not go so far as to make benefits universally available to all workers, which would have presented


a more fundamental challenge to the liberal currents’ dominance. Furthermore, Nixon signaled his interest in maintaining the liberal currents’ core tenets. In his signing statement for the Employment Security Amendments he emphasized the importance of citizens’ commitment to work, stressing that Unemployment Insurance was “an earned benefit,” especially important for “family breadwinners,” while arguing that the program’s function as an economic stabilizer would work to limit government intervention in the long run: “This legislation represents the best kind of insurance—insurance that is now more comprehensive and substantial, but which, by virtue of its presence, is less likely to be needed.”

Nixon’s also reinforced his faith in the private labor market’s ability to eventually absorb the roughly 800,000 workers recently displaced from defense related employment as America transitioned out of its wartime mobilization in Vietnam. When the 1970 extensions proved inadequate in the face of stubborn unemployment, the 1971 Emergency Unemployment Insurance Act provided added benefits for up to 13 additional weeks. However, unlike the 1970 amendments, these were only temporary extensions and were set to expire in 1973.

The 1970 Economic Stabilization Act, its 1971 and 1973 amendments, and the 1971 Emergency Employment Act all involved greater modifications to the liberal currents’ boundary condition. The most fundamental aspect of the currents’ ideological imperatives – preserving individuals’ responsibility to obtain private sector employment – was not displaced, but the economic stabilization measures’ intervention into the private sector, and the Emergency Employment Act’s provision

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of public service employment demonstrated the need for the boundary condition to adapt in response to changing economic circumstances. The Economic Stabilization Act allowed the president to control “prices, wages, salaries, rents, interest rates, corporate dividends, and all similar transfers” in an effort to stabilize the uncertain economic situation; the main goals were preventing further inflation and limiting increases in unemployment.  

Herbert Stein, the CEA Chairman, reassured Nixon that the unemployment figures showed that the first set of price and wage controls were working and not creating a recession.  

Nixon argued that such intervention was necessary because a number of factors, including the decrease in defense spending, had made the established arsenal of fiscal and monetary tools inadequate to the task. He carefully characterized the intervention as temporary and stressed the importance of “relying upon free markets and strengthening them” and in the longer term using “the effective and legitimate powers of Government to unleash and strengthen those forces of the free market that hold prices down.”  

So, according to Nixon, price and wage control was an extreme solution to the problem of excessive inflation, not a new permanent approach to macro-economic policy.

Though Nixon used his authority to impose price and wage controls between 1971 and 1973, these interventions were temporary and contingent on the particular economic circumstances of rapidly rising inflation; after the crisis had abated, they were discontinued or allowed to expire. In 1971 Nixon used the authority granted in the Economic Security Act to impose a 90-day freeze on all wages,

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162 CEA Chairman Herbert Stein to the President, October 3, 1970, Subject: The September Unemployment Figures, Stein, Box 192, UE, WHCF, SMOF, RMNL.

163 Economic Report of the President, February 1, 1971, Box 59, FG 6-3, CEA, WHCF, RMNL, pp. 6-7.
prices and rents, accompanied a number of other measures including suspension of the gold standard, a tax credit for investment, and an income tax reduction for individuals. Following that, Nixon established “a comprehensive, mandatory system of controls, with more flexible and equitable standards than were possible during the first 90 days.” These price and wage freezes in 1970 and 1971 were radical steps, and unprecedented since they were not directly tied to the war effort in Vietnam. In 1973 Nixon imposed an additional freeze on all consumer prices except for unprocessed agricultural goods, though the other controls remained unchanged. Most important in this context, these policies implicitly challenged labor-market anti-statism by sanctioning labor market alteration, even if only on a temporary basis. As with the TRA, Nixon’s willingness to intervene was at least partially motivated by a desire to protect workers’ wages and purchasing power, which high rates of inflation directly threatened. It is clear, though, that Nixon did not abandon his preference for a free-market under less dire conditions. In his 1972 Economic Report, Nixon again emphasized that the price and wage controls were temporary measures and that the larger goal was “a state of affairs in which reasonable price stability can be maintained without controls.” In other words, the necessity for such unprecedented government intervention was limited.

164 Economic Report of the President, January 27, 1972, Box 59, CEA, FG 6-3, WHCF, RMNL, pp. 3-6.
168 Economic Report of the President, January 27, 1972, Box 59, CEA, FG 6-3, WHCF, RMNL,
Unfortunately, the actions taken to stave off inflation had some unintended consequences including contributing to a further rise in unemployment. This fact helped persuade a reluctant Nixon to approve a temporary public jobs program in 1971. Some members of Congress had been pushing for a new public service employment program since 1970 in response to a rapid rise in unemployment – from 3.5% in December 1969 to over 5% during 1970 – that included a large number of middle-class workers. In late 1970, Nixon had demonstrated his commitment to preventing a permanent public service employment program by vetoing a manpower bill that included a significant public service employment program, though otherwise the bill had shared many elements of his own manpower agenda. Condemning that approach, Nixon unequivocally stated

W.P.A.-type jobs are not the answer for the men and women who have them, for government which is less efficient as a result, or for the taxpayers who must foot the bill. Such a program represents a reversion to the remedies that were tried thirty-five years ago. Surely it is an inappropriate and ineffective response to the problems of the seventies.

The 1971 Emergency Employment Act provided authorization to States to create public jobs programs and job training programs. Nixon stated that his support of the 1971 bill was conditioned on the public jobs program being authorized for only two years, and transitional in design. He underscored that the public service jobs “will lead people into permanent jobs, and not be a substitute for

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Despite widespread calls from States and localities that Nixon extend the program, he refused to reauthorize it.\textsuperscript{172} Another sign of his underlying adherence to the liberal currents, concurrent with his more interventionist policies Nixon pushed for market-driven macro-economic initiatives to spur job creation. The Revenue Act of 1971, which amended the Economic Security Act, included tax cuts for individuals, repealed the auto excise tax, and extended a job development credit to employers.\textsuperscript{173} These commercial Keynesian measures did in one sense constitute labor market intervention, but since it was of the most minimally invasive forms – a tax credit for developing jobs – it fell well within labor-market anti-statism’s established boundaries.

A number of Nixon’s early macro-economic and employment policies represented a break with past policy approaches and encroached on the liberal currents’ boundary condition. However, taken together with the unprecedented economic conditions, and Nixon’s persistent resistance to public service employment, these policy debates indicate that the liberal currents’ framework continued to be influential.


\textsuperscript{172} Nixon received numerous letters from a wide variety of State and local policymakers in 1972 requesting extensions to the Emergency Employment Act, including: officials in American Samoa, the Governor of Arkansas, a city manager in California, the Governor of Illinois, the Governor of Kansas, Governor of Maine, Governor of Montana, Governor of Nebraska, and the Governor of Vermont (Assorted Letters, Box 6, LA 2, WHCF, RMNL; S. Vincent Erdelyi City Manager of Perris California to the President, July 3, 1972, Box 7, LA 2, WHCF, RMNL.

Nixon’s Poverty and Manpower Agenda

Nixon proposed manpower and poverty policy reforms that were grounded in aspects of the liberal currents, but that also contravened their boundary on acceptable employment policy. The Nixon administration’s chosen policy instruments were a means-tested minimum income program linked with an streamlined and decentralized manpower training program. The minimum income program for the poor was designed to promote welfare recipients’ work output. However, by providing the poor with guaranteed access to income regardless of their work output, it had the potential to disrupt the private labor market’s discipline over able-bodied adults, and could be seen as providing them a viable alternative to private sector employment. Nixon only achieved half of his poverty and manpower agenda, and the manpower bill that was eventually passed, the 1973 Comprehensive Employment and Training Act (CETA), was very much a legislative compromise.

Existing accounts of Nixon’s employment policy approach largely overlook important connections between the manpower and poverty reforms. The Nixon administration’s plans for poverty and employment disrupted the policy convention established during the New Deal that poverty was fundamentally distinct from labor market issues including unemployment and underemployment. Two key parts of the proposed policies demonstrated this. First, the proposed new approach to welfare policy – called first the Family Security System and later the Family Assistance Plan (FAP) – explicitly wanted poverty policy to include “the working poor,” not just the non-working poor. To achieve this, a federally-financed “basic income allowance of slightly less than one-half poverty income”

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174 This includes Mucciaroni’s *The Political Failure of Employment Policy, 1945-1982*, and Weir’s *Politics and Jobs*.
175 John R. Price to Daniel P. Moynihan, April 1, 1969, Subject: Finch Submission on Welfare, Folder: FAP, Box 60, WE 10-5, WHCF, RMNL.
that states could choose to supplement would replace the largest component of “welfare:” Aid to Families with Dependent Children (AFDC). This basic income would be universally available to the poor, while allowing participants to keep fifty-percent of all earned income as well.\footnote{Branson and Ott to McCracken, April 25, 1969.} Second, was the fact that Nixon’s administration pursued poverty and manpower programs in tandem. The new “comprehensive” manpower effort that aimed to consolidate all of the assorted manpower and training programs established during the War on Poverty was intended to work in conjunction with the FAP to integrate the unemployed and underemployed poor into the private labor market.\footnote{Branson and Ott to McCracken, April 25, 1969. Attachment: Family Security System.} The Nixon administration repeatedly argued for the poverty and manpower programs to be enacted together, stressing their mutuality.\footnote{Price to Secretary of Labor, November 13, 1969. December 16, 1970, To the Senate of the United States from Richard Nixon.}

Though Nixon’s manpower and poverty proposals introduced new components and approaches, they did not revolutionize the federal government’s commitment to work-as-citizenship and labor-market anti-statism. In fact, the programs designed by Nixon’s domestic policy advisors in many respects hewed close to established work-as-citizenship and labor-market anti-statism dictates. Starting on the poverty policy side, FAP included a minimum income plan for the poor which would have drastically altered the landscape of poverty policy. The FAP argued that AFDC provided varied and inadequate cash benefits to recipients, and also incentivized families to break up and for poor parents not to work, since earned

\footnote{Branson and David J. Ott to Paul W. McCracken, April 25, 1969. Subject: Income Maintenance Proposals: A Critique and a Possible Alternative, Folder: FAP, Box 60, WE 10-5, WHCF, RMNL, p. 2.}
\footnote{Branson and David J. Ott to McCracken, April 25, 1969. Subject: Income Maintenance Proposals: A Critique and a Possible Alternative, Attachment: Family Security System, Folder: FAP, Box 60, WE 10-5, WHCF, RMNL, p. 4.}
\footnote{Price to the Secretary of Labor, November 13, 1969, Box 19, DOL, Daniel Patrick Moynihan Files, WHCF, SMOF, RMNL; December 16, 1970, To the Senate of the United States from Richard Nixon, Box 72, Manpower Veto, William Timmons Files, WHCF, SMOF, RMNL.}
income was deducted from the welfare payment. However, the primary intent of the new cash transfer system was not to address income inequality or labor market shifts that had led to increases in contingent low-wage labor and underemployment. It was, instead, strongly motivated by the desire to control the ballooning AFDC caseload and cost, while removing the work-disincentives inherent in AFDC and reducing the extensive federal bureaucracy that was needed to implement AFDC’s social-services and monitoring efforts. A New Jersey experiment in family income assistance helped to reassure Nixon’s Cabinet that an income supplement would not decrease work motivation. Instead, “the early evidence indicated the contrary: Among those receiving the payments, the work effort increased.”

Early in his first term, Nixon complained to Congress that “the great and telling inconsistency of the welfare system as it exists today, is that many persons not on welfare are worse off, even though they may work full time, than those who are on welfare.” While stopping short of acknowledging that there were problems in a labor market that would provide full-time work opportunities that paid less than welfare, Nixon was interested in removing the incentive for family-heads to go on welfare rather than working, and in eradicating the “disparities between the working poor and dependent poor on welfare.” Furthermore, as conservative and business interests had argued during the New Deal, Nixon recognized

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that over the long-term, cash transfers enabled a cheaper poverty program than the service-strategy approach to poverty.\textsuperscript{183} Though the Nixon administration disliked the Great Society’s service strategy,\textsuperscript{184} they did not dispense with the Johnson administration’s cultural explanation for poverty which had undergirded the services approach.

For example, Nixon and his advisors were concerned about the decreasing correlation between unemployment rates and the number of poor on the welfare rolls, reading it as evidence that cultural deficiencies rather than a lack of employment opportunities were the main driver of poverty.\textsuperscript{185} Demonstrating this work-as-citizenship interpretation, in a draft message to Congress, Nixon called the AFDC recipients “the elite of the poor.”\textsuperscript{186} This was part and parcel of the ongoing shift away from the New Deal rationale for income transfers to poor families. Originally, programs like AFDC presumed that the recipients – single mothers – had, through no fault of their own, been deprived of their traditional male breadwinner and should be able to stay home and take care of their children. The program explicitly forbade them from working or accumulating significant resources in order to remain eligible for benefits. Starting in the 1960s, however, welfare reforms had added work incentives into AFDC, and the 1967 Work Incentive Program (WIN) required participation in work training and readiness programs for nearly


\textsuperscript{185} Daniel P. Moynihan to Paul W. McCracken, Chairman, February 8, 1969, Box 58, CEA, FG 6-3, WHCF, RMNL.

\textsuperscript{186} Draft, Presidential Message to the Congress on Welfare April 16, 1969, Box 48, FAP/WE, Daniel Patrick Moynihan Files, WHCF, SMOF, RMNL.
all welfare recipients. The inclusion of work incentives and requirements under AFDC was fundamentally contradictory since the program was predicated on its participants’ exemption from work-as-citizenship’s general call for able-bodied adults to work in order to receive social benefits, which during the New Deal had helped relieve pressure on a labor market that was not producing enough jobs for all able-bodied adults. However, as the culture of poverty idea caught on and drew attention away from the labor market’s job creation performance, reforming the poor became increasingly important, and this included inducing them to participate in the labor market. Without demonstrating whether or not there were sufficient steady jobs to absorb the welfare population, work and training requirements for welfare recipients supported the work-as-citizenship idea that getting welfare recipients into the labor market was beneficial at the individual as well as the collective level.

The Nixon administration did actually consider the connection between welfare work requirements and labor market conditions, worrying that “the work requirement ‘will fall flat on its face unless the economy is buoyant and there is high employment.’” This concern seems well warranted. For example, a study of AFDC mothers in Cuyahoga County, Ohios in 1970 concluded that there was not sufficient demand for women workers, and also that discrimination was a labor market barrier for black AFDC recipients. In addition, the vast majority of these AFDC mothers already were working or in training, and only 3.1% of those who


were not working were considered employable.\footnote{Employment Opportunities for, and Employment Related Characteristics and Attitudes of, AFDC Mothers in Cuyahoga County, 1970, The Manpower Planning and Development Commission of The Welfare Federation of Cleveland July 1970, Box 48, FAP/WE, Daniel Patrick Moynihan Files, WHCF, SMOF, RMNL, p. v.}

Recognition that demand for workers would impact the success of the Family Assistance Plan was one reason that the Nixon administration pursued it in concert with an overhauled manpower program. Another, arguably stronger, motivation to connect FAP with manpower efforts was as a way to wean the poor off of public assistance by integrating them into the private work force. Getting the “dependent poor” to work is tied to work-as-citizenship and generally has had more to do with the moral need for citizens to work than with economic considerations. In this case it is important to note that unlike to the earlier Great Society work requirements, Nixon’s advisors were very interested in relying more on carrots than sticks to achieve this end. For example, “As an incentive to move from welfare rolls to payrolls, the allowance to welfare recipients who go into training would be increased to $30 per month above their welfare payments” and their longer-term success would be assisted by individual career development plans.\footnote{William Safire, 2nd Draft Manpower Training Message, July 28, 1969, Folder: Manpower, Box 43, John Ehrlichman Files, WHSF, SMOF, RMNL, p. 2. pp. 7-8.}

However, such innovative thinking only went but so far.

The Nixon administration’s opposition to public service employment in their manpower effort showed their dedication to labor-market anti-statism. Shortly after the introduction of the FAP, some members of Congress argued that the welfare reform program could only work in conjunction with “a massive job creation program, which...can be done only with public employment.”\footnote{John R. Price to the Secretary of Labor, November 13, 1969, Box 19, DOL, Daniel Patrick Moynihan Files, WHCF, SMOF, RMNL, p. 1.} John G. Veneman, Nixon’s Undersecretary of Health, Education and Welfare, argued that

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the purpose of the program was to “get people into real jobs in the private sector. Public jobs must not become a way of ducking the issue of getting people into the economic mainstream.” In other words, toeing the labor-market anti-statist line, public employment might be an available option for states under the proposed reforms, but it was not equivalent to private employment as an unemployment solution. However, there was no such room for equivocation in response to the Senate Finance Committee’s proposed job guarantee. Veneman declared: “We are completely opposed to the idea of guaranteed training or jobs since that involves government becoming the employer of last resort.”

The FAP occasioned a huge debate in Congress, and was resisted by those on both the right and the left of the political spectrum. While those on the right tended to object to the minimum income component, those on the left were uncomfortable with the work requirements, preferring that parents be able to choose whether or not to take care of their children or pursue job training. Though the Nixon administration actively pursued it for more than three years, the FAP did not garner enough Congressional support to achieve passage. There has been significant debate about why exactly the FAP failed, as well as how significant it was to later policy development. However, in this context what is important about the FAP’s demise is the fact that the FAP might have created space for

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new approaches to employment policy and thereby altered the liberal currents’ boundary condition. Though the FAP had some basis in work-as-citizenship’s call for able bodied adults to participate in the private labor market, the FAP’s income floor for the working and non-working poor would have required a significant expansion in work-as-citizenship’s basic tenets, and therefore the boundary condition around employment policy more generally. Such support for both the working and non-working poor was in line with the unfulfilled potential for work-as-citizenship to do more than simply reward private work with social standing. An income floor suggested that individuals should not be punished for either inadequate wages, or being unable to find a job. Had the FAP passed, it could have served as a first step toward a new form of work-as-citizenship that ensured that jobs above the poverty line were available to all interested citizens and, moreover that work enable people to rise out of poverty and into the middle class. On the most practical level, even if it had not initiated a wider shift in the ideological boundary condition, the FAP would have made inroads on some of the worst problems facing the working and non-working poor.

On the manpower side, as with the FAP, Nixon’s goals included controlling federal costs, streamlining program design and administration, and resisting calls for public service employment. Unlike with FAP, Nixon’s manpower program sought to cap federal costs and increase efficiency by moving away from federal oversight. Nixon’s proposed new comprehensive manpower training program would consolidate the numerous existing training programs including the MDTA, Job Corps, and the CEP into one, decentralized manpower effort. Control over most program and service design would occur at State and local levels. Nixon was

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more successful with his manpower reform agenda than with his poverty policy reform, achieving most of his stated goals, though he did ultimately give ground by approving a bill that included public employment.

William Safire, one of Nixon’s key domestic policy advisors and speechwriters argued that the measure of success in manpower training was getting participants fully integrated into the private labor market, and that the federal government was inherently incapable of achieving this, as demonstrated by its history of “duplication of effort, inflexible funding arrangements and an endless ribbon of red tape.” Thus, the impetus to devolve this power to State and local governments was tied to labor-market anti-statism. Nixon later echoed these sentiments in a message to Congress, arguing that although the MDTA and Economic Opportunity Act “proceeded from the best of intentions, they are overcentralized, bureaucratic, remote from the people they mean to serve, overguidelined, and far less effective than they might be in helping the unskilled and the disadvantaged. The reason: by and large, their direction does not belong in federal hands” and should instead be vested “in governments close to the people they assist.”

It is important to note that some of the contemplated measures went beyond work-as-citizenship platitudes and called for easing the difficulties that the working and non-working poor faced: “Manpower training means...making it possible for those who are unemployed or on the fringes of the labor force to become permanent, full-time workers,” helping those in low-income work get “the training and the opportunity they need to become more productive and more successful,” and turning the “unemployable” into employable by “removing many of the barriers

Richard M. Nixon Papers, Part II, SUL.


However, the final form of Nixon’s manpower program did not fundamentally push very hard against the liberal currents. The most important aspects of the manpower agenda for Nixon were shifting control away from the federal government and limiting any inclusion of public employment, both of which fit easily inside the currents’ boundary.

Nixon’s characterization of the War on Poverty’s manpower efforts as largely unsuccessful was fairly accurate. What was less clear from studies evaluating the existing manpower programs was that the problem would be fixed by removing federal management of the programs. A report by George Shultz, Nixon’s first Secretary of Labor, indicated that Job Corps had struggled with job placement, and related to that, high early dropout rates among participants. To remedy this, Shultz wanted Job Corps to be more fully integrated into “a manpower services continuum which includes a job placement component,” and provides “an individual placement plan for each corpsman while he is still in the center,” relocation assistance, and “specific ties to job market opportunities.”  

Such changes did not necessarily require local rather than federal oversight. A DOL Manpower Administration paper written at the end of the Johnson administration stated that the Concentrated Employment Program (CEP) also had trouble finding jobs for participants and more troubling was “the number of instances where those trained by CEP would get jobs that others would have gotten had there been no training,” and no clear data showing secondary job creation from the trainees’ increases in purchasing power.  

In other words, even when the training pro-

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200 Paul Barton to Daniel P. Moynihan, February 25, 1970, Attached: How Well Have Manpower Programs Met the Needs of the Urban Ghettos? by U.S. Department of Labor Manpower Administration, Paper Prepared for 20th Meeting of the National Manpower Advisory Commit-
grams did find participants work, there was no visible increase in the pool of jobs available, so trainees who did find employment were simply displacing other job-seekers. A National Alliance of Businessmen’s (NAB) Jobs Study expressed the same idea about the futility of only directing job-training efforts at the lowest rungs of the labor market stating that evidence “suggests paradoxically, that training for all employees with an emphasis upon training of supervisors and upgrading of existing lower level employees may have more effect upon employment of the disadvantaged than programs directed solely at the disadvantaged.” At the same time, the NAB study’s conclusions about how to improve job-training provided a cogent argument for the federal government stepping back from manpower administration since “evidence continues to support the contention that employers are reluctant to participate in government supported training programs because of the ‘red tape’ involved.”

Whether State and local administration of manpower efforts would create less red tape remained an open question. The National Alliance of Businessmen’s study did not recommend devolution to the States, but rather a “human investment tax credit” to facilitate more employer-run training programs with fewer bureaucratic hurdles. The Manpower Administration paper posed penetrating questions including whether “outright racial discrimination in employment [will] abate?” and if the government will “really take on the problem of poverty (and near poverty) wage employment and invent solutions that are not now in sight?” Dramatically challenging the War on Poverty’s cultural approach, the Manpower
Administration concluded that “jobs are a most critical point of intervention” and that “the attainment of a viable family unit in the slum will await the availability of decent jobs for men.” Notwithstanding the male breadwinner bias of the conclusion, this perspective broke with labor-market anti-statist norms and placed responsibility for joblessness among the poor at the feet of the labor market, not with the non-working poor themselves.

Though the Nixon administration was willing to acknowledge some imperfections in the labor market which strained the liberal currents’ boundary condition, developing policy responses to such problems only went so far. Just like the Johnson administration, some policy approaches, which would have directly contravened the currents, were essentially foreclosed under Nixon. Prominently included in this latter category was a permanent public jobs program. In 1970, when he vetoed an Employment and Manpower Bill that Congress had passed because it included a significant public jobs program, Nixon indicated that his manpower reform goals did not trump his opposition to public service employment. He denounced the program in terms that resonated with the liberal currents, castigating the proposed program for providing “dead-end jobs in the public sector,” rather than moving the unemployed into private sector work. His veto message also emphasized the importance of achieving a bill that connected manpower reform and welfare reform.

In an address to Congress in March 1971, Nixon stated that “Labor, like other

205 Richard Nixon to the Senate of the United States, December 16, 1970, Memorandum of Disapproval, Box 72, Manpower Veto, William Timmons Files, WHCF, SMOF, RMNL.
economic resources, is allocated by the market under our system. But as the American economy has grown increasingly complex and technological, we have seen that the job market has imperfections – frictions, lags, slack in the gears – whose costs in unemployment, underemployment and inadequate income must be reduced.” And this was not all talk. Parts of Nixon’s proposed manpower program, including “ancillary services like child care assistance, relocation assistance, and minor health services” had never actually been enacted as part of a manpower effort. However, it is important to note that none of these provisions actually made it into the final approved bill. Moreover, there were limits to Nixon’s implicit contradiction of labor-market anti-statism; he continued to consider permanent public service employment a non-viable option. In a nod to party compromise, Nixon agreed that

Transitional and short-term public employment can be a useful component of the Nation’s manpower policies. But public employment not linked to real jobs or not devoted to equipping the individual to compete in the labor market is only a palliative, not a solution for manpower problems.\footnote{President Richard Nixon Message to the Congress of the United States, March 4, 1971, Box 103, Revenue Sharing, Charles Colson Files, WHSF, SMOF, RMNL, pp. 2, 4.}

On similar grounds, in 1971 Nixon vetoed the Accelerated Public Works Bill in order to prevent what he considered unnecessary government spending, and inefficient job creation in the construction industry.\footnote{Richard Nixon, October 27, 1972, Memorandum of Disapproval, Box 7, LA 2, WHCF, RMNL.} In his veto statement on the Accelerated Public Works Act, Nixon indicated that he instead supported the 1971 Emergency Employment Act, which created a temporary public service employment program not confined to the construction industry, and that used a revenue sharing formula to distribute funds to States.\footnote{Draft Veto Message, ACCELERATED PUBLIC WORKS VERSION A: IF S. 31 NOT YET
Arguing that because it was the first public sector employment program directed at unemployment since the New Deal, and because it signaled a gradual shift in policy focus “from poverty to unemployment, from training to jobs, and from labor supply to labor demand,” Mucciaroni marks this as a significant move in U.S. employment policy. Weir, too, sees the Emergency Employment Act and its Public Employment Program as rehabilitating public employment’s “public image” and “[consolidating] a coalition of support among the nation’s local officials.”

Although the Emergency Employment Act did provide a clear precedent for a public service employment program in the legislative compromise over new manpower legislation, it is important to recognize that any rehabilitation to public service employment’s public image was both selective and short-lived. The 1971 employment act’s popularity with governors and local government administrators did nothing to sway Nixon’s commitment to terminating the program at the earliest moment possible. In addition, neither the Emergency Employment Act, nor the later public jobs programs under the Comprehensive Employment and Training Act – which also turned out to be temporary – dealt with the underlying labor market issues of underemployment and job insecurity, which would have signaled a more significant expansion in the boundary condition around employment policy.

There is evidence that employment policy alternatives that conflicted with the
currents were put forward within the Nixon administration. The fact that they were ultimately not pursued, as well as the specific arguments successfully leveled against them, demonstrates the currents’ ongoing influence. For example, Secretary of Labor James Hodgson repeatedly made a case for including a public jobs program in the administration’s manpower bill, something which would have contravened labor-market anti-statism.\footnote{211 Secretary of Labor Hodgson to the President, January 22, 1971 Subject: The Public Employment System, Folder: January-March 1971, Employment Program, Box 16, Handwriting File, President’s Office Files, WHSF, SMOF, RMNL; Richard P. Nathan, OMB Assistant Director to the OMB Director, February 4, 1971, Subject: Job training special revenue sharing, Secretary Hodgson’s letter of January 29, Folder: Rev Sharing, Box 28, John Ehrlichman Files, WHSF, SMOF, RMNL; Secretary of Labor Hodgson to Ehrlichman, June 15, 1972 Subject: The Unemployment Problem through 1972, Box 38, LA 2, WHSF-CF, RMNL; Ehrlichman, August 14, 1972, Subject: Hodgson – Expanded Public Employment (Public Service Employment Special Revenue Sharing (Tab C), Box 38, LA 2, WHSF-CF, RMNL.} Others in the administration argued strongly, and persuasively against such a provision. Paul F. O’Neill, Assistant Director of the Office of Management and Budget (formerly the Bureau of the Budget), outlined a number of problems with Hodgson’s plan. First, the legislative turnaround would not enable a public service employment program to have an effect on employment before November; second, according to O’Neill, Hodgson had vastly underestimated the cost of such a program; third, O’Neill asserted that “If we propose an expanded public service jobs program, the task of eliminating it in the future will be much more difficult;” fourth, a categorical public service employment program might not be the highest need in all areas, and would constitute increasing the federal workforce; and fifth, in the absence of congressional pressure for such a program, the administration should not start such a discussion. The underlying assumption in O’Neill’s case against a public service employment component was that it could only be an politically expedient response to the current unemployment crisis, designed to curry goodwill for Nixon in the upcoming November election. This is particularly evident in his unequivocal conviction that
the administration would not want such a program to be permanent. In making his recommendation against the public service jobs program, John Evans, Assistant Director of Nixon’s Domestic Council, pointed out not only a permanent program would go against the administration’s stated policy position but also that because of the program’s design, “we would be paying for jobs even when we had reached and exceeded ‘full employment.’” Evans proposed focusing on “Career education” and “incentives to place, hire and/or train the unskilled,” but concluded that a public jobs program was "un-Nixon." The arguments against public service employment won the day, and the administration’s bill included no public service employment.

Another indication that the arguments against public service employment were not simply interest-based is the contrast between the Nixon administration’s acceptance of manpower training as an automatic stabilizer, and its rejection of public jobs programs as such an economic tool. Much like Unemployment Insurance, which was expected to help offset decreases in consumer spending by providing qualified unemployed workers with cash to spend, Nixon agreed that an uptick in manpower training slots during an economic downturn could help offset decreases in aggregate demand. However, as with Unemployment Insurance, what made manpower training acceptable was not just its potential counter-cyclical economic effect, but its minimal encroachment on labor-market anti-statism. The fact is that similar economic arguments could be, and were, made for public service

212 Paul F. O’Neill, Assistant Director, OMB, to Ehrlichman, Subject: Expanded Public Employment, August 8, 1972, Box 38, LA 2, WHSF, WHCF, RMNL, pp. 1-2.
213 John Evans to John Ehrlichman, Subject: Proposal for Public Service Employment Special Revenue Sharing, August 4, 1972, Box 38, LA 2, WHSF, WHCF, RMNL, pp. 1-3.
employment programs. The Nixon administration’s reluctance to countenance proposals for an automatically triggered public jobs program, including DOL Secretary’s plan, indicates that economic arguments alone were insufficient to override the ideological barrier.

However, in 1973, facing a significant labor market crisis, and political pressures as a result of Watergate, Nixon’s compromised once again on public service employment in order to get a manpower reform bill passed that included his other goals. The 1973 Comprehensive Employment and Training Act included a public service employment program that was essentially permanent rather than counter-cyclical. CETA was also at least a partial victory for Nixon as it consolidated the numerous categorical manpower programs that had accrued during Kennedy and Johnson’s presidencies under a single infrastructure. On an ideological level, CETA’s size and mix of programs represented a shift in the boundary condition around employment policy, though that shift was mediated by several things. First, the public service employment program was not only designed to help individuals transition into the private sector, but it was also a limited component of the legislation, and most of the funding under the bill went to manpower training which was more compatible with labor-market anti-statism than the direct provision of government jobs. Second, neither CETA nor its public jobs program was constructed as an entitlement, and the program required regular reauthorization.

CETA’s public service employment program was effectively terminated in 1981 simply through an executive order, and CETA was allowed to expire in 1982.

even before a new manpower bill officially repealed it. Third, because CETA, and particularly the public service employment program was rife with both real and perceived problems, it actually created a negative not a positive legacy which impacted later employment policies. In this way it was similar to the New Deal’s version of public service employment – work relief – which provided as many arguments against future experiments with public jobs programs as it did a clear policy precedent for such endeavors.

### Ford’s Macro-Economic and Labor Market Interventions

After Nixon’s resignation in 1974, his Vice President, Gerald R. Ford assumed the presidency. President Ford’s employment policy agenda was more fully in line with the liberal currents than that of his predecessor, though some of the employment policy outcomes between 1974 and 1977 reflected an employment policy agenda in Congress that conflicted with the currents’ established boundary. Three main initiatives formed the core of President Gerald Ford’s employment policy legacy: expansions to public service and public works programs in 1974 and 1976; the 1974 Unemployment Insurance expansion; and fiscal policies including the 1975 Tax Reduction Act. Only the extension to Unemployment Insurance and the TRA, both of which generally accorded with the liberal currents’ dictates, were willingly pursued by the president. By contrast, the growth in CETA’s public service employment program was something Ford resisted as much as possible, successfully

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vetoing several attempts to pass such amendments. However, Ford twice bowed to economic and Congressional pressure to temporarily increase CETA’s public jobs program in 1974.

By 1976 there was growing support in Congress for a new “Full Employment Act,” which would have explicitly created an employment entitlement. This helped convince Ford that another temporary expansion to CETA’s public service employment program could weaken the political prospects of the full employment legislation. As such, Ford’s efforts to block the full employment bill is the fourth pillar of his approach to employment policy. The Ford administration’s opposition to the 1976 full employment bill was grounded in both economic concerns and a desire to prevent a right to employment from supplanting the private labor market’s position. Nor was Ford the only voice cautioning against an employment guarantee; left-leaning leaders also warned that establishing the government as the employer of last resort could have serious negative consequences. As a result of such resistance, the bill did not make it out of Congress in 1976 and the legislation was significantly altered by the time President Jimmy Carter signed it in 1978. Like its predecessor, the 1946 Employment Act, the 1978 Full Employment and Balanced Growth Act was fairly unspecified as an employment policy instrument. And, just as important, it no longer included a government guarantee of employment. Combined with a lack of provisions that would enable enforcement of its’ “full employment” mandate, the final form of the full employment legislation showed that once again a challenge to the liberal currents was successfully defeated.
Tempering Public Service Employment Expansions

As Ford assumed office in August 1974, employment and economic data was starting to show that unemployment was once again on the rise, as was inflation. Though the earliest indications were that most of the increase in unemployment was amongst new teen entrants into the labor force, this was quickly followed by data showing that married men were starting to figure more prominently among the unemployed. This was a troubling situation and there were immediate calls in Congress to increase public service employment. Bowing to the economic situation and political pressure, Ford approved a temporary increase in CETA’s public service employment jobs in September 1974. He and his domestic policy and economic policy advisors sought to limit proposals for new public employment legislation, in order to ensure that any further expansions in public jobs programs would be temporary.

The Ford administration’s resistance to public service employment was grounded in both economic and ideological rationales. Ford’s economic advisors warned that a permanent expansion could cause wages and prices to rise, which would compound the problems with inflation and distort the labor market’s balance. CEA Chairman Herbert Stein argued that public service employment posed an inher-

217 On unemployment: Stein to Ford, September 6, 1974, Subject: Employment Situation in August, Folder: September 1974, Box 1, CEA Records (RG 459), GRFL; Fellner and Greenspan to Ford, October 4, 1974, Subject: August-to-September changes in Unemployment, Employment and Wages, Folder: October 1974, Box 1, CEA Records (RG 459), GRFL, pp. 1-2; Fellner and Greenspan to Ford, November 1, 1974, Subject: Employment Situation in October, Folder: November 1974, Box 1, CEA Records (RG 459), GRFL, p. 1; Greenspan to Ford, November 26, 1974, Subject: Current State of the Economy, Folder: November 1974, Box 1, CEA Records (RG 459), GRFL, p. 1; Fellner Acting Chairman CEA to Ford, December 6, 1974, Subject: Employment Situation in November, Folder: December 1974, Box 1, CEA Records (RG 459), GRFL; Greenspan to Ford, December 13, 1974, Folder: December 1974, Box 1, CEA Records (RG 459), GRFL. On inflation: Greenspan to Ford, November 14, 1974, Subject: Personal Income in October, CEA Records (RG 459), Box 1, Folder November 1974, GRFL.

218 Mucciaroni, The Political Failure of Employment Policy, p. 87.
ent inflation risk, and that it was unlikely to help reduce unemployment among
that most important group: married adult men.\textsuperscript{219} Stein’s conclusion includes
an implicit contention that for public jobs programs to be an acceptable policy
instrument they had to benefit a population that had demonstrated its economic
and social worth through significant labor market attachment. If they instead
largely benefitted less economically important groups, such as those with little
or no work history, then they were little more than income replacement. As it
happens, Stein’s prediction was not accurate; between 1974 and 1976 most CETA
participants in both Title II and Title VI (the two public service employment
programs) were men with significant education and or work experience, and less
than a quarter had documented experience on public assistance.\textsuperscript{220}

In response to the calls for a new emergency jobs bill, Ford advanced an alter-
native public service employment plan that included: restricting any new public
service employment funding to labor markets with unemployment above 6.5%;
funding only six-month public service employment projects; and keeping the pub-
lic service employment wage rate at $7,000 a year. By the end of 1974 Ford had
failed to get Congressional Democrats or Republicans to back his amendments,
and in late December, Ford reluctantly signed the 1974 Emergency Jobs and Un-
employment Assistance Act.\textsuperscript{221} The fact that Ford’s public service employment
proposal was resisted by Republicans as well as Democrats undercuts notions
that simple political party wrangling was responsible for the shape of this piece

\textsuperscript{219} Herbert Stein to the President, August 28, 1974, Subject: Public Service Employment,
CEA Records (RG 459), Box 1, Folder August 1974, GRFL, pp. 1-2.
\textsuperscript{220} Malkiel to Roger Porter, May 4, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, William
Seidman Files, GRFL, Table 1.
\textsuperscript{221} Muccaroni, \textit{The Political Failure of Employment Policy}, pp. 88-89; Gerald R. Ford, “State-
ment on Signing Emergency Jobs, Unemployment Assistance and Compensation Legislation,”
December 31, 1974, online by Gerhard Peters and John T. Woolley, \textit{The American Presidency
Project}, http://www.presidency.ucsb.edu/ws/index.php?pid=4663&st=ктst1=. accessed Oc-
tober 20, 2015.
of employment legislation. It does suggest that the series of economic and unemployment crises had weakened longstanding arguments against public service employment on both sides of the political aisle. Though this broader acceptance of public jobs programs as a response to unemployment signaled movement in the liberal currents’ boundary condition, there is also evidence of the liberal currents’ continued influence. It is important to note, for example, that the expansions to the public service employment programs in the Emergency Jobs and Unemployment Assistance Act were designed to be temporary. Furthermore, the bipartisan support for public jobs programs in the mid-1970s coincided with a rise in middle-class employment, the group that had greater standing under work-as-citizenship than the working and non-working poor. Negative responses to public service employment expansions directed at the poor in the 1980s demonstrate the weight carried by this work-as-citizenship valuation. So, a diminution in labor-market anti-statism’s prohibition on public service employment – that turned out to be temporary – was at least partially predicated on the economic insecurity of workers with significant social standing.

Political calculations also led Ford to sign a bill appropriating nearly $4 billion in funding for a range of public works projects, despite his labor-market anti-statist objections to such a measure. In early 1976, Ford vetoed a $3 billion public works bill passed by Congress. He argued that the bill would entail a significant fiscal output for only a small return. There would be a high cost per job created, a relatively small number of jobs created overall, and a long lead time before any of the jobs were available. His justification of the veto also referenced labor-market anti-statist arguments against public sector job creation: “the best and


\[^{223}\text{Mucciaroni, The Political Failure of Employment Policy, 1945-1982, pp. 78-82.}\]
most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation." When another public works bill was passed in July 1976, this one spending $4 billion, Ford again used his veto. Ford asserted that by preventing such “giveaway programs,” he was also preventing “larger deficits, higher taxes, higher inflation and ultimately higher unemployment.”

However, in October 1976 President Ford signed the Public Works Employment Appropriations Act which provided additional funds for both federal and local public works projects. As had been the case with the CETA expansions, this change in Ford’s position on expanding public works was the result of political expediency rather than a shift in his views on the desirability of private sector employment over public service employment. In July Congress had overridden Ford’s initial veto, and passed the 1976 Public Works Employment Act. There was political risk attached to vetoing the appropriations component, since that might well be overridden as well, which would not play well in the context of the upcoming presidential election.


Temporary Expansions to Unemployment Insurance

The 1974 Emergency Unemployment Compensation Act, passed at the same time as the new emergency jobs bill, was another example of continued allegiance to the liberal currents both in Congress as well as in the Ford administration. This is because the Unemployment Insurance provisions, which more closely aligned with the liberal currents, had a broader impact on the unemployed – though it did not create any jobs – than the boundary pushing emergency jobs bill. In mid-December 1974 Congressman Donald Riegle had advanced a plan to the administration to temporarily expand the Unemployment Insurance system instead of increasing the public service employment program. Though a social policy, Unemployment Insurance functioned as an automatic stabilizer. It was expected to have corrective but not invasive effect on the labor market. This, combined with the time-limited nature of its benefits means that the program only minimally encroaches on labor-market anti-statism. Likewise, with its eligibility restricted to workers with established work histories, Unemployment Insurance reinforces work-as-citizenship’s preference for “worthy” citizen workers. Even extending the time frame for Unemployment Insurance benefits can fit within the liberal currents’ boundary as long as it is done on a temporary basis, particularly since States can opt to participate or not based on their assessment of local conditions.

Ford pursued this Unemployment Insurance alternative. Though the Emergency Unemployment Compensation Act did not succeed as a substitute for the emergency jobs bill, the new Unemployment Insurance provisions were arguably more influential than the public service employment expansion. Under the

228 Riegle to Greenspan, December 17, 1974, Attached to Greenspan to Ford, December 13, 1974, Folder: December 1974, Box 1, CEA Records (RG 459), GRFL
229 Roger B. Porter to L. William Seidman, September 8, 1976, Jobs, Folder: Labor, August 1976, Box 21, James M. Cannon Papers, GRFL, p. 3; Ford, “Statement on Signing Emergency
1974 Emergency Jobs Act, CETA was amended to include Title VI, a new countercyclical public service employment program. However, the Title VI program would not affect nearly as many of the unemployed as would the Unemployment Insurance expansion. Apparently, even liberals in Congress were not pushing for a very radical public jobs approach, and were more interested in “a demonstration of concern on the eve of the November [midterm] election.” This is an important point, since it highlights the nascent reluctance to make public employment provision too large even during a protracted economic crises.

Restricting Government Taxing and Spending

The Ford administration also worked to reduce unemployment through fiscal and monetary policy, which neatly accorded with the liberal currents’ limits on employment policy. In addition to advocating tax cuts as an economic stimulus, Ford and his economic advisors attributed the continuing economic crisis largely to excessive government spending over the previous decade, and promoted strict federal spending limits. In order to provide a commercial Keynesian stimulus to the economy, in early 1975, Ford urged Congress to pass legislation that included “temporary one-time tax cuts totaling $16 billion.” The resulting legislation, the 1975 Tax Reduction Act, provided a modest and temporary reduction in the tax rate for individuals as well as an investment tax credit. Together with firm federal budget caps (not included in the tax bill), the Ford administration expected

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232 Greenspan to Ford, February 3, 1975, Folder: February 1975, Box 1, CEA Records (RG 459), GRFL, pp. 3-4.

In his signing statement for the Tax Reduction Act, Ford implicitly signaled his support for the liberal currents. He praised tax cuts as a positive instrument for private sector job creation, and sharply distinguished between such measures which supported the “free enterprise system” and measures that disrupted the labor market such as “government handouts and make-work programs that go on forever.”\footnote{Gerald R. Ford, “Address to the Nation Upon Signing the Tax Reduction Act of 1975,” March 29, 1975, online by Gerhard Peters and John T. Woolley, The American Presidency Project, \url{http://www.presidency.ucsb.edu/ws/index.php?pid=4810&st=4&st1=}, accessed October 20, 2015.} Members of the Ford administration even explicitly stated that while productive private sector employment promised to provide the opportunity “self-fulfillment” that individuals and society craved, public service employment was nothing more than “temporary make-work.”\footnote{Roger B. Porter to L. William Seidman, September 8, 1976, Jobs, Folder: Labor, August 1976, Box 21, Cannon Files, GRFL, p. 4.}

Though it went unmentioned in Ford’s public remarks on the bill, the 1975 Tax Reduction Act also included a new tax credit for low-income working families: the Earned Income Tax Credit (EITC). The EITC gave a 10% tax credit on earned income to poor families with at least one child. This work incentive tax credit had originally been proposed by Senator Russell Long, a Democrat from Louisiana, as an alternative to Nixon’s Family Assistance Plan in 1972, and Long continued to push for it even after serious consideration of the FAP had ended.\footnote{Chris Howard, \textit{The Hidden Welfare State: Tax Expenditures and Social Policy in the United States,} (New York: W.W. Norton, 1988), pp. 275-276.} Where the FAP had combined work...
incentives with a minimum income program, the EITC relied solely on the tax credit, which made it far more compatible with the liberal currents than Nixon’s proposal. Since it was only available to workers, the EITC aimed to support rather than threaten the position of paid, private employment. The EITC’s design did implicitly admit to some inadequacy in the private market’s wage levels, but unlike either a minimum income program, or Nixon’s price and wage controls, it did not require any changes on the part of the labor market itself.

As unemployment stopped climbing in 1975, the Ford administration argued that what was needed were more such policies that promoted business investment in combination with strict limits on federal spending. In mid 1976, Burton Malkiel, a member of Ford’s CEA crowed “[the] program has clearly worked. The recovery is strong and durable. Employment is now 1.1 million above the pre-recession peak.” Malkiel advised that the administration continue to work to “stimulate investment so that jobs are available for a growing labor force” while “controlling the growth in government spending.” President Ford agreed, and wanted further tax reforms, including “a permanent higher investment tax credit, accelerated amortization for investment in high unemployment areas, and corporate tax cuts” since these measures would induce job creation in the private sector.

Deviations from these strict economic plans frequently met with a Presidential veto. For example, in May of 1975 Ford vetoed a bill that would have provided supplemental appropriations for public service employment because Congress included more than three billion in funds above what the President had auth-

\textsuperscript{237} Malkiel to Roger Porter, May 8, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, William Seidman Files, GRFL, p. 1.  
Ford’s commitment to restraining federal spending even carried over into limiting programs targeting veterans, who like middle-class workers, had earned high social standing through their military service. In 1974 Ford had vetoed legislation that would have increased education and training benefits to Vietnam War veterans, citing the excessive spending it would entail, and requesting a replacement bill that would not increase the deficit. Summing up his perspective, in a September 1975 speech, Ford vowed to continue to use his veto power “to end 25 years of reckless Democratic spending.”

Resisting Full Employment Legislation

Starting in 1974-75, there was a new push for full employment legislation led by members of Congress. Sponsored by Representative Augustus F. Hawkins and Senator Hubert Humphrey, the proposed full employment bill (known as the “Humphrey-Hawkins Full Employment Act”) would have entailed significant changes in the employment policy landscape. Its provisions included specific numerical targets for the unemployment rate and a government employment guarantee.

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241 David S. Broder, September 21, 1975, “Jobs and the Government” in The Washington Post, Folder: Unemployment, March 1975-March 1976, Box 36, Cannon Files, GRFL. Following through on this promise, in September 1976, Ford vetoed an appropriations bill that he said contained funding “for numerous essential domestic programs which have worthy purposes and affect millions of citizens.” He explained that his veto was necessary because the Democratic majority in Congress had ignored his requests for important reforms “designed to improve their efficiency and reduce the growth of federal bureaucracy and red tape” and had added in four billion dollars in new spending (Statement on H.R. 14232, circa September 29, 1976, Folder: Labor, August 1976, Box 21, Cannon Files, GRFL).
antee, which conflicted with the liberal currents and provoked opposition from the Ford administration as well as from leaders on the political left. A version of the bill was eventually passed in 1978, and signed by President Jimmy Carter, but by then the provisions that contravened the liberal currents had been removed or diluted. The roots of that change can be traced back to the debate over the 1976 proposal, which showed that both Democrats and Republicans were interested in preserving the liberal currents’ paradigm.

Ford explicitly stated that he would veto the full employment bill if it came across his desk. Beyond that, it is evident that Ford administration’s opposition to the 1976 full employment bill was grounded in both economic concerns and reasoning derived from the liberal currents. The Ford administration objected both to the specific mechanics of the bill’s full employment effort, such as the bill’s mandated unemployment rate target of 3%, as well as its explicit positioning of the government as the employer of last resort. Ford’s economic advisors worried that achieving such a low adult unemployment rate would impinge on the labor market’s ability to efficiently allocate resources and thus potentially contribute to inflation while dampening economic growth. Even more serious, was the bill’s job guarantee. This was anathema to Ford’s administration since that would contravene what Ford’s domestic policy advisors saw as the basic definition of employment: something found in the private labor market. The bill’s public

243 Washington Bureau of The Sun, “Jobs bill called prod to inflation,” in The Sun, May 21, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, Seidman Files, GRFL.
244 Malkiel to Roger Porter, May 4, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, Seidman Files, GRFL, pp. 3-4.
245 Raymond J. Saulnier to L. William Seidman, July 12, 1976, “A Dissenting Critique of S.
service employment provisions were also both economically inefficient and a deterrent to participation in the private labor market. CEA member Burton J. Malkiel argued that the bill’s youth oriented public service employment initiative would be detrimental because “PSE jobs are in the public sector and it is important for youths to acquire experience and knowledge of private sector jobs, and the skills needed for long-term private sector employment.” Malkiel’s critiques of public works were similarly grounded in both economic and labor-market anti-statism rationales. He argued that public works projects “would divert resources from the private sector, where they are badly needed, to public social overhead capital. The latter can be expected to have a lower payoff in terms of accomplishing our long-term goals.”

Ford’s advisors also argued that the full employment bill was simply not necessary because alternative existing policy instruments, notably monetary and fiscal policies, had a proven track record. For example, L. William Seidman, Ford’s Economic Advisor, pointed out that such macro-economic policies had created substantial numbers of “productive jobs in the private sector which contribute to increases in real economic income.”

As with the 1945 Full Employment Act, the 1976 bill’s sponsors tried to frame their proposals as compatible with the existing employment paradigm, rather than providing an ideological alternative to the liberal currents. For example, Hawkins stressed that making the government the employer of last resort did not mean supplanting the private labor market’s prerogatives:

50 – The Humphrey-Hawkins Bill,” Folder: Humphrey Hawkins Bill (1), Box 71, Seidman Files, GRFL.

246 Burton J. Malkiel to Roger Porter, May 4, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, Seidman Files, GRFL, pp. 3-4.

Throughout the bill, the first emphasis is placed on expansion of private employment opportunities, encouraged by improvements in monetary and fiscal policies. The second line of defense against unemployment is public activity at the State and local level. Federal employment projects are last resort. Hawkins also contended that there were concrete economic costs to not pursuing a full employment policy. However, couched in this way, such arguments were neither a sufficient basis for a new approach to employment policy outside the liberal currents’ existing parameters, nor fundamentally compatible with the currents’ boundary condition.

Signaling the liberal currents’ ongoing influence, the employment entitlement in the Humphrey-Hawkins bill aroused opposition not only from the Ford administration and Republicans in Congress, but also from Democratic leaders. Notably, Charles Schultze, former Bureau of the Budget Director under President Johnson, gave Congressional testimony against the bill, specifically cautioning against establishing the government as the employer of last resort. Along with a permanent public service employment program paying “prevailing wages,” Schultze warned that an employment guarantee would be inflationary, pushing up prices and wages. In the wake of Schultz’s testimony, the 1976 bill lost support in Congress, and it was eventually tabled until after the election. By the time the bill was re-introduced in 1977 it had been substantially altered, losing the provisions that had most directly challenged the liberal currents.

248 Augustus F. Hawkins, Chairman of the Subcommittee on Equal Opportunities, “Summary of H.R. 50,” March 10, 1976, Folder: Humphrey Hawkins Bill (1), Box 71, Seidman Files, GRFL.
Conclusions

In the 1960s and 1970s the two liberal currents continued to constrain American employment policy. These ideological currents were not the only factors guiding Kennedy, Johnson, Nixon, Ford, and their policy advisors as they formulated employment and poverty programs, but they constituted a significant influence. Moreover, existing scholarly work on the era’s employment policy only peripherally includes ideology, and often casts it as synonymous with Republican party agendas, rather than recognizing that the liberal tradition provided a consistent (though adaptable) boundary condition on employment policy.

The liberal currents’ limiting influence is evident on a number of different fronts in these decades. There were frequent deferrals to work-as-citizenship and labor-market anti-statism in the design and implementation of employment policies. This included prioritizing policy instruments that generally accorded with and supported the liberal currents boundary around employment policy such as fiscal and monetary policies, manpower training programs, and temporary extensions to Unemployment Insurance benefits. However, there were also examples of compromise on employment policies that contravened the currents’ dictates, like the implementation of temporary and permanent public service employment programs. Though such concessions shifted the liberal currents’ boundary somewhat, several things tended to limit their impact on the liberal currents. First, these compromises were generally prompted by serious economic crises, and the new programs supplemented rather than replacing existing employment and macro-economic instruments. Second, policymakers were usually successful in their efforts to impose restrictions on the public jobs programs in order to temper their long term effects on employment policy.
There were also a number of employment policy alternatives proposed within various presidential administrations and in Congress, that either partially or fully challenged the liberal currents’ position. For example, members of Johnson’s administration repeatedly put forward public jobs programs as an unemployment measure. In addition, Nixon’s preferred manpower and poverty program reforms would have created a universal minimum income program. And early versions of the 1976 full employment bill included an employment entitlement. The struggles over these alternatives – either within the administration, or in Congress – and the decisions not to carry them forward, or their eventual defeat, indicated that the liberal currents’ boundary was still fundamentally intact.

Examining the liberal currents highlights important similarities between the employment policy agendas pursued by Democratic and Republican presidential administrations in the 1960s-1970s. Furthermore, there is evidence that these administrations shared common ideas about employment policy with their predecessors and successors. In the 1930s and 1940s President Franklin D. Roosevelt had worked carefully to lower unemployment without either undermining individual responsibility to obtain work, or the private sector’s role as the main provider of employment. In both the New Deal and the Great Society, concern about poverty and unemployment should have directed policymakers to consider the basis of income inequality and its relationship with the mechanics of the labor market. In both periods the liberal currents’ boundary condition also helped to curtail such inquiry and forestall substantial labor market intervention. The pattern of liberal constraint on employment policy continued in the 1980s and 1990s. The persistence of the liberal currents as well as the institutional legacy left by the earlier employment policy outcomes meant that there was a strong foundation for the neoliberal employment policy agenda pursued by President Ronald W. Reagan.
and President William J. Clinton in the 1980s and 1990s.
Chapter 5

Pushing Work Not Jobs in the

Ideology is commonly recognized as an important factor affecting American social policy in the late 1970s and early 1980s, while for the period prior, accounts tend to focus more on political institutions, interest groups, and economic conditions. Underlying this shift in focus is a consensus that the ideologically motivated “Reagan Revolution” brought to an end the left-leaning public policy era that began in the New Deal, held sway through the Great Society and to a lesser extent also characterized the 1970s. Reagan pursued a retrenchment agenda grounded in neoliberal, pro-market ideology and, as a result, pushed the public policy agenda for both political parties to the right.\footnote{Although the individual authors examine a range of social policies and have somewhat different views on the degree of retrenchment Reagan achieved, the general contours of this argument are visible in the following: Fred Block, Richard A. Cloward, Barbara Ehrenreich, and Frances Fox Piven, \textit{The Mean Season: The Attack on The Welfare State} (New York: Pantheon Books, 1987), pp. ix-xi; Chris Howard, \textit{The Hidden Welfare State: Tax Expenditures and Social Policy in the United States} (Princeton University Press, 1997), pp. 9-10; Tom Joe and Cheryl Rogers, \textit{By the Few For the Few: The Reagan Welfare Legacy} (Lexington, Mass./Toronto: D.C. Heath and Company, 1985), p. 33; John W. Kingdon, \textit{Agendas, Alternatives, and Public Policies}, (New York: Longman, 1995), p. 210; Stanley Kelly, Jr., “Democracy and the New Deal}
impact on public policy development, but my analysis of American employment policy development diverges from this perspective in several key regards.

To begin with, throughout this work I rely on a fundamentally different definition of ideology than scholars who frame ideology as essentially an expression of partisan views. I, instead, see ideology as a constitutive part of the political framework in which policy debate takes place. Thus, ideology, in this case liberalism, affects both political parties’ and policymakers’ views on policy development. Based on that definition, I trace the boundary condition around employment policy created and reinforced by the American liberal tradition between the 1930s and the 1990s and argue that ideology was influential well before the Reagan Revolution. As outlined in Chapter 1, this ideological constraint was based on two liberal currents—work-as-citizenship and labor-market anti-statism—that together established paid, private work as an important pathway to social and political inclusion, while insisting on minimal government intervention into the labor market. If consideration of ideology is limited to a partisan dimension, examples of continuity in employment policy over this whole time period are obscured. That, in turn, hides the way in which Reagan’s fairly stringent employment policy agenda was

able to build on a foundation laid by the liberal currents. Between the 1930s and the 1970s many employment policy alternatives had already been ruled out.

The liberal currents mattered in the 1980s and 1990s in another way as well. Despite Reagan’s enthusiastic embrace of many of the policy features inside the liberal currents’ boundary, the two currents also actually constrained his employment policy agenda. In the preceding period, the liberal currents’ boundary had largely functioned to prevent adoption of employment policies that contravened the individual responsibility to obtain private sector work, though employment policy was often used to facilitate a higher labor market participation rate for the short- and long-term unemployed. Examples of policies that actively promoted work included the 1930s work-relief programs, manpower training programs, the War on Poverty’s service oriented programs for the poor, temporary public service employment programs, and work incentives for poor families that ranged from the Earned Income Tax Credit (EITC) to the Work Incentive Program’s (WIN) modifications to Aid to Families with Dependent Children (AFDC). Unemployment Insurance – started in the 1930s and expanded on numerous occasions after that – did not itself promote work, but since it based eligibility on work history, it reinforced the underlying connection between paid employment and government benefits. Reagan, however, embraced a more extreme version of both work-as-citizenship and labor-market anti-statism. His supply-side economic policy goals – cutting the marginal tax rate and domestic spending, a “hard money” monetary policy, and balancing the federal budget – indicated a particularly strict form of

labor-market anti-statism. Similarly, Reagan’s perspective on employment policy showed that he saw private sector employment as a necessity for all able-bodied adults, but did not agree that the government should have to incentivize work effort, or facilitate re-entry or entry into the labor market. This view drew heavily on a harsh version of work-as-citizenship articulated by strict fiscal conservatives such as George Gilder and Charles A. Murray. For such fiscal conservatives, the market was enough to enforce the individual mandate to work, and such independently obtained work was the only reasonable path out of poverty.

Reagan’s resulting employment policy agenda was in many ways narrower than the liberal currents’ existing boundary condition. And this was the problem. There were several other groups in Congress who drew on the liberal currents, but resisted Reagan’s extremely punitive version of work-as-citizenship and argued for a greater government role in employment and social welfare provision. One group was a subset of social conservatives, including Lawrence M. Mead and Michael Novak, who were interested in reforming welfare and employment programs but approached that reform based on a less harsh version of work-as-citizenship. According to such social conservatives, getting all able-bodied adults working was an important enough goal to supersede an all-out prohibition on government social welfare provision. Instead, the government could, and should, combine benefits with work obligations from participants.

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The second group, which included many Democrats, wanted to increase work output among the poor, but endorsed a much more supportive conception of work-as-citizenship than either the fiscal conservatives or more stringent social conservatives like Mead. Combining some part of Mead’s approach, these Democrats endorsed work requirements for the poor, but argued that the government should actively facilitate entry into the labor market through training and education programs, as well as help low-income workers keep working through wage supports.¹ There was clear divergence in the forms of the government obligation to support work of stringent social conservatives like Mead, and Democrats who supported work-based reforms to welfare. However, in supporting work requirements, rather than work opportunities, both groups can appropriately be called social conservatives. When it is necessary to differentiate between these two groups of social conservatives I will refer to those in the first group, like Mead, as strict social conservatives, and those in the second group, like Democrats who supported work requirements combined with education and training, as moderate social conservatives. Over the course of the 1980s and 1990s there was a tentative merging of the strict social conservative version of work-as-citizenship with the more supportive version advocated by moderate social conservatives. This combination of the two types of social conservatives is what I am referring to when I mention the social conservative version of work-as-citizenship more generally, particularly during the Clinton administration. The policy proposals advocated by both sorts of social conservatives served to counter-balance fiscal conservatives’ more extreme employment policy proposals. Thus, in these decades, work-as-citizenship served

¹ Bertram, *The Workfare State*, pp. 126-130. Bertram further distinguishes between “workfarists” and “welfarists,” or respectively those who prioritized increasing work from welfare recipients, and those who wanted to preserve welfare as an entitlement (*The Workfare State*, p. 131.)
not just as a constraint against particular types of employment policy, but also a justification for creating and preserving employment policies that fostered and required work effort.

If the boundary condition between the 1930s and 1970s could be represented as a circle – with some policies fitting neatly inside, others pushing against the outer rim, and still others that were fully outside the boundary not achieving passage – Reagan’s version of work-as-citizenship showed that there was an inner boundary as well. Instead of a simple circle, in the 1980s the boundary condition started to look more like a torus or hollow ring, with Reagan’s severe take on work-as-citizenship sitting inside the hollow. Those advocating for continuation of some social welfare provision, in combination with those who supported increased access to education and training, enforced this inner boundary by pulling back against some of Reagan’s and other strict fiscal conservatives’ policy proposals throughout the 1980s and 1990s.

This type of evolution is not wholly surprising. A boundary condition framework generally does not preclude all change or adaptation. This is true for the liberal currents’ boundary on employment policy as well. In Chapters 3 and 4 I demonstrated that in response to prevailing economic or political conditions the liberal currents’ boundary was repeatedly challenged, and at times even amended. Therefore, it was to be expected that the growing support for a neoliberal vision of domestic policy would also affect the liberal currents’ boundary condition. Historically, such changes also led to variation in the policy instruments through which employment policy was carried out. In the 1930s and 1940s employment policy included work-relief, Unemployment Insurance, and increased government spending on categorical relief and social insurance programs. This was followed in the 1960s and 1970s with policies instituting manpower training, macro-economic
growth policies, service-oriented anti-poverty efforts, limited public service employment programs, temporary extended Unemployment Insurance benefits, tax credits for workers and employers, and escalating levels of work incentives and requirements added into income transfer programs for the poor. Likewise, in the 1980s and 1990s employment policy debates encompassed a range of policy instruments such as tax cuts, tax credits, redesigned manpower training programs, Unemployment Insurance’s extended benefits, and income transfer programs for the poor. Continuing the trend started in the 1960s and 1970s, there was an ever-increasing emphasis on turning income transfer policies into programs that facilitated participants’ entrance into the private labor market.

In the 1980s and 1990s Presidents Ronald W. Reagan, George H. W. Bush, and William J. Clinton faced new economic and political dilemmas, which affected both their employment policy goals and the ongoing boundary condition on employment policy. For Reagan the main struggle was over enacting employment policies based on his extreme version of the liberal currents amidst a severe economic recession and in the face of those in Congress and States who pursued a less draconian version of work-as-citizenship. There were few significant amendments to employment policy during President Bush’s 1988-1992 term, and no clear change in underlying approach. Like his predecessor, Bush set out to limit federal spending on employment programs. Though, also like his predecessor, political and economic circumstances lent strength to more moderate employment policy proposals, and forced Bush to compromise on those goals.

When Democratic President Clinton took office in 1993, his agenda contained both neoliberal elements carried over from his predecessors as well as bold state-

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ments about the government’s responsibility to improve the economic security of all Americans. Based on what amounted to a merging of the social conservative preference for work requirements for the poor with an expanded version of the relationship between work and economic security, Clinton announced a policy agenda that would help ensure that work created pathways out of poverty for the working poor as well as those on welfare. Had it been followed through with clear policies, Clinton’s expanded conception of work-as-citizenship would have challenged and possibly shifted the liberal currents’ boundary condition to incorporate more government labor market regulation. However, reconciling this potentially expansive employment policy vision with his commitment to balancing the federal budget – the neoliberal goal to which the Reagan and Bush administrations had demonstrated only a weak allegiance – was difficult. Clinton’s early policy decisions indicate that his interest in reducing the deficit was a constraint on his employment policy agenda. But, there is also evidence that Clinton backed away from policies that fit under the expanded form of work-as-citizenship in order to avoid contravening the liberal currents’ longstanding aversion to a government employment guarantee. When this retreat from more expansive policies, including job creation and public jobs programs, continued even after Clinton had a budget surplus in his second term, it affirmed that Clinton’s allegiance to the policy goals based on the expanded iteration of work-as-citizenship was not very deep. Notwithstanding his interest in reducing economic insecurity, Clinton was consistently ready to support policies derived more from the more limited social conservative iteration of work-as-citizenship, which also fit more easily within the liberal currents’ established boundary.

In sum, and notwithstanding some significant variation in the administrations’ policy goals and outcomes, in the 1980s and 1990s the liberal currents’
boundary condition continued to impact national approaches to unemployment and economic insecurity. Public jobs programs were rejected as a means of combating temporary or intransient unemployment, while policymakers continued to demonstrate a preference for policies that entailed minimal labor market intervention such as individual and employer tax credits, work-requirements for poor individuals divorced from assessment of labor market conditions, and short-term education and training programs. There was also evidence that the liberal currents included an inner boundary, since parts of Reagan’s employment policy agenda, which was based on an extreme interpretation of the liberal currents, was not implemented either while he was in office or in the following decade. Policies based on more moderate versions of work-as-citizenship that combined work requirements with transitional support, were successfully mobilized against Reagan’s proposals. However, these more moderate policies had mixed consequences for the working and non-working poor. Likewise, Clinton’s willingness to trade his expanded conception of work-as-citizenship for a less controversial iteration that had more in common with the social conservative version, left many working and non-working poor in a precarious economic situation. However, the existence of these different interpretations also showed that work-as-citizenship was increasingly mutable and could serve as a floor under employment policy, not just as a constraint against policies that threatened the private labor market’s job provision prerogatives. Furthermore, despite the persistence of the liberal currents limits on employment policy, this turn of events suggests that there is potential for work-as-citizenship to be used in the future as a rationale for policies that do much more to ensure economic security.
Part I: Advancing a Neoliberal Employment Agenda

The two Republican administrations in the 1980s, those of President Ronald Reagan (1981-1989) and President George Bush (1989-1993), worked to implement a range of policies impacting employment, unemployment, and economic insecurity, that derived from a particular set of neoliberal policy preferences. On the economic side of this neoliberal vision was a supply-side economic plan of tax cuts, domestic spending cuts, and a deflationary monetary policy, that was intended to boost business confidence and spur economic growth. These macro-economic policies neatly complemented labor-market anti-statism. Also affecting Reagan’s and Bush’s neoliberal employment policy was an extreme version of work-as-citizenship that considered nearly all government income supports and services to the poor to be counterproductive. The basis for this view of employment and social welfare programs lay in the arguments advanced by fiscal conservatives like George Gilder and Charles Murray in the early 1980s. Espousing market fundamentalism, Gilder and Murray contended that work training, public service employment, and welfare provided an alluring alternative to private sector work, which perpetuated a dangerous cycle of government dependency that hurt both the poor and national economic growth.⁷ Gilder and Murray’s most prominent works on social welfare policy were published concurrent with Reagan’s term in office (in 1981 and 1984 respectively), and there is clear evidence that the Reagan administration drew on both authors’ works.⁸

Though it was in an extreme form, Gilder’s and Murray’s market fundamentalist perspectives on social policy relied on arguments and conceptions that can be

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traced back to the two liberal currents. Their policy prescriptions incorporated a strict fiscal conservatism in terms of government spending on social welfare, called for less labor market regulation, and invoked a severe permutation of work-as-citizenship. Their punitive understanding of the work mandate saw work as essential to the American way of life, but argued that government efforts to subsidize employment or supplement incomes was detrimental to both poor individuals and the economic output of the nation.\textsuperscript{9} As Gilder put it, “When government gives welfare, unemployment payments, and public service jobs in quantities that deter productive work, and when it raises taxes on profitable enterprise to pay for them, demand declines.” Rather than taxing and spending, Gilder called for substantial tax cuts, combined with reductions in federal spending on social welfare in order to restore incentives for production and work.\textsuperscript{10}

In his arguments against government assistance to the poor, Murray invoked the connection between work and citizenship that also undergirds work-as-citizenship, “Throughout American history, the economic independence of the individual and the family has been the chief distinguishing characteristic of good citizenship.”\textsuperscript{11} For Murray, American social policy was destructive because it attributed poverty to systemic problems rather than individual differences in work ethic and work output. This decreased the status of the poor and dis-incentivized work: “status was withdrawn from the low-income, independent working family, with disastrous consequences to the quality of life of such families” and “status was withdrawn from the behaviors that engender escape from poverty.”\textsuperscript{12} Part of Gilder’s justifi-

\textsuperscript{9} Gilder, \textit{Wealth and Poverty}, pp. 12, 14, 125; Murray, \textit{Losing Ground}, pp. 9, 24-26, 178-204, 227-235.
\textsuperscript{10} Gilder, \textit{Wealth and Poverty}, p. 45.
\textsuperscript{12} Murray, \textit{Losing Ground}, pp. 179-180.
cation for cuts to the marginal tax rate was based on a hierarchical view of workers that was in line with the work-as-citizenship framework’s preferential treatment of established workers. Gilder stated that,

the result [of inflation and the high marginal tax rate] is to penalize the family that depends on a single earner who is fully and resourcefully devoted to his career. Two half-hearted participants in the labor force can do better than one who is competing aggressively for the relatively few jobs in the upper echelons.\textsuperscript{13}

Gilder’s characterization suggested that the less attached, lower-earning workers were both less important and less deserving than those with more stable careers and wages.

Both Gilder and Murray castigated a welfare system that provided alternatives to private sector work. Murray denounced the welfare reforms in the 1960s that had increased eligibility and reduced the stigma associated with AFDC.\textsuperscript{14} Gilder declared

the fundamental fact in the lives of the poor in most parts of America today is that the wages of common labor are far below the benefits of AFDC, Medicaid, food stamps, public housing, public defenders, leisure time, and all the other goods and services of the welfare state.\textsuperscript{15}

In Gilder’s view, such comparability between welfare payments and low wage employment clearly threatened the work mandate. This conflict between welfare and low wage work, whether real or perceived, could equally serve as a rationale for raising the minimum wage. However, Gilder construed most labor market regulations as detrimental to business, innovation, and the necessary discipline

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that benefits workers themselves. Instead, paired with the supply side economic model that called for tax cuts and lower government spending, Gilder proposed turning welfare into a short-term program aimed at helping those experiencing passing economic emergencies. Relying less on fiscal arguments than Gilder, Murray argued that the best way to help the poor was by scrapping the entire federal welfare and income-support structure for working-aged persons, including AFDC, Medicaid, Food Stamps, Unemployment Insurance, Workers’ Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services.

Signaling their implicit allegiance to labor-market anti-statism, Gilder and Murray also explicitly condoned the continued existence of the low-wage labor market. Gilder contended that “every successful ethnic group in our history rose up by working harder than other classes, in low-paid jobs, with a vanguard of men in entrepreneurial roles” and that if government programs allow the poor to circumvent this “drudgery by education and credentials” it would be tantamount to excluding them from “the entire American experience.” Murray claimed that welfare receipt had grown because poor people saw it as preferable to low-wage work: “As people became less inclined to take low-paying jobs, hold onto them, and use them to get out of poverty, they became dependent on government assistance.” The 1960s turn to training programs was also counter-productive in Murray’s estimation. Not only had the costly manpower training programs done

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16 Gilder, Wealth and Poverty, pp. 148, 244.  
18 Murray, Losing Ground, pp. 227-228.  
little to boost most participants’ income, Murray suggested that the training programs and other Great Society social programs had actually contributed to many black males leaving the labor force.\footnote{Murray, \textit{Losing Ground}, pp. 38, 76-82.}

In another nod to labor-market anti-statism, Gilder denounced an employment guarantee as detrimental to the work ethic and productivity and, therefore, dangerous to America’s global economic position. In his framework, labor market discipline – meaning the possibility of being fired and then without a job and a means of financial support – is an essential component of the drive to work:

A job guarantee gives what cannot be given. It implies that everyone could diminish effort and slackly accept pay without causing the entire system to decay. If, under guarantees such as those that pertain to civil service, all workers merely performed at the minimal level, the U.S. standard of living would collapse. Crucial to a real job is the risk of being fired if the work is not performed. A guaranteed job implies that the work is mostly optional, and thus, like the average CETA slot, no real job at all.\footnote{Gilder, \textit{Wealth and Poverty}, p. 168.}

Together, Murray and Gilder’s arguments provided a framework for a drastic reduction in federal social welfare provision and spending. There is evidence that the Reagan administration embraced this framework, including its punitive form of work-as-citizenship. However, there were competing interpretations of the work mandate put forward by social conservatives. Some social conservatives, like Mead and Novak, advocated retaining some social welfare benefits, but linking them with mandatory work requirements.\footnote{Mead, \textit{Beyond Entitlement}, pp. 14, 218-222; Novak, \textit{The New Consensus on Family and Welfare}, pp. 74-83. Mead calls those who want to require work as a condition of social benefits, "civic conservatives or moderates" (\textit{Beyond Entitlement}, p. 218).} A more moderate group of social conservatives, that included many Democrats, were in favor of work requirements for the poor but

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\footnote{\textit{Beyond Entitlement}, p. 218.}
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also advocated transitional assistance for the poor, emphasizing the importance of education and training. Together, both types of social conservatives helped foreclose some parts of Reagan’s harsh employment policy agenda.

Works by Lawrence M. Mead and Michael Novak show the ideological and policy framework that many social conservatives embraced, even though they were published after some of the employment policy debates during the Reagan administration were settled. Like the fiscal conservative arguments that the Reagan administration relied on, Mead and Novak proposed social policy reforms that could be traced to the liberal currents. The difference was that their conception of work-as-citizenship left greater room for government intervention than that of the strict fiscal conservatives. Requiring work from the able bodied poor was a central tenet of such social conservatives’ social and employment policy proposals. Yet, preserving federal programs and spending in order to achieve that goal was much more acceptable for these social conservatives than for fiscal conservatives.

Novak and Mead advocated increasing self-reliance among the poor, which meant adjusting the design of social welfare programs. Mead critiqued the preponderance of non-work-based benefits and asserted that the social welfare policies in the 1960s and 1970s, including employment programs like manpower training, were not in the best interests of the poor unless they also obligated participants to work. The current social policy approach, including income support as well as education and training programs, allowed many of the poor to evade necessary labor market discipline. A working seminar on “Family and American Welfare Policy” in 1987 led to a publication spearheaded by Michael Novak that closely

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resembled Mead’s assessment. Novak and the working seminar members agreed with Mead that the Great Society’s anti-poverty programs were not an adequate template for the future, and that social policy needed to include more obligations alongside benefits.

Both Mead and Novak articulated rationales for requiring work from the poor in exchange for federal benefits that reflected work-as-citizenship’s basic tenets. For example, Mead stated that “to the average American citizenship appears to entail a mix of rights and obligations, including work,” and argued that “Even more than income and opportunity, they [the poor] need to face the requirements, such as work, that true acceptance in American society requires.” Novak’s working group stated that it was important that American social policy “encourage self-reliance and responsibility,” rather than simply increasing income or employment opportunities. They further made it clear that this might mean different things for different segments of the poor, since “part of the poverty population has need of a far more penetrating compassion, directed at achieving control over their lives, the ability to cope, readiness for employment, and the like.” For Mead, creating specific governmental requirements to work was necessary because “Work, at least in low-wage jobs, no longer serves the individuals’ interest as clearly as it does society’s.” Though this was a tacit admission that low wage jobs did not always offer sufficient economic incentive to perform the work, Mead did not suggest supplementing wages, or other interventions into the labor market that would change economic incentives for individuals. In fact, he was largely indifferent to

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27 Mead was a member of the working seminar, as was Charles Murray, who had previously argued in favor of drastically limiting federal social services (Novak, The New Consensus on Family and Welfare; Murray, Losing Ground, pp. 227-228).
29 Mead, Beyond Entitlement, pp. 4, 219, emphasis in original.
31 Mead, Beyond Entitlement, p. 82.
the economic insecurity that attended such jobs and the working poor in general. Mead argued against raising the minimum wage and concluded that “the income of workers seems more closely related to their personal characteristics than to the features of their jobs.” Moreover, he claimed that “Most low-paid workers really are less productive than the more successful in the current economy.”

Novak and the working seminar also proposed reforms similar to those that Mead had laid out, including replacing “behavioral dependency” with temporary benefits and the obligation to work. However, the seminar’s conclusions also focused more on facilitating raising wage rates and the need for “full-time work, year round,” to be available for poor families than Mead, as well as using social policy to induce greater “parental assumption of responsibility.”

Like Gilder and Murray, Mead and Novak cast unemployment as largely an individual choice, not a labor market failing. According to Mead, “Jobseekers are seldom kept out of work for long by a literal lack of jobs. More often, they decline the available jobs as unsatisfactory, because of unrewarding pay and conditions.”

The working seminar concurred:

the most disturbing element among a fraction of the contemporary poor is an inability to seize opportunity even when it is available and while others around them are seizing it. Some may have work skills in the normal sense, but find it difficult to be regular, prompt, and in a sustained way attentive to their work. Their need is less for job training than for meaning and order in their lives.

As long as the problem lay with individuals who turned down available jobs, there was little reason to create policies that altered labor market dynamics. Instead,

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32 Mead, *Beyond Entitlement*, pp. 51, emphasis in original, 84.
34 Mead, *Beyond Entitlement*, p. 69.
Mead proposed that the federal government could institute “standards” and “assert obligations” through programs like the Work Incentive Program for welfare recipients that required and *encouraged* work. Mead was also adamant that it was not reasonable for the poor on welfare to hold out for “‘good’ jobs that recipients wanted to take.”

There was clearly a great deal of overlap between the policy changes advocated by social conservatives like Mead and Novak and those that fiscal conservatives like Murray and Gilder wanted. The key distinction between these social conservatives’ vision and fiscal conservatives’ policy proposals was in the acceptable size of the welfare state. Mead contended that

> What undermines the economy is not so much the burden on the private sector as the message government programs have given that hard work in available jobs is no longer required of Americans. The main problem with the welfare state is not its size but its permissiveness.

Similarly, Novak and the working seminar members supported using government institutions to foster work output and greater independence among the poor, though given the diversity of opinion among its members, the particulars were left somewhat open ended.

Over his two terms, Reagan succeeded in passing a massive tax cut, changing the Unemployment Insurance program, and changing federal eligibility standards for the AFDC program that resulted in spending reductions of around 12% or roughly $1.2 billion in 1982. However, he only achieved part of his agenda for manpower training, the EITC, and welfare reform, and some of his tax policy changes were not completely realized.

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37 Mead, *Beyond Entitlement*, p. 3.
was rolled back. Reagan terminated the Comprehensive Employment and Training Act’s (CETA) public service employment program in 1981. But, rather than eliminating manpower training altogether as Reagan would have preferred, CETA was replaced with a new manpower training program. The 1982 Job Training and Partnership Act (JTPA) reflected compromise between the Reagan administration’s fiscal conservatives, who wanted to eliminate job training altogether, and social conservatives in Congress, who successfully argued that in the midst of an ongoing recession the government needed to help the unemployed transition into the labor force. The new, much smaller, program offered only targeted, short-term training, and because it was perennially underfunded, the JTPA served a tiny proportion of those eligible for participation. In another example of such political trade-off, the 1982 Tax Equity and Fiscal Responsibility Act, which the Reagan administration opposed, reversed some of the 1981 tax cut’s provisions, though it also included changes to Unemployment Insurance that the administration had sought.

This tension between the Reagan administration’s strict fiscal conservative vision and the more moderate agendas pursued by social conservatives and Democrats continued to play out in Reagan’s second term. In 1986 the Reagan administration made another significant concession; the 1986 Tax Reform Act included a significant expansion to the Earned Income Tax Credit which was a positive work incentive for the working poor. Similarly, though the 1988 Family Support Act (FSA) added some work requirements to welfare, it also included work incentives. This pattern of policy settlement persisted through George H. W. Bush’s

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term in office, though there were fewer examples of major employment policies either proposed or enacted between 1989 and 1993.

**Giving Market Forces Free Reign**

After taking office, the Reagan administration quickly moved to implement key parts of its neoliberal agenda through the 1981 budget reconciliation process. Reagan’s administration achieved a series of tax cuts, and spending cuts on employment and social policy programs in 1981, but there was also evidence that more moderate versions of work-as-citizenship prevented the full enactment of Reagan’s employment policy agenda, even in 1981. Social conservative and Democratic arguments in favor of some governmental protections for the economically insecure were strengthened by the ongoing economic recession. The recession had created economic distress among major sectors of the population, but especially for those at or below the poverty line. Between 1979 and 1980 there was a significant decline in real income, earned income was less equally distributed, and though the unemployment rate was on the rise, most poor families were headed by at least one worker.

Though such increasing income inequality was not seen as a serious economic or social problem within Reagan’s administration, it merited at least

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some attention from social conservatives and moderates in Congress.

Two major pieces of legislation advanced Reagan’s economic and employment policy agenda in 1981: the Omnibus Budget Reconciliation Act (OBRA) and the Economic Recovery Tax Act (ERTA). Though the Reagan administration achieved many of their goals with these two bills, the legislative debate and final policy outcome provide evidence that some parts of the administration’s employment agenda bumped up against social conservatives’ and Democrats’ less extreme conceptions of work-as-citizenship. The 1981 OBRA, which outlined the administration’s budget, cut CETA’s public service employment program, reduced effective benefits for Unemployment Insurance, and slashed both benefits and eligibility for Aid to Families with Dependent Children (AFDC).\footnote{“Preliminary Summary of the Omnibus Reconciliation Act of 1981, H.R. 3982, Folder: August 13, 1981 [H.R. 3982] 1 of 6, Bill Reports, OBRA, Executive Clerk Files, RWRL, pp. 4, 10. \footnote{Bertram, The Workfare State, pp. 137-138.} \footnote{U.S. House of Representatives, “Report of the Committee on Ways and Means on H.R. 4242, together with Additional, Minority, and Additional Dissenting Views,” July 24, 1981, Folder: 08/13/9981, H.R. 4242 (3 of 4), Box 3, H.R. 4242 ERTA, Executive Clerk Files, Bill Reports, RWRL, pp. 56, 274-279.}} However, the Reagan administration’s mandatory work requirements for AFDC recipients were removed from OBRA’s final form. ERTA, also known as the “Kemp-Roth” tax cut lowered the marginal tax rate for individuals and corporations. Since ERTA did not include an increase in the EITC, it brought little tax relief to the working poor.\footnote{Bertram, The Workfare State, pp. 137-138.} Yet, there were a few provisions in ERTA that helped low-income workers and some of the unemployed poor.\footnote{U.S. House of Representatives, “Report of the Committee on Ways and Means on H.R. 4242, together with Additional, Minority, and Additional Dissenting Views,” July 24, 1981, Folder: 08/13/9981, H.R. 4242 (3 of 4), Box 3, H.R. 4242 ERTA, Executive Clerk Files, Bill Reports, RWRL, pp. 56, 274-279.} In combination, the loss of the administration’s proposed work requirements for AFDC recipients, the resistance from both Democrats and business interests to Reagan’s proposed Unemployment Insurance cuts, and the unsuccessful effort to include an EITC increase under ERTA, showed that a more moderate version of work-as-citizenship was competing with Reagan’s harsher in-
interpetation of the liberal current.

1981 OBRA’s Assault on CETA

One of the Reagan administration’s principal targets for spending cuts under 1981 OBRA was the Comprehensive Employment and Training Act.\(^{47}\) The administration’s goal of dramatically reducing federal domestic expenditures provided an important motivation to alter or even eliminate the existing federal training program. In 1980 the program had an annual budget of $9 billion that provided 4.8 million people with access to programs including public service employment, on-the-job training, vocational rehabilitation, work experience and institutional training.\(^{48}\) However, David Stockman, Reagan’s Director of the Office of Management and Budget (OMB) – and the self-acknowledged architect behind Reagan’s domestic spending cuts – also stated that the spending cuts “could be sized modestly or massively, depending on what was required to make everything else add up.” Thus, though CETA was not actually a particularly large piece of the domestic budget, the training program and particularly its’ public service employment program were singled out by the administration because they were the wrong approach to unemployment. Stockman himself referred to CETA’s public jobs program as a “boondoggle” and “make-work” program, and dismissed the rest of CETA as “job-training-related excesses.” Based on an ideological framework that took individual responsibility for finding work to an extreme, and conceived of

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federal intervention in the labor market as the height of “injustice.” Stockman and the rest of Reagan’s domestic policy advisors were determined to curtail and eventually terminate CETA.⁴⁹ In 1981 the Reagan administration proposed eliminating CETA’s public service employment program, accompanied deep cuts to the rest of CETA’s training budget. As they pursued and defended these plans, Reagan and his policy advisors demonstrated that they were willing to discount evidence that suggested alternative approaches.

The National Commission for Employment Policy’s 1980 annual report had linked increased spending on employment policy to labor market inadequacy: “budget outlays for employment and training programs have continued to increase, with much of the expansion due to the growth of public service employment (PSE) to offset the weak private sector demand for labor.”⁵⁰ The Reagan administration argued that this was the wrong solution to high unemployment, based on a faulty diagnosis. Unemployment and inflation were spurred by the rapid growth in new entrants into the labor market in the 1970s, but the core problem with the economy and the labor market was the burden of big government with all of its income transfer programs.⁵¹ Determined to place responsibility with government and the


unemployed themselves, Reagan’s policy advisors focused on the way that CETA’s public service employment program and stipends for trainees had functioned as income transfers that dampened the incentive to find private sector work.

With 1981 OBRA’s passage, CETA’s public jobs program was officially ended, and CETA’s remaining funding was cut by 60%. The program was allowed to expire in September 1982. As an employment and training program implemented to reduce high unemployment, CETA constituted an intervention into the labor market, though it had been designed with some deference to the liberal currents’ dictates. Unlike the 1930s work relief programs, or the Emergency Employment Act of 1971, CETA used public-private partnerships to create subsidized work and training positions. Federal funds were distributed to local Prime Sponsors who managed the actual programs. Started in 1973 as a counter-cyclical unemployment program aimed at displaced aircraft workers, after amendments in 1978, CETA was instead supposed to provide the disadvantaged segment of the unemployed with useful work experience that would enable them to eventually find a stable footing in the private labor market. This was particularly problematic since even CETA’s private sector training programs were aimed at a population that might need years of remedial education and training before they possessed the qualifications necessary to enter the private labor market on their own. Smacking of welfare-like income maintenance, CETA’s training programs also included stipends for trainees.


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Reagan’s interest in wholly eliminating CETA was in line with his punitive version of work-as-citizenship, but his stance on CETA’s public service employment program could have been little more than a return to the liberal currents’ pre-1970s boundary condition that generally prohibited public jobs programs. What makes even this policy goal striking, though, and shows that it too derived from Reagan’s new interpretation of the liberal currents, is that Reagan was prepared to use his executive authority to immediately stop spending on the public jobs program even though the national unemployment rate was upwards of 7%. While waiting for the budget legislation that officially eliminated CETA’s public service employment program to make its way through Congress, Reagan issued an executive order that restricted CETA to “[emphasizing] training for private sector jobs.” The administration knew that the short term effect of terminating the “300,000 hard to employ disadvantaged currently in CETA PSE jobs” was an increase in unemployment, since laying off the participants would “[decrease] their chances to find permanent employment.” Budget savings provide a partial explanation for the administration’s actions against the public service employment program. Reagan’s domestic policy advisors expected that diverting funds away from PSE would save $4.6 billion in 1982. But even without public service employment, CETA and other employment and training programs amounted to expected appropriations of more than $6 billion in 1982. Such expenditures were

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56. Larry Matlack to Mel Bradley, “Fact Papers on CETA,” May 12, 1981, Folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Files, RWRL, pp. 2.
also objectionable, both from a budgetary standpoint, and in light of Reagan's punitive version of work-as-citizenship, however, public service employment most directly challenged the liberal currents’ longstanding perspective that the private sector, rather than the government, should provide employment.

In the early 1980s CETA faced critiques on a number of fronts. While some of the program’s articulated problems constituted legitimate grounds for reform, the Reagan administration deployed every piece of data that could be construed negatively as part of its attack on the program, but ignored more optimistic findings and interpretations of the data that identified flaws in the labor market. This type of selective recognition of information suggests that the administration’s ideological lenses were filtering out evidence that contradicted the pre-determined policy agenda.57 The main charges leveled against CETA included its increasing administrative complexity; examples of fraud by localities granted funds for training under CETA; and misuse of funds by local governments substituting public service employment positions for existing positions as a cost-saving measure. In addition, the public service employment program was vilified because of its high cost relative to other training measures, and its relatively low job placement rate for participants.58 The Reagan administration’s internal correspondence and public statements about CETA in 1981 demonstrate that the case they mounted against

CETA was based on a filtered reading of the available evidence, in order to justify an ideologically grounded goal of reducing income support programs for workers and non-workers alike. A similar set of biases also influenced the employment policy instruments that the Reagan administration supported as replacements for CETA, namely the JTPA and the Targeted Jobs Tax Credit; these examples will be covered in a later section.

Some of CETA’s bad reputation stemmed simply from CETA’s complicated mandate to serve the disadvantaged while also performing useful work all in a context of limited State and local funds. Documented incidences of fraud, waste, and substitution in public service employment programs were serious blemishes on CETA’s reputation, and much of the program’s growing administrative burden in the late 1970s grew out of attempts to fix perceived issues with the program. Before 1976, the DOL estimated that as much as 50-60% of public service positions were used to fill regular State and local jobs that should have been filled anyway through the standard maintenance of effort clause, and CETA was thus amended to try and prevent this substitution. Other accounts, which were readily available to the administration, challenged such dire conclusions. For example, the Brookings Institute published findings that as little as 18% of CETA’s public service jobs constituted substitutions, since their study did not count as substitutions the jobs that cities would have cut due to inadequate revenue from regular sources. Gary Mucciaroni contends that the most damning evidence

60 Department of Labor, “Fact Sheet, CETA: Phase out of Public Service Jobs,” undated circa 1981, Folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Files, RWRL, p. 1.
against public service employment was actually gathered in studies of the 1971 Emergency Employment Act, and not CETA’s public jobs program.\textsuperscript{62} Regardless of the reality, eliminating the potential for substitution and fraud under CETA was important, and a difficult endeavor in itself. Successive amendments added more restrictions and requirements to CETA programs in order to target different groups and prevent substitution and “creaming” (selecting the most qualified participants for training or job placement and devoting fewer resources to those less prepared for the labor market). While creaming could help boost a program’s success rate, it left the population most unlikely to succeed on their own with less assistance.\textsuperscript{63} For example, creaming was a big problem in the Job Search program.\textsuperscript{64}

Amendments to CETA in 1976 and 1978 also attempted to restrict the public service employment programs to the disadvantaged, with some unanticipated results. Since CETA public service employment funds were functioning as revenue sharing for cities strapped for cash, the focus on the disadvantaged challenged cities’ ability to provide basic services that required workers with specialized skills. Burt Barnow argues that after 1976, CETA Prime Sponsors were in a tight spot: “If they hired qualified workers and had them perform useful work, they were

accused of engaging in fiscal substitution; if they hired severely disadvantaged workers who were not as productive as the regular labor force, they were accused of operating wasteful programs.” According to Barnow, as CETA was more fully directed at the disadvantaged after the 1978 amendments, many Prime Sponsors lost interest. 65 The NCEP explains why, reporting that after 1978 “many sponsors were having difficulty meeting restrictive wage levels, particularly in areas where most wages are high, and, in some cases, found it hard to develop jobs requiring the level of skill possessed by disadvantaged applicants who now make up the majority of persons eligible for PSE [public service employment] positions.” 66 The Reagan administration was not swayed by this larger economic and labor market context. Fraud, waste, and abuse were not flaws in the public service employment program, but rather, along with its tendency to create a dangerous sense of entitlement among recipients, the fundamental essence of the program. 67

Reagan’s economic and domestic policy team charged that CETA’s public service employment program was generating a sense of entitlement. However, this attack conveniently disregarded the fact – though it was clearly known to the administration – that there were actually safeguards built in to CETA to prevent its benefits from becoming a permanent replacement for private sector work. For example, in deference to longstanding distaste for permanent public employment,

the public service employment program had a built-in 18-month time limit for participation.\footnote{68}

The Reagan administration also railed against what it considered the exorbitant cost per participant of CETA’s public jobs program, which was topped off by the program’s indifferent success rate. Yet coming to such conclusions entailed a selective evaluation of the available data on the public jobs program. As justification for phasing out the public service employment program, the administration pointed out that the public employment program cost two to three times as much per participant as CETA’s other training programs, and for less apparent benefit. The public jobs program’s rate of placing participants in private sector jobs was 34%, whereas for the other training programs it was 41%.\footnote{69} Even more noticeable than this 7% disparity, neither of these placement rates was very impressive. It is important to keep in mind, though, that numerous external factors affected CETA participants’ job search efforts. Labor market changes, including unprecedented influxes of new labor market entrants in the preceding 20 years, and a significant growth in part-time low-wage service jobs had made steady jobs harder to find.\footnote{70}

In addition, half of CETA’s enrollees had less than a high school education, and so needed significant education and training to start being attractive to employers.\footnote{71}

\footnote{68} Larry Matlak to Mel Bradley, “Fact Papers on CETA,” May 12, 1981, folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Papers, RWRL, p. 2.

\footnote{69} Department of Labor, “Fact Sheet, CETA: Phase out of Public Service Jobs,” undated circa 1981, Folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Files, RWRL, p. 1.


\footnote{71} Department of Labor, “Fact Sheet, CETA: Phase out of Public Service Jobs,” undated, Folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Files, RWRL, p.
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Furthermore, employment policy experts asserted that public service employment was a fairly cost effective program, and that limited funding for training programs was a key factor constraining their efficacy at lowering unemployment. While such arguments could have served as a basis for an increase in CETA’s funding, the Reagan administration continued to disregard evidence that pointed to either fundamental labor market inadequacies – meaning labor market problems that economic growth would not necessarily affect – or to an increase rather than a decrease in federal spending on such programs. Nor was program efficacy the primary motivation for the Reagan administration’s assault on CETA. In 1981 they cut funding for on-the-job training, arguably the most successful of CETA’s training programs.


Recognizing how the Reagan administration’s perspective on CETA was influenced by its narrow interpretation of the liberal currents is a useful supplement to existing scholarly work on CETA’s rise and fall. Margaret Weir asserts that CETA’s downfall was due to three primarily institutional issues: the Department of Labor’s inadequate oversight over CETA’s fast-growing public service employment program, the financial crises cities were facing in the late 1970s that induced them to use CETA positions to replace regular civil service jobs, and CETA’s 1978 redirection at the poor which weakened its institutional support. At the root of all three factors that Weir enumerates is the public service employment program. However, I have shown that it was not just the specific controversies that arose over corruption or misuse of public service employment that motivated the Reagan administration’s attack on CETA. Rather, the program in general, and public service employment especially, was fundamentally incompatible with Reagan’s punitive approach to employment policy. Weir also uses state capacity as an explanation; Reagan’s employment policy agenda was compatible with limited state capacity. By contrast, I contend that capacity was not the whole of the story, particularly since Reagan had to lobby successfully for the reduction of government capacity in order to achieve his employment policy goals. Weir is right that Reagan’s approach required less from government institutions, but his proposals derived as much from an ideological and economic perspective that cast employment programs as labor market obstacles, as from evidence that the government was incapable of administering such programs. Reagan’s three immediate presidential predecessors, hailing from both political parties, had signed legislation creating or increasing public service employment as a response to high

75 Weir, Politics and Jobs, p. 171.
unemployment, while Reagan proposed discontinuing that whole approach. Reagan’s rhetoric suggested that the federal government had been all too successful in establishing institutional structures for intervention. The problem, Reagan argued, lay in the method, the concentration of power in the federal government and the damage that domestic spending did to business confidence.\footnote{76} Reagan’s strict fiscal conservatism on domestic spending constituted a shift in direction for employment policy, but it was a shift that built on past policy victories against public service employment.

In addition, the cogency of Reagan’s ideas suggests the need for inquiry into what persuaded Congress to agree to so dramatically scale back employment policy spending in the midst of a recession. I argue that a combination of political and ideological factors helped Reagan secure the necessary support in Congress. OMB Director David Stockman demonstrated great political acumen in maneuvering the budget reconciliation bill through Congress.\footnote{77} Cutting the public service employment program and scaling back the training budget also fit in with the liberal currents’ longstanding policy preference of limited government intervention into the labor market. So, even though there were economic circumstances that might have justified continued intervention through public employment, Reagan had a half-century of employment policy precedents weighing against continuing the public service employment program. As the discussion of the JTPA will show, Reagan had a harder time achieving his goal of eliminating manpower training altogether. Not coincidentally, that goal was also beyond the liberal currents’ borders, not because it represented an overly expansive government program, but

\footnote{76} “The belief that government, particularly the Federal Government, has the answer to our ills” was the root of both inflation and rising unemployment (Ronald Reagan, Governor of California, Speech, September 26, 1975, Folder: Employment, OA 9582, Robert Carleson Files, RWRL, pp. 1-2).  

\footnote{77} Pierson, \textit{Dismantling the Welfare State?}, pp. 51.
because it was overly punitive.

Gary Mucciaroni’s analysis of CETA’s demise provides a number of useful insights, particularly into the institutional and political problems that helped bring it down. He points out intrinsic problems within CETA’s framework, including incompatibility between the following objectives: combating structural unemployment, reducing countercyclical unemployment, providing revenue sharing for local governments, and decentralizing control over the program.\textsuperscript{78} Elsewhere Mucciaroni calls Reagan’s the “most ideologically conservative” administration “in fifty years,” and suggests that it was nearly a foregone conclusion that CETA would perish once he took office.\textsuperscript{79} Though Mucciaroni is using ideology in its more common partisan political definition and many of his conclusions about CETA are focused on its institutional contradictions or the failure of particular policy ideas, his discussion of CETA also provides evidence that supports my argument that the liberal currents served as an enduring constraint on employment policy. For example, he points out that in the mid-1970s Republicans in Congress were the most vociferous supporters of public service employment being limited to the disadvantaged, since they saw it as an alternative to welfare. By contrast counter-cyclical public service employment was aiding a population that Congressional Republicans thought could find jobs on their own.\textsuperscript{80} In order to pursue his punitive approach to employment policy, Reagan had to convince such conservatives to jettison such work-incentive measures. The difficulty of this endeavor was demonstrated by the successive compromises Reagan had to make on both manpower training and welfare reform. In addition, Mucciaroni draws attention to the fact that CETA’s improving statistical record was not enough to save the

\textsuperscript{78} Mucciaroni, \textit{The Political Failure of Employment Policy, 1945-1982}, pp. 185-186.
\textsuperscript{79} Mucciaroni, \textit{The Political Failure of Employment Policy, 1945-1982}, p. 92.
Scaling Back Unemployment Insurance

Unemployment Insurance was also slated for programmatic changes by the Reagan administration under the 1981 OBRA, and emerged from the reconciliation process with its extended benefits programs substantially altered. The fact that Unemployment Insurance, a program that was in largely in accord with earlier interpretations of the liberal currents, became a target for the Reagan administration indicates the narrow confines of Reagan’s employment policy approach. Unemployment Insurance, a joint federal-state program had since 1935 provided an insurance-type benefit to workers who were involuntarily unemployed. It was seen as both a protection for workers and their families during unplanned periods of unemployment, and an automatic economic stabilizer, since during an economic downturn payments through Unemployment Insurance would automatically increase as the unemployment rate rose. Reagan’s administration, though, adopted the view advanced by some labor economists that Unemployment Insurance, particularly the extended benefits provision, actually drove up the unemployment rate during economic declines “by reducing the incentive for claimants to look for another job until after the benefit payments are exhausted.” Conservatives believed that Unemployment Insurance functioned as a costly work disincentive and blocked essential labor market forces, rather than as a benign insurance program for deserving workers. The Reagan administration declared that those un-

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82 Some segments of the labor market were excluded from Unemployment Insurance including: newly employed workers, part-time workers, and those who were only employed for short periods of time.
employed beyond the standard 13 weeks were choosing not to accept work, rather than unable to find work.83

The Reagan administration sought and achieved three main changes to Unemployment Insurance in 1981: eliminating the national trigger for extended Unemployment Insurance benefits; increasing the local unemployment rate that triggered extended benefits in States; and limiting eligibility for extended benefits to those workers who had worked at least twenty weeks or the equivalent in wages.84 In addition, the administration advocated altering the calculation formula for extended benefits by excluding current extended benefit claimants from the unemployment rate that was used to determine further extended benefits.85 Though holding individuals responsible for their labor market status rather than conceding that the labor market might be failing to provide job-seekers with employment was generally in accordance with the liberal boundary condition on employment policy, the Reagan administration’s attack on Unemployment Insurance was fairly unprecedented and demonstrated an extreme application of the currents’ policy prescriptions. After this success with the 1981 OBRA, the administration pursued other changes to Unemployment Insurance that also reflected this negative view of the program as a work disincentive.


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Using 1981 OBRA to Deter Welfare Participation

In the 1960s and 1970s policymakers had started to blur the lines between employment policy and “welfare” programs (income maintenance for non-workers). Both work incentives – which included earnings disregards and deductions for work-related expenses like child care, transportation, and clothes – and work requirements – which included participation in education and job training programs, work experience programs – were increasingly incorporated as a condition of AFDC benefits.\(^86\) Building on this foundation, Reagan’s administration also saw welfare as essentially an employment program and sought to eradicate the non-work-based entitlement that had originally characterized AFDC. The vision for welfare reform embraced by Reagan went much further, though, than previous amendments that promoted work among AFDC recipients. Under the 1981 OBRA, Reagan’s administration proposed reforms that would *deter* participation in AFDC, for both the working and non-working poor.\(^87\) To Reagan’s domestic policy team, incentivizing welfare recipients to work was not the government’s job, and existing provisions in AFDC that encouraged low-income workers to combine work and welfare were counter productive. Rather than building on the existing framework of government programs that actively facilitated the transition to work, Reagan’s team advocated punitive measures to make welfare less appealing to the poor, which they argued would force current and future welfare recipients to find private sector employment, and save the government significant fiscal outlays in


The policy changes that Reagan proposed to AFDC under the 1981 OBRA were on three main fronts: tightening eligibility standards to exclude more of the working poor; jettisoning the earnings disregard and limiting work-related deductions; and mandatory work requirements for all welfare recipients.\(^{88}\)

There is abundant analysis of the negative effects on poor families, especially poor single mothers, that ensued from Reagan’s efforts to amend AFDC.\(^{89}\) Here I explore how Reagan’s welfare reform proposals in the 1981 OBRA were related to the liberal currents. More specifically, Reagan’s welfare reform agenda exhibited a punitive take on work-as-citizenship. In pursuit of this extreme version of individual responsibility for obtaining work, Reagan’s 1981 reforms removed a number of established government supports for welfare recipients. However, 1981 OBRA also demonstrated a new limit on the liberal currents’ boundary condition on employment policy. Social conservatives espousing a less extreme version of work-as-citizenship, along with Democrats who pushed for more supportive work-transition policies, resisted Reagan’s mandatory work requirements both in Congress and at the State level. This signaled that Reagan’s harsh employment policy agenda had not wholly displaced a more expansive conception of the government’s responsibility to assist the economically insecure, and presaged more


struggles over such policies during the rest of Reagan’s term.

The program modifications that Reagan achieved for AFDC in 1981 included: limiting eligibility for AFDC, reducing the earnings disregard and work related expense deductions for participants, eliminating “duplication” in benefits from other programs like Food Stamps, and increasing State latitude to impose work requirements for welfare recipients. Accompanying these changes to AFDC were eligibility reductions and cuts to Food Stamps and Medicaid, both programs that were tied to AFDC eligibility. For OMB Director Stockman the economic plan was a principal motivation for the changes to AFDC, Food Stamps, and Medicaid. The domestic spending cuts were supposed to fund the massive tax cut that was the keystone of the supply-side economic approach. Reducing eligibility to shrink the welfare rolls, restricting the size of grants made to the working poor, and the Food Stamp and Medicaid changes all constituted considerable potential savings for the federal government. These measures, like the administration’s proposed mandatory work requirements, also fit with the administration’s stringent stance on employment policy. Having decided it was not politically expedient to propose abolishing AFDC altogether, Stockman and others in the administration justified

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the cuts to AFDC as fundamentally in line with the individual responsibility to obtain work. This narrow reading of work-as-citizenship denied that the government should step in to provide income support for low-wage workers; it was better for them to sink or swim on their own.\textsuperscript{94} Moreover, the administration pointed out that low-income workers that combined welfare with work had more disposable income than similar workers who were not on AFDC. By reducing AFDC eligibility among the working-poor, the proposed changes would even the playing field for low-income workers.\textsuperscript{95} The Reagan administration also launched a new variation on the poverty as pathology narrative as part of its efforts to discredit welfare recipients. AFDC warranted reform to eradicate abuse amongst recipients.\textsuperscript{96} Reagan’s advisors recognized that highlighting abuse in AFDC would further weaken support for the program, and they did so, with little care given to documenting how representative individual cases of abuse actually were. One such story, about a supposed “welfare queen,” grossly distorted a documented example of fraud, but managed to find a permanent place in welfare policy discussion.\textsuperscript{97} Facts were less resonant than purported example of a welfare recipient taking advantage of a flawed welfare system.\textsuperscript{98}

Though both the existing work incentives and Reagan’s proposals to abolish them reflected the core tenets of work-as-citizenship, Reagan’s version of the mandate to work was much harsher. First enacted in the 1960s, the earnings disregard


\textsuperscript{95} Joe and Rogers, \textit{By the Few For the Few}, p. 46. This was the opposite of what Nixon had proposed with the FAP, since the FAP would have provided a guaranteed income to the working and non-working poor.


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and work related expense deductions were intended to incentivize work for AFDC recipients by allowing them to keep some earned income without their AFDC benefits being reduced. Since AFDC was a means-tested program, without these exclusions, recipients’ earnings essentially faced a 100% marginal tax rate.\(^98\) To remedy this, and cushion the transition into the working world, AFDC did not count the first $30 earned plus 30% of the remaining income and allowed deductions for certain work-incurred expenses. The administration argued that these benefits were too generous and encouraged welfare over private work. Contesting the administration’s claims that welfare recipients were being convinced not to work was evidence that AFDC recipients wanted to work. Reagan’s domestic policy advisers knew that low-income AFDC recipients generally reported interest in becoming self-supporting, but such recipients also stated that they had trouble overcoming key obstacles on their own including: lack of job information, day care, transportation and skills training.\(^99\) The fact that all of OBRA’s changes threatened access to those resources was not a reason for concern since the administration had decided that such supports were implicitly work-disincentives. Furthermore, decreasing or eliminating these work incentives would not function as a work disincentive as long as a mandatory work requirement was added to AFDC.\(^100\)

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On this last front the administration was not entirely successful. Congressional support for policies that aligned with the more moderate versions of work-as-citizenship espoused by social conservatives and Democrats blocked some of Reagan’s punitive measures. The mandatory work requirement was removed from 1981 OBRA by the Senate Finance Committee.\textsuperscript{101} Instead of imposing a nation-wide set of work requirements, the final version of OBRA 1981 merely gave States greater latitude in administering work requirements for welfare recipients, while also preserving States’ ability to implement work incentive programs.\textsuperscript{102} Reagan was also unable to turn AFDC into a block grant that States would administer in 1981. The administration had argued that the status quo left great potential for AFDC’s future costs to continue to grow, while block grants promised caps on federal funds. The block grant proposal also pointed to the Reagan administration’s ultimate agenda for welfare: termination. Block grants would have changed welfare from a federal entitlement into a State option. However, though more than 50 other categorical programs were consolidated into 9 block grants to States under 1981 OBRA, AFDC itself remained a joint federal-state program.\textsuperscript{103}

In addition, there is evidence that the more moderate version of work-as-citizenship advocated by social conservatives held sway at the State level as well.

\textsuperscript{101} Pierson, \textit{Dismantling the Welfare State}, p. 117.


Many of the administration’s desired changes to AFDC were effectively undone at the State level. More than half the States changed their eligibility and benefit structures after 1981 OBRA was passed in order to allow more of the working poor to stay on the welfare rolls or avoid drastic reductions in their AFDC grants. By adjusting their need standards, these States ensured that many welfare recipients with earned income remained eligible for benefits. As a result, the welfare caseload did not go down as much as the administration had intended, nor did federal spending on AFDC decline by very much. Moreover, spending on AFDC started to increase again in the mid 1980s.\textsuperscript{104} The incomplete implementation of Reagan’s welfare reform agenda highlights the divide between his punitive fiscal conservative conception of the work mandate, and the social conservative interpretation of the importance of work. While social conservatives sought to reconcile what Tom Joe and Cheryl Rogers refer to as the “welfare conundrum” or “the fact that it is relatively costly to provide both adequate benefits to nonworker and an adequate work incentive for workers,”\textsuperscript{105} Reagan’s sharply limited employment policy agenda meant that there was no conundrum. Cutting benefits to workers and emphasizing the individual responsibility to obtain work obviated the need for the government to more actively incentivize work effort among the poor. The Reagan administration continued to vilify the working poor who received welfare. In early 1982 David Stockman stated: “These provisions have the effect of continuing to provide a wide range of cash and in-kind assistance programs to families who decide to work. The result is that working welfare families are almost always better off than those employed in the same job who have never been on welfare.”\textsuperscript{106}

\textsuperscript{104} Joe and Rogers, \textit{By the Few For the Few}, pp. 22, 62-66, 94-96.

\textsuperscript{105} Joe and Rogers, \textit{By the Few For the Few}, p. 190.

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Cutting Marginal Tax Rates


The Senate Finance Committee argued that the tax bill’s “significant multi-year tax reductions” would “help upgrade the nation’s industrial base, stimulate productivity and innovation throughout the economy, lower personal tax burdens, and restrain the growth of the Federal Government.”\footnote{Senate Finance Committee Report, “II. General Reasons for the Bill,” Folder: 08/13/1981 H.R. 4242 (2 of 4), Box 3, Bill Reports, OBRA, Executive Clerk Files, RWRL, p. 11.)

Like tax cuts in the 1960s and 1970s, ERTA reinforced the private sector rather than the government as the main driver of economic growth,\footnote{Though admissions by Reagan’s Director of the Office of Management and Budget suggest that the administration saw an increase in defense spending as an important part of their overall economic plan (Stockman, The Triumph of Politics, p. 8).} and thus complemented labor-market anti-statism. Unsurprisingly, given the Reagan administration’s position that reducing economic insecurity was not a government responsibility, ERTA did little for the working poor, and nothing for those with
Democrats in the House of Representatives wanted to amend ERTA to include a 1% increase to the EITC that would be gradually phased out as a worker’s income increased. The EITC had previously achieved bipartisan support, and the proposed expansion would help make sure that the working poor’s marginal tax rate also increased. However, the Reagan administration did not agree to incorporate the EITC expansion into revised versions of the bill, and decried other democratic amendments “redistribute income” as dangerous provisions that threatened the tax cut’s economic goals. In the end, the increase was not part of the final bill. Although fiscal conservatives arguments won the day with the EITC in 1981, ERTA did include a few small additions that fit under a more moderate version of work-as-citizenship. ERTA increased the child and dependent care credit, which served as a work incentive for poor working families who might otherwise turn to welfare. In addition, the Targeted Jobs Tax Credit

110 Only those who had incomes high enough that they were required to pay taxes received any benefit from the rate reductions. The Council of Economic Advisors informed Reagan that for those on the lower side of the income scale, it was not clear that ERTA would do much more than offset already scheduled increases in Social Security withholding (Murray L. Wiedenbaum to the President, “Auto Workers and the Tax Cut,” December 22, 1981, Folder: ERTA of 1981: Effects [2], OA 8246, CEA Staff Records, RWRL, p. 1).


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(TJTC), which was a subsidy for employers that hired disadvantaged workers, was expanded by ERTA. Under the new provisions, employers could receive the tax credit for hiring involuntarily terminated CETA workers and public service employment workers, and AFDC recipients. Motivated by concerns that 1981 OBRA’s cuts to CETA and AFDC would drive up unemployment, this provision, admittedly a fairly minor one, reflected a conception of employment policy based on some government responsibility, rather than the administration’s more punitive employment policy agenda. 

Reagan’s Compromises on Manpower Training and Tax Policy

The economic recovery promised by the Reagan administration did not seem to materialize in 1982. Instead, the recession deepened and unemployment rose to 9.7%. The dire economic situation gave ammunition to social conservatives and Democrats in Congress who advocated rolling back some of Reagan’s tax and employment policies. As a result, in 1982 the administration agreed to both a new manpower training program and a new tax bill that modified ERTA’s tax cuts. Reagan’s administration was able to leave its mark on both pieces of legislation. The 1982 Job Training Partnership Act was substantially different from CETA, and the 1982 Tax Equity and Fiscal Responsibility Act advanced Reagan’s goals for taxing Unemployment Insurance. Thus, both the JTPA and TEFRA

RWRL, p. 56.
120 “Summary Job Training Act of 1982,” March 1, 1982, Folder: CETA, OA 6842, Robert Bonitati Files, RWRL, p. 2-4; Joseph R. Wright, Acting Director of the OMB, to the President,
provide evidence of competing employment policy visions: the administration’s harsh version and social conservatives’ more lenient approach. The compromises that the Reagan administration made on both of these fronts help delineate the contours of the inner portion of the liberal currents’ boundary on employment policy.

Restricting the JTPA

In the face of the continued economic slump in late 1981 and early 1982, the administration was unable to stick to the strict fiscal conservative policy preference to have no new manpower training program after CETA’s expiration in 1982. However, Reagan’s team successfully pushed for a number of conditions limiting the shape and scope of the new manpower program that made it more compatible with the administration’s established employment agenda. Most important from the administration’s standpoint was that any new training program not provide public service jobs or stipends to participants. The program that the administration eventually endorsed to replace CETA explicitly forbade “public service employment for the jobless.”


Harrison Donnelly, “Reagan-Backed Job Training Bill Approved,” Congressional Quarterly: Labor, October 2, 1982, Folder: C-7(a) - Department of Labor/CETA (1), OA 13331, Melvin Bradley Files, RWRL, p. 2427.
training to the disadvantaged through local Private Industry Councils, and that training would not include any stipends for participants. This would mean that, unlike CETA, trainees would receive little to no “income maintenance” during training. Furthermore, the overall funding level for the JTPA was limited and caps were put on the amount of funding that could be used to fund support services and administrative overhead. In advocating for these features, the Reagan administration demonstrated selective interest in the available evidence evaluating the relative efficacy of different manpower training programs. By foreclosing some program alternatives and substantially altering others, the JTPA came closer to conforming to the administration’s narrow employment policy agenda.

CETA’s public service employment program implicitly acknowledged that there were labor market failures underpinning unemployment, whereas training pinpointed the individual as inadequate under prevailing labor market conditions, neatly side-stepping labor-demand issues. However, the Reagan administration was not eager to increase spending on federal training efforts. At its most basic level, even job training ran counter to Reagan’s goal to eliminate government support for the economically insecure. It is worth noting that the administration’s rejection of government support for low income workers was based not on a lack of awareness of labor market problems, but rather on their fiscal and ideological priorities. Government commissioned studies indicated that – as had been the

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case in the 1960s and 1970s – the majority of families at or below the poverty line had at least one member working full time. As the unemployment rate remained high in late 1981 and through 1982, the Reagan administration agreed to endorse a new training program, but did not abandon their underlying fiscal conservative employment policy goals. So, to achieve presidential approval the JTPA had to include provisions that limited increases in domestic spending and prevented income transfers to the poor.

This helps explain much of the JTPA’s particular design and funding structure. The JTPA’s stated objective was “to improve the long-term earnings of program participants and reduce their dependence on welfare.” Coupled with the Reagan administration’s budgetary goals this created a contradictory mandate. As President Roosevelt had acknowledged in the 1930s, and the National Commission for Employment Policy reiterated in 1981, providing services to the unemployed costs more in the short-term than income transfers. However, job training for the unemployed is supposed to reap savings in the long-term when trainees become self-sufficient. However such social conservative justifications for a job training program had to contend with the Reagan administration’s dedication to limiting funding for CETA’s replacement, which negatively affected the JTPA’s ability to meet its stated goals. Similarly, the macro-economic argument that increas-


128 Raymond J. Donovan to the Cabinet Council on Economic Affairs, “Administration’s Em-

Though the Reagan administration agreed to support the new training program, the JTPA had an operating budget that was roughly 50% smaller than CETA’s,\footnote{Harrison Donnelly, “House Passes Scaled-Down Job Training Measure,” in Congressional Quarterly: Labor, August 7, 1982, Folder: C-7(a) - Department of Labor-CETA (1), OA 13331, Melvin Bradley Files, RWRL, p. 1895.} which hamstrung the new program’s ability to achieve its ostensible objective.\footnote{Lafer, The Job Training Charade, p. 10.} The JTPA’s supporters argued that less funding was needed since the new legislation specifically prohibited the expensive public service employment program and also mandated that 70% of the funds be spent on training, with only 30% available for administrative or support services. The training itself would be determined by States, and could include On-the-Job Training (OJT), institutional and classroom training, remedial education and basic skills training, and


\footnote{Harrison Donnelly, “House Passes Scaled-Down Job Training Measure,” in Congressional Quarterly: Labor, August 7, 1982, Folder: C-7(a) - Department of Labor-CETA (1), OA 13331, Melvin Bradley Files, RWRL, p. 1895.}
The JTPA also shifted the focus of government decentralization. Whereas under CETA control had been shared by the Department of Labor and local government units (Prime Sponsors), the JTPA, as a “quasi-block grant” gave considerably greater authority to States and carved out a more prominent role for private industry. Under the JTPA, Private Industry Councils, a concept borrowed from CETA, shared design control for program design with the Service Delivery Area, the new name for Prime Sponsors, and these Service Delivery Areas were determined by the governor. Though this certainly constituted a reduction in federal oversight, it is important to remember that on the most important aspects the Reagan administration was content to wield federal power: preventing public service employment and income maintenance in the new training program.

The specific nature of the job training endorsed by the JTPA indicated that demonstrated program efficacy not the main determining factor. Instead, the administration’s economic and ideological filters prevented some relevant evidence from affecting the JTPA’s design. One key example of this was the prohibition on trainee stipends. While the National Commission on Employment Policy found that stipends had a limited impact on trainee participation or their eventual success in finding a job, the Reagan administration attacked them on quite different

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134 OMB to the President, “Enrolled Bill S. 2036 Job Training Partnership Act, Sponsor, Senator Quayle (R) Indiana and 3 others,” October 5, 1982, Folder: 10/13/1982 S. 2032 (1 of 3), Box 19, Bill Reports, S. 2036 (JTPA), Executive Clerk Files, RWRL, pp. 1-2; Lafer, The Job Training Charade, 93.


136 It is worth noting that there have been a number of papers demonstrating the importance of experimental studies for evaluating program data including: Tom Fraker and Rebecca Maynard, “The adequacy of comparison group designs for evaluations for employment-related training programs,” Journal of Human Resources, 22(1987), pp. 194-227. The following discussion is based on the evaluations that were available at the time, which were not primarily experimental.

grounds. According to the administration, the problem with training stipends was that, like Unemployment Insurance, they hurt participants' incentive to search for private work.\textsuperscript{138} According to this line of reasoning, if trainees were serious about the training, and not just looking for an income transfer, then training need not provide a stipend. Since the JTPA precluded the provision of stipends, the Reagan administration managed to remove another government form of income support, thereby reinforcing its extreme interpretation of individual responsibility in the labor market.

To the extent that the Reagan administration acknowledged any issues in the labor market it was in order to strategize about preventing the resuscitation of undesirable employment policies if the high unemployment rate persisted. For example, Jack A. Gertz, Reagan's Commissioner of the National Commission for Employment Policy, worried that labor market shifts from blue-collar to white-collar jobs that the many unemployed were not qualified for could be used as leverage to bring back public service jobs.\textsuperscript{139} To be clear, the danger the administration saw was not in the labor market alterations themselves or even the resultant unemployment, but in the past record of governmental responses to such labor market changes. Such interventions would inhibit the unemployed from adapting to the new market conditions to find private, not public employment.\textsuperscript{140}


\textsuperscript{140} Even as a temporary income maintenance program, CETA was “unmanageable” and “produced trainees who could not find jobs in the private sector,” (“Job Training and Job Placements,” attached to: “NCEP Draft: Concerns for consideration in the preparation of the Annual
There were other indications that the administration’s fiscal and ideological agenda shaped the JTPA’s design and limited the application of evidence on training program performance. While the JTPA was being debated in 1982 both the Reagan administration and Congress knew that short-term training programs and job search were not very effective, yet both were key components of JTPA’s approach. The 1981 National Commission on Employment Policy report asserted that the cheaper, short-term training initiatives did not generally increase participants’ wages or employment prospects, and that the more expensive programs were actually a better investment.\textsuperscript{141} A Reagan administration summary of CETA’s problems lambasted the program’s “delivery strategies that emphasize short-term, low quality services that do little more than provide some income maintenance while the individuals are enrolled. As a result of these strategies, the accomplishments of the program, in terms of long term private sector job attachment are limited.”\textsuperscript{142} Having managed to eliminate both public service employment and trainee stipends, the JTPA’s short-term training would not constitute income maintenance, and its minimal effect on participants’ job prospects did not seem to trouble the Reagan administration. The more fundamental problem with skill-training not associated with a specific job was that there was uncertainty about whether projections about occupational openings were accurate.\textsuperscript{143}


\textsuperscript{143} Janet W. Johnston, “Section B: An Overview of Federal Employment and Training Programs,” in \textit{National Commission for Employment Policy, Sixth Annual Report: Includ...
However, acknowledging this issue would have necessitated more, not less attention to labor market activities, and so was ignored by Reagan’s team. There was also evidence that job search, routinely a component of welfare work requirement provisions, often hurt welfare recipients’ longer-term job prospects since it forced them out of more productive activities like education and training. Regardless, of such negative effects, it too was integrated into the JTPA.

In 1982 the Reagan administration also entertained proposals to extend the Targeted Jobs Tax Credit as an unemployment reduction measure, even though it had a questionable track record. The 1980 National Commission on Employment Policy report had compared public service employment to employer tax incentives for creating new jobs, like the TJTC, accurately calling them both forms of government wage subsidy. However, the report came to the opposite conclusion from the Reagan administration about the advisability of continuing or extending such tax credits. Public service employment, at around $6,000-10,000 per trainee was on its face much more expensive than the $2,100 gross tax break offered to employers for hiring new workers. But because substitution also occurred in employer wage subsidy programs, the TJTC did not actually lead to many new jobs, and actually drove up the net cost to the government per actual new job to around $4,400.


were low-wage, dead-end positions, the overall benefit to participants from such a tax program was quite low. Though the Reagan administration had little reason to object to the TJTC for creating dead-end jobs, Reagan’s advisors were also apparently unfazed by the fact that the program was plagued by the same substitution issues as CETA’s public service employment. Tax credits constituted revenue loss, but the TJTC also had the potential to undercut arguments for other more intrusive employment policies, like training subsidies or direct government job provision.

Not all available material evaluating training programs was disregarded by the JTPA’s supporters. When it provided grounds for the limited employment policy agenda that Reagan was willing to entertain, it was incorporated into the new manpower training program. On-the-Job Training, which had been shown to have the greatest positive effect on participants’ post-training earnings was allowed under the JTPA. However, the same studies that had shown that OJT and institutional training could improve participants’ job and wage prospects also concluded that public service employment induced such improvements. Public service employment tended to have a less dramatic effect on participants’ earnings than OJT, but some studies concluded that it was actually a bigger spur than that from institutional training.

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findings also provided a rationale for targeting training at the disadvantaged, since the positive impact was most noticeable for those with limited work experience at the low end of the wage spectrum.  

Yet, neither allowing OJT, nor targeting training at the disadvantaged compensated for key issues such as the JTPA’s extremely limited budget and the private sector’s disinclination to hire the target population. The increased role for Private Industry Councils under JTPA was supposed to tie the training more closely to the private sector and to further distance government from providing employment or income maintenance. But, along with the JTPA’s limited funding restricting the total number of participants from among the eligible population, one of the key issues plaguing OJT remained: private employers were not interested in hiring the disadvantaged except in very tight labor markets. Unsurprisingly, given what was already known about the flaws in its program design and funding level, JTPA had trouble moving participants into jobs. 

Previous accounts of the JTPA, such as those by Gordon Lafer and Gary Mucciaroni, have charted the differences between the JTPA and CETA and also outlined problems that attended the JTPA’s design and implementation. My


150 Lafer, The Job Training Charade, pp. 89, 92-93.


153 Lafer, The Job Training Charade, pp. 2-6; Mucciaroni, The Political Failure of Employment
analysis adds to these works not only because of its greater attention to the ideological constraints hemming in Reagan’s policy goals, but also because I show how the liberal currents’ boundary condition, reinforced by past employment policy outcomes provided a foundation for the 1980s limited, neoliberal employment policy agenda. For example, I see significant commonalities between the JTPA and 1960s employment policies, such as the Manpower Development and Training Act.

Lafer claims that prior to Reagan’s presidency there was significant attention paid to creating jobs, whereas Reagan ushered in an approach that limited employment policy to training. Mucciaroni also construes the JTPA as a break with the past. In particular, he argues that the JTPA signaled a crucial shift away from the New Deal’s employment policy paradigm. He asserts that the “MDTA was forged during a period of growing liberal confidence, the JTPA in the midst of a dispirited liberalism. Gone was the faith in the capacity of the federal government to solve major social and economic problems, which had inspired the authors of the 1960s legislation.” There are grounds for these differentiations. After all, CETA, the 1971 Emergency Employment Act, and, to a lesser extent, the War on Poverty programs had included government job creation. In addition, the MDTA, like CETA, had provided stipends during training, while the JTPA was purposefully prohibited from doing so.

Even so, Lafer and Mucciaroni overlook important programmatic similarities between MDTA and JTPA as well as key ideological continuities between 1960s “liberalism” and 1980s neoliberalism. Once the MDTA was redirected at the

\[\text{Lafer, The Job Training Charade, p. 2.}\]
\[\text{Mucciaroni, The Political Failure of Employment Policy, 1945-1982, p. 3. Note that Mucciaroni is using liberal to refer to left-leaning political ideology and agendas, not to refer to the political philosophy of liberalism.}\]
disadvantaged, most of the training offered was merely intended to get participants ready for entry level, low-wage jobs. The same is true of CETA’s training for the disadvantaged. In addition, like the job training ventures in the 1980s, the Great Society’s employment programs were never adequately funded, many of its programs were fundamentally neoliberal in design, and limited by policymakers’ bias against public service employment. The 1964 Tax Cut, which the Reagan administration happily offered as a parallel to its own tax reduction proposals, made assumptions about the low-wage sector’s ability to reduce unemployment and poverty that Reagan’s policies echoed.

Giving Ground on Taxes and Gaining Ground on Unemployment Insurance

In 1982 Reagan continued to go after Unemployment Insurance, even in the face of escalating unemployment. The commissioner of the National Commission for Employment Policy, Jack A. Gertz, made the administration’s position clear. After acknowledging that there had been significant changes in the types of available

156 Lee C. White to the President, December 4, 1963, Box 6, EX LA 2, WHCF, LBJL.
158 On President Johnson’s DOL Secretary Willard Wirtz’ support for private job creation from economic growth rather than direct government job creation, see: Chapter on Social Problems, Folder A: CEA Draft History of the War on Poverty, Legislative Background on the War on Poverty, Box 1, LBDC, LBJL, p. 5.; On problems with public works: Willard Wirtz to the President, March 11, 1964, Folder: 11/63-9/65 Labor, Box 6, EX LA 2, WHCF, LBJL; Jack Valenti to the President, November 12, 1964, Folder: 11/63-9/65 Labor, Box 6, EX LA 2, WHCF, LBJL.
jobs, including a dramatic decline in the manufacturing and extractive sectors, Gertz blamed the current 9.8% unemployment rate on recalcitrant workers. He argued that “in today’s welfare state in which gainful employment is actively discouraged, the common complaint ‘I can’t find a job’ often translates into ‘I can’t find a job at a given salary or under exact conditions I desire or had had in the past.’”\(^{160}\) In order to make Unemployment Insurance less attractive, key economic advisors in the executive branch in 1982 proposed taxing UI income, to “equalize the tax treatment of unemployment insurance benefits and earned income.”\(^ {161}\) Although taxing Unemployment Insurance benefits as income was substantially equivalent to reducing benefit levels, its characterization as a tax rather than a benefit cut was a purposeful strategic move on the part of the administration and quite significant.\(^ {162}\) To begin with, the administration suggested that by not taxing Unemployment Insurance, recipients were actually getting a better deal than their working counterparts. On the one hand, this seems like a hard case to make since an individual’s Unemployment Insurance benefits were lower than his or her previously earned wages. But, on the other hand, since Unemployment Insurance income was not being \textit{earned} through current work, taken to its logical limit, work-as-citizenship provided justification for such a tax. On this basis, the administration could argue that because benefits were taking the place of income from work, it was fair to tax them as work income was taxed. The administration eventually stopped actively pursuing the Unemployment Insurance tax proposal


\(^{162}\) In 1981 CEA Member Max Fridersdorf recommended that “We should never, in any of our papers, public or private, refer to ‘increasing the marginal tax rate’” in an entitlement program (Max Fridersdorf to Ed Meese, “Entitlements,” October 24, 1981, Folder: Entitlement 10/25/81 [binder], OA 5102, Edwin Meese Files, RWRL, pp. 1-2).
in 1982, though events in Reagan’s second term indicate that the administration did not abandon it as a goal.\textsuperscript{163}

Given Reagan’s dedication to reducing income taxes as part of his overall economic plan, this willingness to start taxing Unemployment Insurance benefits indicated that he saw a significant gulf between Unemployment Insurance and earned income. For the administration, what was more important than any potential economic stabilization from Unemployment Insurance payments was removing the government interference and work disincentive inherent in Unemployment Insurance benefits.\textsuperscript{164} Taxing Unemployment Insurance benefits was a hard sell, and had potential downsides. Both labor and business opposed it, and the administration worried that during the current climate of rising unemployment, States would simply increase benefits to compensate for the tax, which would in turn drive up payroll taxes.\textsuperscript{165}

A partial victory on Unemployment Insurance followed in 1982, though it was accompanied by a tax bill that the administration did not fully support. The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, which Reagan only reluctantly signed, was introduced in reaction to a federal revenue shortfall that


followed ERTA in 1981. The new tax bill undid some of ERTA’s tax reductions and included a “three-year $100 billion tax increase,” but Reagan’s administration managed to gain a concession on Unemployment Insurance in the final version of the bill. TEFRA included a provision to lower the tax threshold for families collecting Unemployment Insurance. Less desirable to the administration, TEFRA also granted a temporary extension in Unemployment Insurance benefits for States with high unemployment. A social insurance measure that acknowledged the negative effect of labor market deficiencies on those with limited income was thus balanced by the administration’s version of work-as-citizenship. In addition, TEFRA was made more palatable to Reagan because it generated much of its revenue increase by “adopting measures to collect taxes already owed,” rather than raising the marginal income tax rates to their pre-ERTA levels. TEFRA’s effects extended into employment policy in two more ways. It allowed States to require job search for AFDC recipients as a condition of benefits, indicating the


The growing acceptance of work requirements for welfare recipients. The tax bill also extended for two more years the Targeted Jobs Tax Credit for disadvantaged groups, the preferred alternative to direct job creation.

Social Conservatives Gain Strength

In his second term, Reagan’s limited employment policy agenda continued to be tempered to include some government support for the economically insecure, though firmly couched within the social conservative work-as-citizenship framework that mandated work as a condition of benefits. Bowing to pressure from both sides of the political aisle, the Reagan administration reversed its position on the EITC and agreed to a substantial expansion to the tax credit in 1986. The administration’s welfare reform proposals also demonstrated some acquiescence to social conservatives’ more moderate version of work-as-citizenship, without fully abandoning the administration’s earlier fiscal conservative preferences for penalties and other deterrents to current and future welfare recipients. The 1988 Family Support Act included policy changes to AFDC that largely adhered to the social conservative approach, though that was balanced by limits on funding increases.

As President, George H. W. Bush espoused an employment policy approach that was substantially similar to Reagan’s, though Bush was also induced to compromise on its policy goals. The Bush administration only reluctantly agreed to an expansion in the EITC in 1990 and resisted proposals to expand Unemployment

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**Tax Reform for the Working Poor**

The 1986 Tax Reform Act exemplified the diminished prospects for Reagan’s original, extremely narrow employment policy agenda. The legislation advanced Reagan’s tax agenda by lowering the tax rate for the highest income bracket. But it also contained the largest expansion to EITC in the program’s history, and, furthermore, indexed the tax credit to inflation. The ground that the Reagan administration gave on tax credits to the poor was also offset by the fact that the Tax Reform Act also marked the achievement of one of the Reagan administration’s longstanding goals: fully taxing Unemployment Insurance benefits.

In his public statements on the tax bill, Reagan routinely stressed two main points, which together pointed to limited movement in his economic and employment policy agendas. First, he argued that the tax reform in the bill would spur economic growth and private sector job creation, by increasing incentives for businesses to innovate and expand. This demonstrated his continued pursuit of supply-side economic policies. For example, upon signing the bill, Reagan asserted “We’ll be refueling the American growth economy with the kind of incentives that helped create record new businesses and nearly 11.7 million jobs in just

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46 months.” This lined up with his established supply-side economic approach. Reagan also linked the tax cuts with fundamental American values, showing how his free-market approach lined up with an extreme interpretation of labor-market anti-statism. Tax reform would reinforce individual freedom by protecting the fruit of individuals’ labor:

Throughout history, the oppressive hand of government has fallen most heavily on the economic life of the individuals. And more often than not, it is inflation and taxes that have undermined livelihoods and constrained their freedoms. We should not forget that this nation of ours began in a revolt against oppressive taxation. Our Founding Fathers fought not only for our political rights but also to secure the economic freedoms without which these political freedoms are no more than a shadow.\(^{176}\)

Second, Reagan reinforced the tax reform’s contribution to working families, particularly the working poor. Reagan touted the bill’s commitment to “fairness,” emphasizing the rate reductions and increases in personal exemptions that would benefit working families.\(^{177}\) This indicated a significant expansion to Reagan’s narrow employment policy agenda espoused in his first term. Only a few years


before his administration had successfully blocked a modest EITC expansion, but now Reagan embraced a much larger expansion to the program. Reagan referred to the bill as “one of the best antipoverty programs this country’s ever seen,” since “some 6 million working poor will be dropped off the rolls altogether.” Such an expression of support for the EITC expansion from the fiscally conservative Reagan administration came on the heels of criticisms that his earlier tax policies had disproportionately helped those with high incomes, while the working poor had seen an effective reduction in their income. Though there were clearly political calculations underlying this shift in policy position on the EITC, the success of Democrats’ calls for greater “fairness” – not least evidenced by Reagan’s adoption of that language to describe the bill – was yet another indication that his narrow, punitive employment policy agenda pushed up against a more moderate take on work-as-citizenship. The working poor were fulfilling their part of the social contract regarding work, and so government policy should help, not hinder their economic security.

Notably absent from Reagan’s public statements on the bill was any acknowledgment that the Reagan administration had achieved another victory with the TRA that furthered fiscal conservatives’ stringent approach to employment policy. Namely, under the Tax Reform Act all Unemployment Insurance benefits were taxed as income, regardless of the recipients’ income level.

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Further Work-Based Welfare Reforms

After 1981 OBRA, Reagan and his administration continued to pursue its goal of imposing a work requirement as a condition of all welfare benefits. Between 1986 and 1987 the Reagan administration fine-tuned its welfare reform goals, and even introduced legislation to implement this side of its’ employment policy agenda. Existing work on 1980s welfare reform has demonstrated that the growing acceptance for work-based welfare reform had largely displaced the more left-leaning approach to welfare as a non-work-based income support. However, the policy settlement that resulted in the 1988 Family Support Act also provides evidence that the liberal currents’ inner boundary on employment policy pushed back against Reagan’s strict fiscal conservative welfare reform agenda. By the time this phase of the welfare reform debate took place, the moderate social conservative vision of government support for welfare recipients’ transition to work had exerted influence on Reagan’s stringent approach to welfare reform, in addition to garnering adherents on both sides of the political aisle in Congress. Under the FSA compromise, part of the Reagan administration’s goals were achieved. The FSA expanded States’ ability to impose work requirements and introduced a work requirement into the AFDC-Unemployed Parent program, but the Reagan administration could not get Congress to agree to across-the-board work requirements, or prevent all cost increases under the reforms. In general, the FSA increased AFDC’s emphasis on work, however its package of reforms also at least minimally acknowledged the precarious situation occupied by the working and non-working poor and instituted some further government supports for such families.

Calling welfare a “narcotic,” in his 1986 State of the Union address, Reagan argued that “the success of welfare should be judged by how many of its recipients become independent of welfare.” In early 1987, the administration released an issue brief on the report, “Up From Dependency,” produced by the Low Income Opportunity Working Group, that outlined Reagan’s welfare reform strategy. The policy statement reiterated its assertion that the current welfare system “creates perverse incentives that undermine the willingness to work and become self-reliant,” and called for “those who are able to work to do so for their public assistance benefits.” The report also suggested that even after the 1981 cuts, welfare continued to be too generous: “Many welfare recipients can earn more on welfare than they can in a full-time job.” This argument about welfare benefits being higher than some full-time jobs’ wages was only meant to illustrate the perversity that had overtaken the welfare system. Given how low AFDC benefit levels were though, this comparison might also have served as a rationale for increasing the minimum wage, had the Reagan administration’s steadfast preference for labor market autonomy and less government regulation not precluded such intervention.

Reagan’s commitment to limiting federal expenditures on welfare by capping eligibility and benefit levels had not disappeared, but this fiscal conservative goal was accompanied by a greater acceptance for work experience and training programs. “Up From Dependency,” emphasized that welfare reform should be carried

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184 Bertram, The Workfare State, p. 150; Patterson, America’s Struggle against Poverty in the Twentieth Century, p. 225.
out primarily at the State and local level, rather than by the federal government, and argued that this shift would not necessitate an increase in costs. However, the report also did more to embrace the moderate social conservative vision of reducing welfare participation by facilitating welfare recipients transition to private sector employment, rather than simply mandating work without any support. For example, several of the stated goals for the State-level experimentation included using “public assistance resources on efforts to reduce future dependency on public assistance,” generating “opportunities for self-reliance through education and enterprise.” It also argued for “[making] work more rewarding than welfare” a primary goal. This last one was a somewhat ambiguous goal, since it could be achieved either by reducing benefits, or by improving low-wage work. The rest of the administration’s proposals suggested that their focus lay with the former strategy. Adopting this policy approach was not primarily guided by programmatic success, since work experience programs generally had poor results, and could even hurt the job prospects for younger participants. It did represent a way for the administration to meld its goal of requiring work from welfare recipients, with that of moderate social conservatives who wanted to provide some support and protections to welfare recipients as they entered low-wage labor markets. Eventually, the administration introduced a welfare reform bill in the House of Representatives that provided a model for bottom-up reform: the Low Income Opportunity Improvement Act.

The Family Support Act, introduced in the Senate, had much in common with the administration’s bill, though it was sponsored by New York’s Democratic Senator Daniel Patrick Moynihan (former domestic policy advisor to President Nixon and also previously a member of President Johnson’s administration). As proposed by Moynihan in 1987, the FSA would have made a number of changes to AFDC, including boosting child support enforcement, creating a new work experience and training program for welfare recipients called Job Opportunities and Basic Skills (JOBS), establishing a waiver process for States to be exempted from existing federal welfare regulations, and providing transitional Medicaid and child-care benefits to former welfare recipients. The administration did not support all of these provisions, arguing that there was not enough emphasis on “prevention of long-term dependency,” and certain program elements would likely incur greater federal costs or constitute duplication of effort with other programs. For example, Reagan’s advisors opposed the bill’s proposal to make the child care credit refundable because it was “not directly related to work-related activity programs for welfare recipients” and so would be a misuse of “scarce federal resources.” The administration also opposed the waiver authority, not because of any disagreement with the principal of State demonstration authority, but because bill’s proposal did not take waiver authority far enough. Specifically, the FSA vested the waiver approval process in the Secretary of Health and Human Services, not the newly created Low Income Opportunity Board, and did not include a comprehensive enough list of welfare programs that were eligible for the waiver process. Yet, Reagan’s domestic policy team was also willing to countenance an increase in some services that would incur a higher cost but would make the work requirement more feasible, such as expanded child-care for work experience and training...
participants with young children.

The FSA was not the only proposed alternative to the administration’s bill. In 1987, there was sustained debate in the House on an even less desirable welfare reform bill: the Family Welfare Reform Act. James Miller, Reagan’s OMB Director indicated that the president was prepared to veto the Family Welfare Reform Act because it did not substantially increase “State flexibility or community self-help.” A number of other work-based welfare reform proposals were put forward by both Republicans and Democrats in 1987, along with some welfare reform bills that would have instituted a guaranteed-income program. Charles Hobbs, one of Reagan’s Assistants, and Chairman of the Low Income Opportunity Advisory Board, worried about increasing momentum for alternative welfare reform proposals, and advocated that the administration work on a compromise bill. Hobbs further warned that the administration’s welfare reform agenda might be co-opted by those who would “reverse its thrust while giving lip service to its principles,” and restrict State experimentation while driving up costs and increasing eligibility. In order to forestall this, Hobbs urged that the administration engage in serious negotiation with Moynihan in order to arrive at a bipartisan consensus on the FSA. Those negotiations took more than a year, but in 1988, Republican amendments to the FSA grounded in the moderate social conserva-

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tive version of work-as-citizenship brought the bill closer to the administration’s goal of mandatory work requirements. The AFDC-Unemployed Parent program, which afforded benefits to qualifying two-parent families when one parent was temporarily unemployed, would impose a federal work requirement.\textsuperscript{194}

Even after this, Reagan remained intent on controlling costs and introducing stiffer work requirements, though his administration eventually agreed to a number of measures that reinforced the moderate social conservative approach to the welfare recipients’ work transition. In June 1988, the Reagan administration decried even the amended FSA as “welfare expansion, not welfare reform,” and proposed a number of amendments to the bill. This included mandatory work requirements, mandating that those of school age stay in school as condition of benefits, and increased executive authority to grant waivers to States interested in experimenting with welfare reforms that would have conflicted with existing federal laws and regulations. These proposals were backed up with the threat of a presidential veto if the legislation was not amended from its current form.\textsuperscript{195} In addition to expanding work requirements, Reagan’s team pushed to delay provisions related to Medicaid coverage and child-care assistance.\textsuperscript{196} As late as September 1988 Reagan was still warning that he would veto any welfare reform bill that did not do enough to require work.\textsuperscript{197} However, when in October Reagan signed the Family Support Act into law, the bill reflected a combination of the adminis-

\textsuperscript{194} Bertram, \textit{The Workfare State}, p. 149.
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For example, under the FSA, States were required to participate in AFDC’s Unemployed Parent program, which constituted a new entitlement, though one that now carried a work requirement. Access to Medicaid also became automatic with AFDC receipt, including for two-parent families, along with greater access to child-care assistance.\footnote{U.S. Government Publishing Office, “Public Law 100-485–Oct. 13, 1988, Family Support Act of 1988,” pp. 2385, 2393-2396; Patterson, America’s Struggle against Poverty in the Twentieth Century, p. 223-224.} The main way that the FSA sought to help welfare recipients attain greater security reflected the moderate social conservative view of work-as-citizenship, constituting a clear dilution of the administration’s early punitive work requirement agenda. JOBS, the new work experience and training program for welfare recipients, compelled AFDC recipients with children over three years old to participate in the program, but it fell short of removing all able bodied adults from the program. The new legislation required that States get at least 15% of eligible AFDC recipients enrolled in JOBS by 1993. Limited funding at the State and federal level all but precluded achievement of that target, though.\footnote{King, Actively Seeking Work?, pp. 173-176; Patterson, America’s Struggle against Poverty in the Twentieth Century, p. 223.} The FSA also allowed States to submit applications for waivers to conduct welfare demonstration projects that included imposing time limits on AFDC receipt and requiring work and training from those on AFDC, but also more supportive activities.\footnote{Bertram, The Workfare State, pp. 150; Suzanne Mettler, Dividing Citizens: Gender and Federalism in New Deal Public Policy (Ithaca: Cornell University Press, 1998), pp. 226.} Thus, though the administration had achieved a decentralized welfare reform approach, the changes implicitly allowed for both punitive

and supportive measures to reduce welfare participation rates. The administration’s biggest victory from a fiscal standpoint, limiting cost increases under the FSA and preventing any increase in overall benefit levels, was actually a punitive deterrent to welfare participation. Furthermore, since Congress never appropriated sufficient funds for States to fully implement the JOBS program, this tenuous combination of fiscal and social conservative approaches did not lead to greater income security for most AFDC recipients.\footnote{Bertram, \textit{The Workfare State}, p. 150; King, \textit{Actively Seeking Work?}, p. 190; Patterson, \textit{America’s Struggle against Poverty in the Twentieth Century}, pp. 223-225.}

**George H. W. Bush’s Employment Policies**

In his first State of the Union address, President George H. W. Bush espoused an economic and employment policy agenda that was substantially similar to Reagan’s later blend of social conservative and fiscal conservative goals. Bush targeted deficit reduction as a core goal, which meant limiting federal spending and promised that he would not raise taxes. Showing allegiance to a more supportive approach to the working poor, in his first State of the Union, Bush also reiterated his support for campaign proposal for a new child care credit for low-income working families.\footnote{George H. W. Bush, “Address on Administration Goals Before a Joint Session of Congress” February 9, 1989, online by Gerhard Peters and John T. Woolley, \textit{The American Presidency Project}, \url{http://www.presidency.ucsb.edu/ws/index.php?pid=16660}, accessed November 2, 2015. That proposal was opposed both by business and by centrist Democrats and died in Congress (Howard, \textit{The Hidden Welfare State}, p. 153).} Welfare reform continued to proceed at the State level during Bush’s presidency as his administration granted wavers for State demonstration projects, but Bush did not otherwise pursue more substantial reforms.\footnote{Bertram, \textit{The Workfare State}, pp. 153-189.}

While in office, Bush’s preference for spending restraint – which directly impacted other employment policies – was tempered both by his real commitment to deficit
reduction, and by support from both political parties for policies that helped the unemployed and the working poor based on the moderate social conservative conception of work-as-citizenship. Bush made compromises to his tax agenda in 1990, and also reluctantly extended Unemployment Insurance benefits in 1991 and 1992.

In 1990, in pursuit of deficit reduction, Bush signed budget legislation that reversed his pledge not to raise taxes. The 1990 Omnibus Budget Reconciliation Act increased the tax rate for the top income bracket while reducing tax rates for the middle class and including an additional bump in the EITC credit. Bush was very interested in limiting the federal government’s spending and in his 1990 State of the Union he had reiterated his faith that the budget could be balanced without raising taxes. However, in that address he also acknowledged the importance of rewarding work, and even argued that he sought “a better America, where there’s a job for everyone who wants one.” Lest this sound like Bush was advocating an employment guarantee, he made it clear that the way to achieve the economic and labor market growth needed to provide enough jobs was not to mandate that a job be available to “everyone who wants one,” but to balance the budget while increasing incentives for innovation.

Bush’s priority was balancing the budget, but as had been the case with

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the 1986 Tax Reform Act, both Democrats and Republicans in Congress were calling for increased economic security for the middle class and working poor. For Republicans in the late 1980s and early 1990s, as well as a new group of centrist or conservative Democrats led by the Democratic Leadership Council, increasing the EITC was preferable to raising the minimum wage. Though there were clear political motivations for this bipartisan support of policies that aided the working poor – both parties were courting the votes from this swing group – the preference for the EITC over raising the minimum wage suggests an ideological component as well. Like a minimum wage increase, expanding the EITC effectively boosted the wages of low income workers, but crucially, without imposing further regulations on the labor market. So, Bush compromised on his spending goal in a way that reinforced the moderate social conservative version of work-as-citizenship, without disrupting labor-market anti-statism’s aversion to labor market alteration.

Responding to a recession and an increase in unemployment rates for many middle-class workers with established work histories, Bush signed a bill authorizing a temporary expansion in Unemployment Insurance benefits in 1991. A few months earlier Bush had refused to authorize funding for legislation that would have temporarily extended the benefit period for Unemployment Insurance, because the spending increase was not offset by cuts elsewhere, and would therefore negatively affect the deficit. Congress then passed another Unemployment Insurance bill that Bush vetoed in October. As unemployment continued to

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rise in November, Bush relented and signed a new bill that found funding for the temporary Unemployment Insurance extension.\textsuperscript{212} Then, in February of 1992, Bush signed another temporary extension to Unemployment Insurance with much greater alacrity.\textsuperscript{213}

As with Reagan’s EITC expansion, there were clear political considerations influencing Bush, including the upcoming presidential election in 1992. At the same time, though, Bush’s employment policy concessions illustrate that his administration gradually acceded to the moderate social conservative version of work-as-citizenship. When American citizens who demonstrated their social standing through work suffered from increased economic insecurity, non-action on the part of the federal government was difficult to defend.

### Part II: Refining the Neoliberal Employment Agenda

Despite early indications that the new Democratic President, William J. Clinton, would pursue employment policy that greatly expanded the government’s role in compensating for labor market inadequacies, his domestic policy agenda actually merely modified his predecessors’ neoliberal approach. When Clinton assumed office, the economic slump of the Bush years had not yet abated and unemployment was at 7.3\%.\textsuperscript{214} Clinton subscribed to a broad pro-work agenda that had a number of different components, including making middle-class families more

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\textsuperscript{212} Cohen, *Presidential Responsiveness and Public Policy-making*, p. 220.


stable, creating more jobs, and helping welfare recipients transition into the labor force. His pro-work stance also outlined an expanded interpretation of the relationship between work and economic security. Essentially, Clinton argued that even low-wage work should lead to economic stability, and during his presidential campaign, Clinton vowed to pursue policies that would help ensure that no one who worked full time was consigned to poverty.\textsuperscript{215} This was an extension of the version of work-as-citizenship used by moderate social conservatives to resist Reagan’s harder-line fiscal conservative conception of the work imperative. As such, it suggested the potential for a substantial shift in employment policy approach. It also meant that Clinton was more likely to have to confront the liberal currents’ traditional boundary if he proposed policies that followed his expanded conception of the work mandate. However, the extent of Clinton’s commitment to this expanded interpretation of work-as-citizenship was questionable. Clinton demonstrated some real interest in improving the situation for the working poor, but his pursuit of employment policy that would provide greater economic security for low-income workers was constrained by his budgetary goals on the one hand and by his adherence to the moderate social conservative version of work-as-citizenship on the other.

Enacting policy that promoted economic growth took center stage early on in Clinton’s first term. The president initially proposed a major public investment initiative as part of a joint public-private job-creation strategy.\textsuperscript{216} Clinton soon


Clinton sought to ensure that working families were not stuck in poverty through several different types of policy, including boosting wage levels for the working poor, expanding job training programs to help the unemployed poor, and more-fully converting welfare into a work-based program. There was potential in Clinton’s stated employment policy agenda to alter the existing, limited approach to reducing economic insecurity. However, the policies that he threw his political wight behind actually largely conformed to the moderate social conservative version of work-as-citizenship rather than a more expansive conception. Clinton embraced the JTPA’s short-term training approach, despite its poor track record, and worked to impose a similar approach on the work and training requirements that were part of his welfare reform proposals.\footnote{Lafer, \textit{The Job Training Charade}, p. 95; “Transitional Support Draft Paper, For Discussion Only, Basic Principles and Features of a Transitional Support System,” October 1, 1993, Folder: Issue Group Papers, Box 16, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-4.} In addition, the Clinton administration’s early welfare reform proposals included punitive measures, like time-limits and sanctions for non-work, as well as more supportive measures, like education and training. A notable, though only partial, exception to Clinton’s acquiescence to the currents’ boundary condition, was the provision in the admin-
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administration’s first welfare reform bill for a public jobs program for welfare recipients in case there were not enough private sector jobs. However, the Clinton administration indicated an unwillingness to directly challenge the liberal currents’ boundary on employment policy, since conditions were tacked onto the proposed public jobs program in order to prevent it from either competing with private sector jobs, or creating a government work guarantee. Later changes to the administration’s welfare reform package, including the “work-first” training paradigm and turning welfare into a block grant, ensured that the final bill did not threaten the established employment policy boundary, though these amendments built on a foundation that had been established by the administration’s acceptance of a social conservative conception of work-as-citizenship for welfare reform.

As the budget deficit showed signs of turning into a surplus – concurrent with strong economic growth – in his second term, Clinton reaffirmed his acceptance of the social conservative version of work-as-citizenship, rather than returning to the more expansive approach to improving economic security he had outlined earlier. Since Republicans controlled both the House and the Senate by this time,


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Clinton’s adherence to the social conservative approach was likely politically motivated. The 1997 Balanced Budget Act (BBA) contained some additional funding for welfare reform programs but did not alter their basic form. The BBA also created a new tax credit for employers hiring former welfare recipients, though such tax credits had not been shown to be very effective. When faced with a budget surplus in 1998, Clinton once again declined to spend political capital on a public investment plan or other efforts to reduce economic insecurity like a public jobs program that fit within an expanded version of work-as-citizenship. The very economic conditions that would have made greater public investment possible without compromising Clinton’s balanced budget goals also made job creation and public jobs programs seem less necessary. The 1998 Workforce Investment Act (WIA), which replaced the JTPA, arguably limited rather than extended education and training opportunities for those on the fringes of the labor market.

Public Investment Versus Balancing the Budget

Clinton had embraced much of his two Republican predecessors’ economic vision, including a commitment to reducing the federal deficit, but at the start of his first term he seemed poised to combine that with a much broader employment policy agenda. Like President Reagan, one of President Clinton’s first domestic policy priorities was fiscal change, including spending cuts and other policies designed

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225 Shaw, Goldrick-Rab, Mazzeo, and Jacobs, Putting Poor People to Work, p. 8.
to reduce the deficit. Unlike Reagan, for Clinton reducing income inequality was one of the stated goals of his economic and employment policy agenda. As a presidential candidate, Clinton announced his intention to enact policies that helped ensure that all Americans would benefit from economic growth, including low-wage workers and the unemployed poor. Drawing attention to the plight of those who worked full time at minimum wage jobs but still had incomes at or below the poverty line, Clinton argued that workers fulfilling their civic obligation should not be stuck in poverty. Clinton’s early economic policy proposals outlined a number of policies directed at the poor, in addition to efforts designed to balance the budget. In this emerging iteration of the relationship between work and economic security, work-as-citizenship had a more expansive meaning than simply restricting government assistance that contravened the imperative to find work in the private sector. Instead, it was also important that the government help improve the economic security of low-income workers. However, Clinton soon demonstrated that he was more dedicated to reducing the deficit than to pursuing the policies necessary to fully realize his agenda for the working-poor. The fact that this agenda existed at all, even though it was not fully carried out, indicated the existence of an expanded understanding of government responsibility to low-wage workers, which suggested ongoing flux in the liberal currents’ boundary condition on employment policy.

After taking office, Clinton continued to argue that an economic growth agenda

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should improve conditions for the working poor and suggested that increasing the supply of jobs was a crucial part of that. In his 1993 State of the Union address, Clinton reiterated his interest in “honoring work and families in every part of our public decision-making” and emphasized that his administration’s “immediate priority must be to create jobs, create jobs now.” The concrete policy proposal that Clinton put forward to generate these needed jobs was a major public investment initiative that included spending increases and targeted tax cuts. The $30 billion economic stimulus plan was designed to jump start private sector job creation. Affirming the persistence of the preference for market solutions, Clinton referred to the private sector as “the real engine of growth in this country.” However, the Clinton administration also implicitly acknowledged that such macro-economic measures were likely to be insufficient, and so the package would also have included some direct government job creation. Part of the stimulus would come in the form of tax cuts, including a significant increase in the EITC, with the goal of “realizing the principle that if you work 40 hours a week and you’ve got a child in the house, you will no longer be in poverty.”\footnote{William J. Clinton, “Address Before a Joint Session of Congress on Administration Goals,” February 17, 1993, online by Gerhard Peters and John T. Woolley, The American Presidency Project,\url{http://www.presidency.ucsb.edu/ws/index.php?pid=47232&st=&st1=}, accessed November 3, 2015.} Administration talking points on the proposed EITC expansion fairly explicitly outlined the administration’s version of work-as-citizenship: “When full-time work leaves families in poverty, the value of work is undermined - and efforts to promote work and move families from public assistance to employment are compromised.”\footnote{“Talking Points on the EITC and the Clinton Administration’s Proposal to Expand It,” Undated, Folder: Earned Income Tax Credit [1], Box 11, Subject Series, Carol Rasco Files, WJCL, p. 2.} Of these two policy proposals directed at improving the economic security of the working and non-working poor, Clinton was ultimately willing to spend political capital only on

229 “Talking Points on the EITC and the Clinton Administration’s Proposal to Expand It,” Undated, Folder: Earned Income Tax Credit [1], Box 11, Subject Series, Carol Rasco Files, WJCL, p. 2.
the EITC expansion, while the economic stimulus plan simply dropped out of the debate.

It is worth noting that Clinton’s economic advisors did not see the public investment plan as conflicting with the deficit reduction measures. With input from the Office of Management and Budget, Clinton released a statement in conjunction with his State of the Union address in February 1993, titled “A Vision of Change for America.” The “Vision” statement argued that reducing the deficit was the key to “raising incomes, creating high-wage jobs and improving productivity.” But attacking the deficit did not preclude the other employment policy measures. According to the administration, “increasing much-needed public investment” was not only compatible with reducing the deficit, but actually required: “One without the other will not work.” The concern was that without an investment program acting as stimulus, deficit reduction would drain purchasing power from the economy.

Planning about how to deploy the stimulus funds continued through March 1993, with OMB Director Leon Panetta requesting specifics from Department of Labor Director Robert Reich about how to put the funds to use to meet Clinton’s job creation goals. However, once the investment plan met with resistance in the Democrat controlled Congress, Clinton’s administration did not continue to pursue the spending side of its economic agenda, instead focusing on the 1993 Omnibus Budget and Reconciliation Act (OBRA), which included the EITC ex-

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pansion and a number of deficit reduction measures. As passed, the 1993 OBRA made the following changes to the EITC: it raised the deduction available to low-income workers under the EITC, allowed those eligible for the EITC to collect much of it during the year rather than solely when filing their taxes, and increased Food Stamp benefits. To help curtail federal spending and rein in the deficit, 1993 OBRA imposed caps on both entitlement and discretionary spending for future budgets. As a result, any future spending increases had to be offset either by cuts elsewhere or tax increases. The EITC and Food Stamp increase and a small tax reduction for the middle class in the 1993 budget bill was funded by raising income tax rates on top earners, as well as a funding cut to Medicaid. Since the EITC only was only available to workers, it reinforced the civic standing conveyed by work. The EITC did nothing, though, to affect the availability of jobs, which Clinton had outlined as a key component of his overall strategy to access to opportunity for the working and non-working poor.

A tax credit for firms hiring disadvantaged workers, another neoliberal program with a dubious track record, were also part of the 1993 OBRA. The budget reconciliation act extended the Targeted Jobs Tax Credit through 1994, in an attempt to incentivize the hiring of disadvantaged workers and former welfare recipients by private employers. As outlined earlier, tax credit programs for firms that

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236 “Public Law 103–66–August 10, 1993, the Omnibus Budget Reconciliation Act of 1993” on-
hired welfare recipients or the “economically disadvantaged,” had demonstrated lackluster results. But they were a relatively easy way to promote work as an alternative to welfare, and one that fit in nicely with labor-market anti-statism, since any job creation was in the private not the public sector.

Thus, the expanded version of work-as-citizenship that underlay some of Clinton’s policy proposals aimed at improving the economic security of the working poor did not actually lead to a substantive shift in the liberal currents’ boundary condition on employment policy. Though 1993 OBRA provided a boost to many low-income workers’ effective income, it did not alter the other features of low-wage work that limited such workers’ economic security, and which also contributed to welfare recipients cycling in and out of the low-wage workforce. In addition to their definitional low-pay that made it difficult for such workers to afford necessary expenses like transportation and child-care, most low-wage jobs provided irregular or inadequate work hours, little or no advancement potential, and no benefits. Forecasts in early 1993 predicted that the average worker entering the workforce in the 1990s could expect “diminished prospects in wages and mobility throughout their career, especially for those without a college degree.”

The 1993 budget legislation did not alter those conditions. The preponderance of short-term and part-time positions in the low-wage sector also meant that such

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workers were not eligible for the work-based alternative to welfare: Unemployment Insurance. Since Clinton had also vowed on the campaign trail to overhaul the welfare system by requiring more welfare recipients to work, the low-wage work trap presented a potential problem.

Merging Short-Term Manpower Training and Work-Based Welfare

The Clinton administration’s initial policy statements about manpower training and welfare reform also drew on a expanded conception of work-as-citizenship and suggested that Clinton’s employment policy agenda would incorporate much greater attention to how the government could mitigate labor market conditions that perpetuated economic insecurity. During the campaign and through early planning discussions in 1993, Clinton’s domestic policy planners listed increased funding for education, training, and community service employment as important components of the administration’s efforts to boost economic security for the working and non-working poor. However, it was difficult for the administration to reconcile its interest in policies that reduced economic insecurity with both budgetary concerns and the need for individual disciplinary measures that were


part of Clinton’s social conservative version of work-as-citizenship.

Demonstrating this, among Clinton’s domestic policy advisors, low-wage work was effectively over-determined. While formulating manpower training and welfare reform policies, Clinton’s administration explicitly acknowledged low-wage work’s limitations, but then backed away from policies that would have intervened to correct identified problems. Instead, the administration consistently supported policies that expediently glossed over labor market flaws and emphasized individuals’ responsibility to work. For example, Clinton and his domestic policy team acknowledged that some distinctive features of low-wage jobs, like the lack of health care and wages that made child care unaffordable, were serious problems for the working poor and created obstacles for those interested in leaving welfare for work.\textsuperscript{240} The administration also recognized that a lack of gainful employment in some areas negatively impacted the working and non-working poor. The abandoned government investment plan was one illustration of this, though, of course, it was not enacted. Another example was a speech that Vice President Al Gore gave in 1993 that seemed to break with the long-held culture of poverty narrative and explicitly linked poverty in black urban communities with lack of jobs rather than intrinsic community or cultural deficiencies.\textsuperscript{241} Had the Clinton administration followed up these critiques of the labor market’s inadequacies with


\textsuperscript{241} Vice President Al Gore, “Remarks at the Kennedy School Forum, Boston, MA, December 6, 1993,” Folder: Black Male Employment 1993, Box 5, Subject File, Carol Rasco Files, WJCL, pp. 3-4
policies designed to compensate for them, they would have presented a challenge to the liberal currents’ emphasis on individual rather than governmental or labor market responsibility for joblessness and economic insecurity.

Balanced against the administration’s interest in solving these problems were several mitigating factors. First, the administration’s commitment to controlling the cost of domestic programs in order to honor its deficit reduction plan privileged a short-term training approach for manpower programs. As welfare reform was turned into a work-based program, short-term training was also the chosen policy instrument for weaning welfare recipients off of income support. The budget consideration also essentially precluded the inclusion of public jobs programs in any manpower or welfare reform plan. Though this was at root a budgetary constraint, accommodating it reinforced the liberal currents’ message that individual problems, not labor market inadequacies, caused economic insecurity and protracted welfare receipt. Another important factor was Clinton’s allegiance to instituting time-limits for welfare recipients. There were budgetary justifications for time-limits, but time-limits were also seen by the Clinton administration as a way of enforcing the individual mandate to work, which had the added benefit of protecting the government from becoming the “employer of last resort” for work-based welfare recipients. This other side of the scale worked to elide the fact that short-term training prepared participants for little more than the low-wage work that the administration had called out as failing to deliver economic security. Likewise, the problem inherent in the administration’s prescription of low-wage work as the main alternative to welfare, went unacknowledged.

The manpower and welfare reform policies that the Clinton administration pursued in his first term moved the debate away from the narrow employment policy agenda that Reagan and Bush had sought, but Clinton’s employment policies also
had core neoliberal elements. In the end, despite having diagnosed problems in the low-wage labor market that might have justified a significant change in direction for employment policy, Clinton backed away from elements that would disrupt the prerogatives of the private labor market. Following the trend established by the JTPA and JOBS programs, manpower training for the disadvantaged and welfare reform were increasingly unified and relied on the private sector rather than the public sector. In addition, both training and welfare reform proposals were designed with deference to budgetary and ideological concerns, rather than based on evaluations of programmatic success and failure. The administration’s first concrete welfare reform proposals relied on a combination of punitive measures as well as more positive government supports for the transition to work, and even the most controversial aspect of that proposal, a public jobs program, was designed with deference to the liberal currents’ boundary. Under the administration’s welfare reform proposals, funding for education and training was limited and training morphed from short-term to the more extreme “work-first” model, that effectively ignored all of the problems that Clinton had singled out as problems in the low-wage sector. Further indicating the thinness of his allegiance to the expanded conception of work-as-citizenship, Clinton acquiesced to Republican proposals to turn AFDC into a block grant, which, in combination with the time-limits, meant that his welfare reform placed individual responsibility above governmental responsibility. Alternative manpower and welfare policy proposals based on longer-term training, public service employment, and unifying AFDC with Unemployment Insurance were presented both within the administration and by members of Congress, but the Clinton administration declined to pursue these proposals.\footnote{Paul Simon to Bruce Reed, January 28, 1994, Folder: Public Service Jobs, Box 31, Welfare} All together, this meant that the Clinton administration’s
ability to follow through on its promises to “make work pay” were fundamentally compromised.

Training for Dislocated Workers and the Disadvantaged

The Clinton administration pursued manpower training policy in its first term in two separate ways. One was a training bill for dislocated workers, most of whom were in the middle class. The second was largely within the context of welfare reform. The fact that Clinton pursued separate policy proposals for these different groups indicated that he and his administration saw the aims of training for workers and training for the poor as essentially distinct. These separate policy paths also presaged the Clinton administration’s weak commitment to the expanded version of work-as-citizenship imbued in his proposals to dramatically increase the economic security for the working and non-working poor. While some of Clinton’s other policies targeting the economically insecure, such as tax credits and his universal health care proposal, promised to improve things for low-wage workers, manpower training programs had the potential to provide welfare re-

cipients and other low-wage workers with a ladder into more stable employment. But, given limitations in the existing design of training programs directed at the disadvantaged, this was only a possibility if the basic structure of training under welfare reform was substantially altered. In order to make training effective for welfare recipients, it needed to be more fully funded and also to do more than provide short-term training. Instead, the Clinton administration did little to alter the existing approach to training for the poor, even as his administration was actively pursuing increased funding and meaningful skills training for the dislocated worker program. The proposed dislocated worker program changes can be attributed to the administration’s efforts to court white working-class and middle-class voters. Yet, the fact that they were not uniformly applied to the working and non-working poor is significant from an ideological perspective. Such preferential treatment of workers with more established work histories not only had a number of policy precedents including the original designs of MDTA and CETA, it fit with the liberal currents’ partiality for more attached workers.

In 1993 the administration stated its intent to “transform our current unemployment system to a reemployment system,” which would have involved more than doubling funding for dislocated worker programs, such as the Trade Adjustment Assistance program, in order to reduce payouts through Unemployment Insurance. Though legislation to that effect was proposed in 1993, it was not immediately passed, and funding for dislocated workers increased only from $1.1 billion in fiscal year 1994 to $1.4 billion in fiscal year 1999. In its proposed “Middle Class Bill of Rights,” the Clinton administration reiterated its argument

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that middle-class workers needed training in different skills in order to compete in the new economy.244

The Clinton administration continued to pursue a bill that would overhaul the federal workforce system, which it called a “G.I. Bill for American Workers.” This nickname signaled the administration’s recognition that the target population, like veterans, had already fulfilled their civic obligations by working, and therefore deserved government assistance. The president’s bill would introduce national performance standards and, in a nod to market solutions, provide participants with “Skill Grants” that let them directly purchase training. As the workforce bill made its way through Congress, it inspired alternative bills such as one from Republican Senator Robert Dole (Kansas) that combined welfare and workforce programs into one bill. The administration saw Dole’s bill as an effort to “‘block and cut’” federal programs which would compromise their their workforce priorities. According to administration strategy documents, Dole “believes that he needs additional money to credibly finance welfare reform,” which threatened the administration’s “education and training commitments for working families.”245

In order to preserve the core tenets of their workforce program, the administration sought to separate it from welfare reform. Advisors on Clinton’s domestic policy team argued that if the workforce and welfare reform bills remained linked it would “sharply [reduce] the time and opportunity to improve the workforce bill” and make it more difficult to ensure that the workforce funding was directed at


dislocated workers rather than welfare recipients. This conception of distinct training goals for the middle-class and the poor was not universally embraced within Clinton’s administration. Robert Reich, Clinton’s Secretary of Labor, argued that the best way to combat income inequality was to “train people for the new types of jobs available” and thereby expand paths into the middle-class for workers and welfare recipients alike. However, Reich’s vision was based on changing the existing approach to training the non-working poor, and this would have required significant funding outlays that Clinton was not necessarily prepared to make.

There was a close connection between the other two existing manpower training programs, the Job Training Partnership Act and the Job Opportunities and Basic Skills. Both were directed at the disadvantaged and designed to forestall non-work based income transfers. The JOBS program, created by the 1988 FSA, was administered by States but it was designed to fit under the neoliberal training framework established by the JTPA. The two training programs shared a number of limitations. They were chronically underfunded and, partly as a result of that inadequate funding, largely followed a short-term training approach that prepared participants for little more than low-wage, entry level jobs. As the Clinton administration was planning its approach to training and welfare reform, there was abundant data outlining the deficiencies in the existing manpower training

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programs. Yet, negative findings about the JTPA and JOBS had a minimal impact on either the funding level for the programs, or the administration’s proposals to use work-experience and short-term training as the core of its work-based welfare reform.

This failure to incorporate lessons learned from the programs can be related to both budgetary and ideological constraints. Alternatives, like longer-term training and public jobs programs, though ostensibly compatible with the economic and employment policy agenda that Clinton had campaigned on, not only cost more, they would have challenged the liberal currents’ aversion to such extensive labor market interventions. Clinton had outlined his intent to invest in America’s workers, but, like his early investment program, this was secondary to his goal of balancing the budget. Moreover, his unwillingness to consider more costly but potentially much more effective measures indicated that his sympathy likely lay closer to the moderate social conservative version of work-as-citizenship, than the expanded one he had referred to in his campaign. 249 So, though there was evidence that the JTPA and JOBS were serving only a tiny proportion of those eligible for services because of their limited funding, it is not entirely surprising that there was no increase in funding for the programs in Clinton’s first budget. In fact, funding for the JTPA continued to decline after Clinton took office, while many States simply did not use all available federal matching funds for JOBS because of their own budget shortfalls. 250


250 Lafer, The Job Training Charade, p. 95; Peck, Welfare States, p. 97; Patterson, America’s
Funding and low participation rates were not the only issues facing the existing training programs. They were also not very effective at achieving their stated goals for those who did participate. The Clinton administration knew in 1993 that the JTPA was not greatly improving the job or wage prospects of its participants.\footnote{Struggle against Poverty in the Twentieth Century, pp. 223-225.} It was also riddled with problems like creaming and fraud at both the State level as well as amongst the private sector partners operating On-the-Job Training programs. In the late 1980s, nearly a third of the JTPA’s most disadvantaged participants were routinely provided with “job search assistance and no other form of training or education,” and the situation had changed little by 1993. Perhaps most damning, though, was the fact that even when participation in the JTPA led to a job, that job did not provide a pathway out of poverty.\footnote{DOL Briefing for the White House Welfare Reform Task Force, “Summary of JTPA Programs Serving AFDC Customers,” July 7, 1993, Folder: Job Training (2), Box 16, Bruce Reed, WJCL.}

The situation with the work-based welfare programs was comparable and there is clear evidence that Clinton and his domestic policy advisors were aware of existing shortcomings. The JOBS program had proved unable to improve job prospects for many on the welfare rolls. Its low funding level, combined with federally set participation rates, translated into limited training time for participants, and limits on key work-transition services like child-care. In many areas the JOBS program focused more on job search than education and training activities.\footnote{Lafer, The Job Training Charade, pp. 96-99, 102-103, 110, emphasis in original.} A 1993 administration report on the relationship between training programs and welfare caseload reduction provided dismal conclusions about the programs’ efficacy. The report listed “labor market conditions” and “resource constraints” as

\begin{quote}
Struggle against Poverty in the Twentieth Century, pp. 223-225.
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DOL Briefing for the White House Welfare Reform Task Force, “Summary of JTPA Programs Serving AFDC Customers,” July 7, 1993, Folder: Job Training (2), Box 16, Bruce Reed, WJCL.
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Lafer, The Job Training Charade, pp. 96-99, 102-103, 110, emphasis in original.
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\end{quote}
key factors limiting the success of education and training programs that were designed to reduce welfare rolls and increase income security. It also praised CETA’s early PSE program as having had a positive impact on low-income women. The unavoidable conclusion, though, was that “even the best interventions...produce small gains, meaning they have not generally been able to move individuals, children and families out of poverty and permanently off of welfare.”

Findings presented to Congress by the Manpower Demonstration Research Corporation (MDRC) in early 1994 also indicated that Unpaid Work Experience, or “working for welfare benefits” was not an “effective means of increasing earnings or reducing welfare payments,” nor did it generally provide participants with useful occupational skills. This assessment correlates with the evidence gathered about work-experience programs’ shortcomings during the Reagan administration. Without long-term training and actual job prospects, the training and work-experience under the work-based welfare framework did little to promote work beyond participating in the program itself.

In addition, though there was evidence that job search assistance could be cost effective for dislocated workers because it brought down Unemployment Insurance payments, the MDRC indicated that job search should not be applied in the same way to long-term welfare recipients. Welfare recipients often had less relevant work experience than displaced workers and faced significant obstacles to

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255 Testimony of Thomas Brock, Research Associate, Manpower Demonstration Research Corporation, before the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources, January 27, 1994, Folder: Public Service Jobs, Box 31, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 2-3.

256 “Re-Employment Programs for Dislocated Workers: What Works and What Doesn’t,” Folder: 2/94 Building A Re-Employment System-President’s Briefing Book [1], Box 4, Jonathan Prince Files, WJCL.
employment including the costs of child care and transportation. The MDRC representative suggested that if several key elements were changed, including moving job search to follow rather than precede occupational skills development, Unpaid Work Experience might be more effective. However, that still left an important underlying issue: cost. Even though Unpaid Work Experience paid no wages, it still constituted a cost per participant of $1,100-7,000. Finding funding adequate to employing more than the “small fraction of the welfare caseload” that states had managed under the FSA would present a challenge.

Based on information available to the Clinton administration it was clear that both the JTPA and the State level welfare demonstration projects were failing in their programmatic missions. However, weighing in on the side of continuing and even expanding these flawed programs was the fact that short-term training and work-experience programs limited overall costs and also precluded a situation in which the labor market’s ability to create sufficient jobs was directly questioned by government policy. So, notwithstanding substantial evidence that brought into question the fundamental components in the JTPA and JOBS, the Clinton administration’s welfare reform proposals incorporated these as the foundation of its work preparation approach for welfare recipients. In conjunction with other welfare reform policy decisions, this meant that Clinton’s approach to manpower and welfare reform policies avoided a confrontation with the liberal currents’ outer boundary, particularly the prohibition on a government work guarantee.

257 Testimony of Thomas Brock, Research Associate, Manpower Demonstration Research Corporation, before the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources, January 27, 1994, Folder: Public Service Jobs, Box 31, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-7.
Clinton’s Early Welfare Reform Planning

There was a general consensus by the early 1990s that welfare reform should emphasize work effort amongst welfare recipients, but there was not full agreement about how to do that. At the core of the Clinton-era welfare reform debate were two conflicting perspectives about what caused families to stay on welfare long-term. One faction, which drew on arguments made by moderate social conservatives as well as the more expansive version of work-as-citizenship in Clinton’s campaign platform, contended that the poor on welfare were not wholly to blame for their “dependence” on the government. Instead, their situation was a function of the proliferation of insecure, low-wage jobs, and perverse incentives built into the welfare program itself. If given reasonable opportunities to enter the workforce through appropriate training and work experience programs, tax incentives that rewarded work, and access to health-care, the welfare population would wean itself from the government aid. The other faction, which more closely resembled the stringent perspective espoused by strict social conservatives, also decried perverse incentives in the welfare system. However, this faction otherwise held welfare recipients responsible for their situation. According to this harsher view, welfare recipients would not leave welfare unless forced to do so through time-limits and sanctions. There were advocates of each faction both in Congress and within Clinton’s administration, and evidence suggests that Clinton’s allegiance lay somewhere in the middle. From the start, Clinton’s welfare reform plan put time-limits on income support and provided sanctions for those that refused to participate in the work preparation programs, indicating that Clinton was willing to embrace punitive measures in order to ensure that individuals took responsibility for tran-

sitioning to work. However, his earliest reform proposals also acknowledged both labor market and governmental responsibility for the availability of jobs.

While campaigning for the presidency, Clinton characterized the transition to a work-based form of welfare as a boon to welfare recipients. He argued that those “stuck” on welfare were the ones who hated it the most. Clinton also obliquely referred to the fact that there had been a steady decline in welfare’s value with statements about welfare recipients not being able to support their children on the current benefits. However, Clinton’s main point was that welfare recipients “believe that life is a dead end” because the existing program made it impossible for them to change their circumstances and enter the working world. As his initial welfare reform plan took shape, Clinton made it clear that increasing welfare recipients’ “independence,” and access to opportunity would ideally come through their association with the private working sphere. Characterizing their goal as a “Transitional Time-Limited Welfare and Work,” Clinton’s domestic policy advisors outlined both time-limits and work requirements in order to “[replace] the current system with one that enables and requires people who can work to go to work.”

At the same time, the administration implicitly acknowledged that there were some limitations to what the private labor market could be expected to provide. It is important to note that at this point Clinton’s team did not know that the economy would improve dramatically within a few years. Clinton’s welfare reform team advocated increasing funding for child-care for welfare recipients transitioning to work, dramatically expanding the JOBS program, increasing access


260 Bruce Reed, Kathi Way, Mary Jo Bane and David Ellwood through Carol Rasco to the President, Preliminary Issues for Welfare Reform, June 16, 1993, Folder: Welfare Reform Meeting 6/18/93 3:30pm, Box 42, Meetings, Trips and Events Series, Carol Rasco Files, WJCL, p. 2.
to education and training, and creating a government jobs program. In other words, through income support, training programs, and a public jobs program, the government would serve as a backstop to the private labor market. Robert E. Friedman, Chairman of the Corporation for Enterprise Development (CED) testified before the administration’s Working Group on Welfare Reform, Family Support and Independence in October of 1993 that a substantial investment in education and training for welfare recipients would be needed to prepare them for the jobs outside the low-wage sector that “[offered] incomes and benefits capable of sustaining a family above the poverty level.” That was essential, Friedman went on to say, because people escape poverty through wealth and “asset accumulation,” not just increases in income.

However, Clinton’s dedication to balancing the budget was a key constraint on such measures. In 1993 and 1994, even before presenting its first welfare reform bill to Congress, the Clinton administration had decided welfare reform needed to be a budget-neutral or even revenue saving program. Once the administration was committed to a deficit neutral reform, any additional funding under welfare reform would have to be offset by reducing funding for other programs. Though this could have entailed cuts to defense spending, Clinton’s welfare team indicated that they expected the cuts to be to social welfare programs. In the long run, this put in jeopardy the most supportive features of welfare reform that the

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administration was interested in, because subsidizing child-care, expanding education and training programs, and instituting a community work program would all constitute significant cost increases. Though the WRA included $10 billion in new funds for work-transition programs spread out over a number of years, the administration expected most of the job creation needed to employ welfare recipients to come from the private sector, and to comprise entry-level jobs. In the administration’s first welfare reform proposal, the 1994 Work and Responsibility Act (WRA), the focus was on getting welfare recipients into private sector work “as quickly as possible.” The more expensive and labor market intrusive goal of expanding pathways out of the low-wage labor market that Friedman had advocated was not explicitly part of that proposal. Thus, Clinton’s steadfast commitment to reducing the deficit helped smooth the relationship between his welfare reform proposals and the liberal currents’ boundary condition.

A fundamental issue facing the Clinton administration was the perennial problem that work-based welfare reform, even following the existing pattern of work-experience and short-term training, cost more than simple income transfers. Yet, Clinton’s advisors indicated that in the popular conception, work was preferable to welfare not only because it required the non-working poor to perform their civic duty, but also because it would save money. The Clinton administration was

263 “Draft Memo to the President,” November 21, 1993, Box 21, Memos to the President, Welfare Reform Series, Bruce Reed Files, WJCL; “Draft: Parental Responsibility,” January 18, 1994, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL.


266 “Most people, including many in Congress, expect welfare reform to cost less than the current system. They may buy the idea that some upfront investments are needed to prepare
aware that the public expected welfare reform to save money, and the president’s Fiscal Year 1995 budget priorities reinforced the mandate that entitlement reform not require additional funding. In order to keep costs down, punitive measures would have to accompany supportive work-transition measures.

Rather than amending the existing welfare training paradigm, under the WRA, an expanded JOBS program would provide education, training and job placement services based on “an employability plan designed to move persons from welfare to work as rapidly as possible.” Only in “a very limited number of cases,” or “in unusual circumstances” could States use their discretion to extend the time limit for “completion of an education or training program.” Education and training could easily be interrupted since “program participants will be required to accept any offer of unsubsidized job, provided the job meets certain health and safety standards and does not make the family financially worse off.” Reading between the lines, under the WRA, training for welfare recipients, which followed an initial mandatory job search, would continue in the model of short-term training to get them job-ready for existing low-wage jobs in the private sector. An administration discussion memo on turning welfare into a “Transitional Support System” even explicitly stated that getting welfare recipients into “jobs that pay enough so that they do not need any further public assistance,” though ideal, was not feasible. Though policy planners “might hope that all individuals could achieve high-wage, high benefit jobs...it does not seem realistic based on the research people for work and to provide them with an initial job-opportunity but they are not likely to support a program that entails a costly government-sponsored jobs program that has all the earmarks of a new, permanent entitlement” (Leon Panetta to the President, “Draft,” undated, Folder: 5/17/94, Box 21, Welfare Reform Series, Bruce Reed Files, WJCL, p. 1).


generally to expect such results from participation in education and training.” Instead, the recommendation was to have time-limits drive State objectives regarding job quality. In any case, the Bureau of Labor Statistics projected the most growth in low-wage occupations, making that sector an ideal target. To be fair, the administration expected that the combined value of the 1993 EITC and Food Stamps increase would make the effective income of full time minimum wage jobs higher than existing welfare levels. The fact that many minimum wage jobs were not full time or available year round was not addressed.

Yet, the WRA threatened to contravene the liberal currents boundary condition in one important way. It contained a subsidized employment program, “WORK” that some in Clinton’s administration worried constituted a “work guarantee,” even though it was specifically designed to provide sub-minimum-wage jobs. In case the private sector failed to provide enough jobs for welfare recipients, the WRA included a provision for community service jobs and government subsidized work positions in the private sector. That way all “good faith” participants could have “the opportunity to support their families through paid work.”

To offset the fact that this program would at least partially undermine the mandate that individuals find private sector work, these jobs were specifically designed to be less attractive than private sector jobs. WORK participants would only re-

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ceive payment for hours worked which were limited to 15-35 hours a week. In addition, the positions were not eligible for EITC so they effectively paid workers 40% less than private sector jobs, and would therefore be less desirable than an unsubsidized job. Though any public jobs program challenged the liberal currents’ outer boundary, it is important to recognized that the WORK program was hardly representative of the expansive version of work-as-citizenship that Clinton had earlier espoused. With their low-wages, restricted work hours, numerous other requirements about job search and length of time in a particular position, and without the reinforcement of the EITC wage boost, WORK positions could not convey many of the positive benefits that welfare recipients were supposed to derive from getting a pay check rather than a welfare check. Furthermore, the WRA could serve as a welfare deterrent akin to those advocated by the Reagan administration. Failure to comply with any of the WRA’s requirements disqualified participants from continuing to receive benefits. Signaling some underlying affinity with Reagan, the Clinton plan, even at its most generous, relied as much on sanctions as on positive inducements to establish a work-based alternative to welfare.

Even so, many within the Clinton administration, as well as numerous State Governors, were concerned that the WRA’s job program, WORK, could turn into a “guaranteed job for life.” Bruce Reed, the Director of Clinton’s Domestic Policy Council, Carol Rasco, a Domestic Policy Council member, and Leon Panetta, the Director of the Office of Management and Budget (and later Clinton’s Chief of Staff), argued that a time-limit for the public jobs program was essential. A time limit would prevent welfare recipients from bypassing the private labor market,

and as long as the time-limit was constructed to outlast a downturn in the business cycle, it would not create undue opportunities for States to terminate welfare benefits prematurely. Panetta, in particular, stressed that without a time-limit, the WORK program would function as “costly entitlement” that “[undermined] the normal disciplines of work.”

Clinton’s Secretary of Health and Human Services (HHS), Donna Shalala, argued against a time-limit for the WORK program, since she feared it would punish participants who adhered to all the program requirements but were still unable to find a private-sector job, through no fault of their own. Championing the expanded interpretation of work-as-citizenship, Shalala asserted that “for those citizens who do everything we ask, if they try to find a private job and fail, then we have an obligation to help—not with welfare beyond two years, but with a work opportunity.” However, those advocating time-limits won out with the president, reaffirming his acceptance of the moderate social conservative conception of work-as-citizenship.

In addition, the WRA sought to limit the government’s need to intervene in the labor market by phasing in implementation of the work requirements. That way it would be possible to avoid a situation in which the government had to rapidly facilitate the creation of, or itself directly provide, jobs for an anticipated three million welfare recipients who had already been on welfare for two years. Not only would the size of such a job program create problems with administrative capacity and cost, it would invite unwelcome comparisons with previous public service jobs programs including CETA and the New Deal’s Works Progress Administration.
Balancing Work Requirements and Government Responsibility

The WRA stalled in Congress in 1994, and then in the midterm election later that year, Republicans gained a majority in both houses of Congress. This altered the political calculations relevant to the Clinton administration’s welfare reform plans, since many Republicans favored a welfare reform approach that more closely resembled Reagan’s punitive model. Reaching a compromise with the Republicans would require the Clinton administration to retreat further from its expanded agenda for promoting economically stable work for welfare recipients. In 1995 the administration made several key concessions, including dialing back public jobs provision, turning AFDC into a block grant and embracing a “work-first” model for training. Two things indicate that these concessions were not purely political decisions. First, prior to the partisan realignment in Congress, the Clinton administration had already embraced reform measures, like time-limits, that showed affinity with the social conservative interpretation of work-as-citizenship rather than its more expansive version. Even with the WORK program, the administration had declined to fully challenge the basis of the aversion to a public jobs program, instead designing the program to limit any competition with jobs in the private labor market. Therefore, these additional components did not constitute a real shift in direction for the administration, because Clinton had already established a clear social conservative framework within his welfare reform package.

Second, when Clinton decided to sign the welfare reform package in 1996, polling

data suggested that he would win the presidential election, regardless of the outcome of welfare reform.\footnote{Bertram, *The Workfare State*, p. 204.} Since Clinton could have held out for a reform package that included measures that more directly promoted welfare recipients’ economic security without necessarily damaging his re-election hopes – and many in his Cabinet urged him to do just that\footnote{Peter Edelman, “The Worst Thing Bill Clinton Has Done,” *The Atlantic* (March 1997), online by The Atlantic Monthly Group, \url{http://www.theatlantic.com/magazine/archive/1997/03/the-worst-thing-bill-clinton-has-done/3767977/}, accessed November 7, 2015.} – it follows that his decision reflected his acceptance of the social conservative approach to reform over the more expansive version he had earlier proposed.

In early 1995 the administration focused on showing the new Republican led Congress how its reform proposal created a much stronger work mandate for welfare recipients than previous reform efforts, and a key part of that was getting welfare recipients into existing jobs quickly. Testifying before the House of Representatives’ Committee on Ways and Means in January 1995, HHS Secretary Shalala noted that the 1988 FSA had exempted half of the welfare caseload from work transition activities, and promised that Clinton’s reform contained a stiffer work requirement coupled with a clear time-limit. It is worth noting that those exempted from work programs under the FSA included women with children under age 3, mothers under age 16, and women in the second and third trimester of pregnancy. According to Shalala, the new plan would not be so generous. Through “upfront job search, education, and training” Shalala argued that the Clinton plan would rapidly move the able bodied from the welfare rolls into available jobs. Any who refused to work would have their benefits cut.\footnote{Donna E. Shalala, Secretary of Health and Human Services, Testimony before Committee on Ways and Means, U.S. House of Representatives, January 10, 1995, Folder: Welfare Reform Briefing, January 19, 1995, Box 132, Issues Series, Carol Rasco Files, WJCL, pp. 8-9.} Mary Jo Bane, the Assistant Secretary for Children and Families at the Department
of Health and Human Services, reiterated Shalala’s position and summarized the administration’s perspective this way: “We believe the current system undermines work and responsibility in far too many ways. It is not nearly tough enough about insisting that recipients who are able to work do so or prepare themselves to go to work quickly.” Underlying this testimony was the influence of the “work-first” approach, which argued that immediate job placement in any available job, rather than education or training, should be the basis of welfare reform’s work transition activities. This was a fairly classic neoliberal strategy: the market, not the government, was the best arbiter of job skills and the discipline needed to survive in the world of work.

As articulated by the Democratic Leadership Committee (DLC) – which since the mid-1980s had been advocating that the Democratic party should move to the right politically and embrace pro-market and social conservative positions – work-first cited past training programs’ low job placement rates as evidence, not of inadequate funding or problems in the labor market, but rather that education and training were a doomed effort. The work-first proposal criticized the FSA, and the JOBS program in particular, for not increasing participants’ earnings enough to “move single parents off welfare so they can support themselves with their own earnings.” But the conclusion was that forcing work without even any training at all was likely to be more effective. This made sense only if the

welfare recipients were reluctant to work, not if the problem lay with the available work and wages.

The DLC’s support for work-first demonstrated that members of both political parties increasingly endorsed a fundamentally social conservative approach to employment policy. The work-first argument shared a common framework with what strict social conservatives like Lawrence Mead and Michael Novak had proposed. Such social conservatives’ perspective on requiring work from welfare recipients had helped shape welfare reform efforts in the 1980s. In testimony before Congress in 1995, Mead asserted that education and training gave welfare recipients unrealistic expectations about what kinds of jobs awaited them and, therefore, prejudiced them against the entry-level jobs that the labor market could offer them.

Making the situation even more complicated, some of the work-first contingent’s criticisms of the FSA’s JOBS program had merit. For example, the DLC’s claim that the “incentive system for states and recipients set up by JOBS inevitably made participation in education and training programs the end in itself, rather than a transition to work” was well founded. It is important to remember that the JOBS program was not supposed to supplant existing education and training system, but to connect welfare recipients with those programs. So the merits and limitations of programs such as the JTPA, which primarily offered


short-term training, in turn applied to JOBS. Even with that a given, though, there was just as much reason to more closely examine and critique the training programs’ structure, since design and quality of instruction varied greatly from State to State. Moreover, implementation was affected by existing labor market constraints, such as the limited supply of stable jobs paying decent wages. So, denigrating training for welfare recipients absolutely as the DLC and other social conservatives increasingly did, reflected a strong pro-market bias, rather than an impartial assessment of the human-capital building strategy. This prefigured the Center for Law and Social Policy’s 1998 argument that education and training programs as a path to employment were generally held to a higher standard than other methods, including market-driven ones, that were equally unproven, or even proven to be ineffective.

The social conservative conception of work-as-citizenship that work-first embodied had long enjoyed support within the administration. In 1993, Clinton’s welfare reform planners had acknowledged that unlike other workers, welfare recipients undergoing training were bypassing the discipline of the labor market and, therefore, were not necessarily fulfilling their civic responsibility to work. An early welfare planning memo argued that “the public is probably not interested in letting welfare recipients hold out for ‘good’ jobs when the non-welfare working poor do not have that choice.” Though the WRA had diluted the work-first’s neoliberal thrust by including the WORK program, by 1995 that program had

287 Shaw, Goldrick-Rab, Mazzeo, and Jacobs, Putting Poor People to Work, pp. 33-34.
288 Bertram, The Workfare State, p. 208; Shaw, Goldrick-Rab, Mazzeo, and Jacobs, Putting Poor People to Work, pp. 35-36.
dropped out of the administration’s reform agenda. As Republicans put forward alternative reform bills, Clinton’s administration signaled to Congress that though the administration wanted to ensure that welfare reform included “resources and incentives for states to put people to work, protections for economic downturn and population growth, [and] requirements or incentives for state maintenance of effort,” none of those constituted “a deal-breaker.”

In 1995, Clinton also agreed to turn welfare into a block grant to States. This was a significant change, with deep and lasting implications for the future of welfare. It heralded the end of welfare as a federal entitlement that could automatically draw on greater funding during an economic downturn. As such, block granting raised objections from the same group within the Clinton administration that had earlier objected to time-limits for the WORK program. If welfare became a block grant, States would have greater autonomy, including more discretion in designing and funding education and training for transitioning welfare recipients. Internally, HHS Secretary Donna Shalala expressed concern about this. She argued that a welfare block grant would preclude welfare reform that was “in keeping with the nation’s values” and contended that “both states and low income families could be far more vulnerable as a result of such a plan.” As ominous precedent Shalala cited numerous States’ decisions not to use all the federal matching funds provided under the FSA for the JOBS program when their State budgets were tight. However, Clinton was persuaded that block granting the program was

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291 Bruce Reed, Rahm Emanuel to the President, Welfare Reform Update, May 26, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-3; HHS Secretary, Donna E. Shalala to the Honorable Bob Packwood, May 24, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL.


an acceptable price to pay to get Republicans to back the, by now largely social conservative, work incentives in his welfare reform package. Two of Clinton’s key political and policy advisors, Bruce Reed and Rahm Emanuel (Assistant to the President and Senior Advisor), argued that block granting welfare was no obstacle to the president’s top priority, “getting a bill that is centered around work.” Reed and Emanuel also asserted that the administration could still “insist on a reform bill that gives states the resources and the requirements to move people from welfare to work,” even if the entitlement to welfare disappeared. In their successful framing of block grants as compatible with Clinton’s reform goals, Reed and Emanuel drew on the social conservative conception of work-as-citizenship, which allowed for government support, but emphasized individuals’ responsibility for obtaining work.

There were important ideological implications to Clinton’s decision to end welfare’s individual entitlement by turning the program into a block grant to states. In a very basic way, work requirements for welfare recipients that did not follow fiscal conservatives’ purely punitive approach put welfare reform in conflict with the liberal currents’ boundary, as long as an individual entitlement remained. While welfare was primarily a non-work-based income transfer, the individual entitlement did not necessitate much attention to labor market flaws or any direct labor market intervention. Once welfare was re-conceptualized as a work-based program, though, it would potentially be harder to avoid labor market inadequacies if the welfare population retained an entitlement to government assistance. That assistance might be indefinite support for education and training, or it might be

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294 Rahm Emanuel, Bruce Reed to the President, Welfare Reform Strategy, March 30, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL, p. 2; Bruce Reed, Rahm Emanuel to the President, “Welfare Reform Update,” May 26, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 3-4; Bertram, The Workfare State, pp. 199-200, 202-203.
a public service job if the labor market failed to provide enough jobs for workfare participants. In other words, the social conservative vision of work-as-citizenship, as embodied in work-based welfare reform, butted up against the liberal currents’ aversion to a government work guarantee. It is clear that Clinton both recognized this possibility and sought to avoid a direct confrontation. He had acceded to the proposals within his administration to put time limits on the WORK program in order to forestall a situation in which the government became the employer of last resort. Later, his administration abandoned even that partial threat to the currents’ boundary. Since the Clinton administration declined to explicitly challenge the liberal currents’ prohibition on public jobs programs or other substantial labor market intervention, its welfare reform agenda had to fit within the currents’ existing boundary. As a result, Clinton had to balance his interest in addressing problems in the low-wage labor market with his commitment to a budget-neutral work-based welfare reform. Consistently recognizing, and implementing policies that corrected low-wage work’s pitfalls would have been both expensive and potentially undercut the very foundation for work-based welfare as a policy that was distinct from government sponsored employment. When Clinton acceded to the Republicans’ call to turn AFDC into a block grant, the potential for welfare reform to infringe on the liberal currents’ outer boundary condition was thus further reduced.

The Clinton administration’s embrace of a bill based on work-first and block grants signaled a fuller abandonment of the earlier expanded conception of work-as-citizenship that it had advanced, since those decisions took place concurrent with the foundering of other key parts of Clinton’s plan for making low-wage work sustainable for poor families: health care reform and indexing the minimum
Clinton’s health care reform had stalled in Congress in 1994, and after the congressional realignment in the midterm election, its future prospects were dim. The administration managed to get a small two-stage minimum wage bump passed in 1996, but it was not indexed to inflation. The failure to index the minimum wage was significant. There had been a steady erosion in wages since the 1970s, which the periodic increases to the minimum wage had not fully compensated for. In addition, forecasts predicted that the welfare population’s entrance into the workforce would further depress wages in lower skill jobs.

The final agreement between Clinton and the Republican-led Congress was the 1996 Personal Responsibility and Work Opportunity Act (PRWORA). It established a new State workfare block grant: Temporary Aid to Needy Families (TANF) that provided time limited, work-conditioned benefits to poor families. Although the upcoming presidential election was undoubtedly a factor in Clinton’s decision to agree to Republicans’ welfare reform package, it is not clear that political considerations alone were responsible. In 1996 Clinton had polling data that put him well ahead of his opponent, Republican Senator Robert Dole, and

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297 “Administration’s FY 1997 Budget,” February 5, 1996, Folder: Budget [1], Box 6, Don Baer Files, WJCL, pp. 11-12.


299 “HHS Fact Sheet on PRWORA,” Folder: Welfare Reform, Box 44, Terry Edmonds Files, WJCL, p. 1; Mink, Welfare’s End, pp. 43-44; Smith, Welfare Reform and Sexual Regulation, p. 2.
that further suggested that failing to pass welfare reform would not cost him the election. Given that, the fact that he chose to agree to a compromise that was a far cry from his original plan to replace welfare with a program that tied work to increased economic security suggests that the president was fundamentally committed to the social conservative version of work-as-citizenship, rather than the more expansive version he had put forward. By signing PRWORA Clinton indicated that he agreed with his political advisors that what was most important was that welfare reform “promote work,” not that it provide a pathway out of poverty. In his signing statement for PRWORA, Clinton even referenced work-as-citizenship, though it was the social conservative version, not the more expansive one that promised economic security. Clinton proclaimed that the bill ended an era in which “a significant number of people [were] trapped on welfare for a very long time, exiling them from the entire community of work that gives structure to our lives.” Putting the best possible spin on the situation, his signing statement also trumpeted the fact that childcare funding under PRWORA had increased, that the minimum wage was set to rise, and the EITC had suffered no cuts. However, the outcome of welfare reform affirmed the basic tenets of the liberal currents by suggesting that the villain was a system that cut people off from work, not any inadequacies in the labor market.

300 Bertram, *The Workfare State*, pp. 204.
301 Bruce Reed, Rahm Emanuel to the President, Welfare Reform Update, May 26, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL, p. 1; Bruce Reed, Rahm Emanuel to the President, Welfare Reform Update, May 5, 1995, Folder: Memos to the President [1], Box 21, Welfare Reform Series, Bruce Reed Files, WJCL.
303 Edelman, “The Worst Thing Bill Clinton Has Done.”
Employment Policy Openings and Alternatives Foreclosed

There is evidence that the general debate on welfare reform created an opening to challenge the dominant ideas about the appropriate limits for employment policy. In 1993 and 1994, several competing welfare reform proposals based on a public service employment program were proposed by members of Congress, as well as by members of Clinton’s administration. Other plans were presented between 1993 and 1998 that integrated welfare with the Unemployment Insurance system. The Clinton administration’s lack of support for these alternative plans helped foreclose the possibility that welfare reform would contravene the liberal currents’ boundaries. However, the fact that they were made at all, let alone at such high levels is significant, even if they did not lead to lasting change.

In 1993 and 1994 several Democratic senators, including David L. Boren (Oklahoma) and Paul Simon (Illinois) advocated a work-based approach to welfare reform that used public service employment to replace welfare. Senators Boren and Simon introduced a bill, called the “Community WPA,” in 1993 and convened Public Service Jobs hearings in 1994 to discuss the merits of a revived Works Progress Administration. In his testimony on the proposal, Senator Simon argued that the biggest impediment to welfare recipients working was not their willingness to work, but the lack of jobs. Pointing to the “nearly eight million people...seeking jobs” on top of the “millions who have stopped looking,” Simon proposed a public jobs program as a way of creating real pathways to work despite the private sector’s limitations. Senator Boren held up a macro-economic argument for public service employment. He maintained that in the new globalized

economy it was important not to let “an able and willing workforce sit idle.” Furthermore, in contrast to a non-work based income transfer, Boren pointed out that public service employment would enable useful infrastructure improvements similar to those carried out under the WPA.\footnote{Testimony of Senator David L. Boren on “Creating Public Service Jobs,” January 27, 1994, Folder: Public Service Jobs, Box 31, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-2.} While these hearings were taking place the Clinton administration was hashing out its own subsidized employment and public jobs program as part of its WRA bill. However, rather than incorporating this broad public service employment program into its welfare reform proposals, the administration worked to limit the WRA’s WORK program so that it did not supplant the private sector work mandate with a government work guarantee.

Thomas Brock, a research associate at the Manpower Demonstration Research Corporation (MDRC), provided testimony during the 1994 Public Service Jobs hearings that highlighted the importance of longer-term training.\footnote{Testimony of Thomas Brock, Research Associate, Manpower Demonstration Research Corporation, before the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources, January 27, 1994, Folder: Public Service Jobs, Box 31, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-7.} However, as with the Community WPA bill, Brock’s arguments for longer-term training did not find support within the Clinton administration.

In 1993 Clinton’s Labor Secretary, Robert Reich suggested something similar; a public service employment program for the disadvantaged unemployed based on the New Deal’s Civilian Conservation Corps (CCC). Reich argued that there were labor market reasons for increased unemployment among disadvantaged groups, including shifts away from blue collar jobs, slow economic growth, weak labor markets and the increase in female participation in the labor market, employment opportunities increasingly in suburbs, and problems with inner-city schools.\footnote{Robert B. Reich to the President, “Public Jobs for the Disadvantaged,” November 15, 1993, Folder: Jobs (Public), Box 16, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-4.}
There is no indication that Reich’s proposal was seriously considered by Clinton or his welfare reform team.

Since they were based on a compulsory work model, these public service employment proposals did not break with the general consensus about replacing welfare with a work-based system. By contrast, the National Association of Social Workers opposed existing welfare reform proposals based on the argument that welfare policy should “Recognize the social and economic value of caring for one’s children or elderly relatives.”\footnote{Wider Opportunities for Women, Inc., “News Release,” June 14, 1994, Folder: Advocacy Groups, Box 1, Welfare Reform Series, Bruce Reed Files, WJCL, p. 3.} Notwithstanding this agreement about the importance of work, those advocating for public jobs programs represented welfare recipients as barred from work mainly by labor market conditions. This willingness to question the liberal currents’ boundary condition made these proposals outliers, and the Clinton administration’s decision not to pursue them fit with its overall adherence to a social conservative version of work-as-citizenship that accorded with the existing employment policy framework. In combination with the abandonment of his public investment strategy in 1993, Clinton’s disinterest in these public jobs programs suggests that his overall commitment to the expanded version of work-as-citizenship was not very substantial.

Another proposal was to combine welfare and Unemployment Insurance, since work was now the model for welfare too. An early welfare reform planning document, intended only for internal discussion, noted that “Low-paying jobs are often short-lived, and low-income families often do not qualify for Unemployment Insurance. They may come onto welfare when they only need very short term economic aid.”\footnote{Bruce Reed, Mary Jo Bane, David Elwood through Carol Rasco to the President, “Draft Discussion Paper on Welfare Reform,” Folder: Plan (November 1993) [1], Box 27, Welfare Reform Series, Bruce Reed Files, WJCL, p. 15.} A more concrete proposal, titled the “Parent Re-Employment Program”
was floated inside the administration in 1995. It suggested that creating a separate system modeled on the Unemployment Insurance program for welfare recipients would enable the administration to pursue the “work image and work focus we are after,” while also countering “the characteristic instability at the low end of the job market.” A similar strategy was advocated by several outside organizations between 1996 and 1998, but there is no evidence that the Clinton administration seriously considered any of these proposals an alternative or supplement to its own reform structure. As with the public jobs program proposals, Clinton’s failure to develop these alternatives shows that he was not willing to back up his rhetoric about the pitfalls of low-wage work with many concrete policies.

Consolidating Clinton’s Social Conservative Employment Agenda

After being re-elected, Clinton continued to pursue a neoliberal employment policy agenda that built on the social conservative conception of work-as-citizenship. Clinton’s top legislative priority was balancing the federal budget, which his administration cast as the key to the continued economic growth that would create

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311 "The core of PREP is an unemployment system, with a front-endowment for new entrants and a back-end safety net for those who exhaust their benefits." All new entrants would qualify for a two year endowment of benefits in cash stipend and work-related services, after working in regular employment they earn credits toward further 26 week sets of benefits in case they become unemployed. For those who don’t find employment, or whose employment is too sparse that they exhaust their benefits, there would be a “work experience pool” that doesn’t count toward EITC or PREP (Heather Ross to Bruce Reed, cc: Bo Cutter, Gene Sperling, Paul Dimond, Welfare Reform, January 24, 1995 Folder: Ideas [1], Box 16, Welfare Reform Series, Bruce Reed Files, WJCL, pp. 1-2).

That goal culminated in the passage of the 1997 Balanced Budget Act (BBA). Though the new budget legislation made some minor amendments to PRWORA, it did little to provide new mechanisms ensuring that economic prosperity would extend to all workers. Thanks in large part to a sustained economic boom, the federal deficit steadily decreased and had turned into a surplus by 1998. With unemployment down to 4.5% in 1998, the Clinton administration had no economic motivation to alter its employment policy strategy, though it now had the federal funds to pursue a public investment program if it had chosen to. Rather than resuscitating the the public investment and public jobs program proposals that derived from the expanded version of work-as-citizenship, Clinton stuck with the social conservative take on work-as-citizenship that had undergirded his approach to employment policy in his first term. The 1998 Workforce Investment Act (WIA) replaced the JTPA in name but did not alter the approach to manpower training that Clinton had endorsed as part of welfare reform.

By 1997 there was evidence that PRWORA was succeeding in at least some of its welfare reform aims. The welfare rolls were shrinking, but not necessarily because recipients were leaving to work. Only about half of those who left the program found employment, others were simply forced out of the program. Moreover, many of those who had found jobs were still in poverty. The Clinton...
ton administration was eager to see the decline in welfare receipt as vindication for its welfare reform bill, though the Council of Economic Advisors had to admit that 44% of the reduction was due to economic expansion, 31% because of welfare waivers (which included time-limits and other sanctions that restricted eligibility and benefits imposed by States), and 25% was caused by unknown other factors. As the CEA report had indicated, the economy had been growing at a rate upwards of 4% since the mid 1990s, and employment tends to increase when the economy is strong. Concurrent with that high economic growth rate, the unemployment rate finally dropped below 5%. Notwithstanding the strong economy, economic security still eluded many workers. The Treasury department testified before Congress in 1997 that “The decline in the real wage for many unskilled workers has serious implications. In the United States, it is still possible for a family, containing a worker, to live in poverty.”

In this climate of continued economic insecurity amidst general prosperity, the Clinton administration’s pursuit of budget balancing legislation signaled that the boundary on employment policy established by a neoliberal form of labor-market anti-statism and the social conservative version of work-as-citizenship held strong. Essentially, the government would provide some programs that helped individuals follow through on the mandate to work, but full economic security was not on the table, and job creation would be left to the private sector. The Balanced Budget

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Act included a combination of new appropriations and spending cuts to social programs that were intended to balance the federal budget by 2002. According to the CEA and the Treasury Department, the BBA would thereby “insure deficit reduction and promote economic growth so that all Americans can enjoy a better future.” Since the BBA reaffirmed the existing approach to reducing unemployment among the economically insecure – expanding work-first training programs for the disadvantaged and establishing a new tax credit for employers hiring long-term welfare recipients – it served to consolidate the social conservative conception of work-as-citizenship.

The BBA revised some of PRWORA’s provisions, increasing funding for some programs and relaxing eligibility restrictions, but it did so within the social conservative work-as-citizenship framework. The new budget legislation provided additional funds to States to help welfare recipients meet Food Stamp work requirements, reversed some social welfare benefit restrictions for legal immigrants, and also included $3 billion for a “Welfare-to-Work” program directed at the “hardest-to-employ welfare recipients,” to help States meet TANF’s challenging work participation metrics. The formally stated aim of Welfare-to-Work was to move welfare recipients first into minimum wage jobs and then eventually into higher paying, steadier jobs. However, the Welfare-to-Work program description also referenced the social conservative work-as-citizenship ethos about reforming welfare recipients’ sense of personal responsibility to work in order to “break the cycle of dependency,” and even more important, the program adhered to the

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work-first approach. Since facilitating welfare recipients’ transition into steady jobs had been an elusive goal even before training programs were directed to follow the work-first model, it was unlikely that $3 billion spread out over two years and fifty states for the hardest to serve group of welfare recipients could provide ladders out of the low-wage labor market.\footnote{321}

Moreover, one of the ways that the Welfare-to-Work program was designed to facilitate employment for welfare recipients was through a tax credit for private employers that hired former welfare recipients. In 1994 Labor Secretary Robert Reich had declared such tax credits ineffective when compared to on-the-job training and classroom training, and recommended against renewing the Targeted Jobs Tax Credit.\footnote{322} However, using tax credits in this way fit in with the liberal currents, enabling the government to avoid acknowledging that the private labor market would not, on its own, create enough jobs to ensure employment for the welfare population. In addition to forestalling more substantive legislative debate about the labor market and its relationship to economic insecurity, tax credits suggested that employers needed an economic inducement in order to compensate for the inherent undesirability of welfare recipients. Or, to put it another way, the tax credit made up for individual level failings as much as it did labor market inadequacies.\footnote{323}

After Reich left the administration in early 1997, the Council of Economic Advisers endorsed an amended employer tax credit for hiring individuals from eco-


\footnote{323} For more on low-cost, low visibility policy mechanisms see: Mettler, The Submerged State.
nomically disadvantaged groups, the Work Opportunity Tax Credit (WOTC). The WOTC would entitle firms to a tax credit up to 35% of first $10,000 in wages to some long-term welfare recipients. Though the WOTC tried to improve on the TJTC’s most obvious pitfalls by requiring employers to complete “a pre-screening notice on or before the day the individual is offered employment,” simplifying administration of the program, and “providing a credit for longer employment periods” these amounted to tweaks rather than substantial reform. According to an in-depth report on the WOTC in 1999, the tax credit “still subsidizes very short employment periods that are less likely to promote job skills.”

Another key site of employment policy during Clinton’s second term was his administration’s ongoing efforts to pass a manpower training reform. The administration had initially seemed more dedicated to advancing a substantive investment in training for dislocated workers than for the disadvantaged, but under the 1998 Workforce Investment Act, the social conservative version of work-as-citizenship was extended to the middle-class as well. Focusing on integrating training with the needs of the market, the WIA unified all manpower training and imposed the work-first paradigm on all training efforts. Though the bill was also supposed to introduce new “accountability measures” designed to improve “outcomes” for participants and employers, such aims were often confounded by the work-first approach.

This was not an entirely unpredictable result, but during the debate

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327 Lafer, The Job Training Charade, pp. 113-114; Shaw, Goldrick-Rab, Mazzeo, and Jacobs, Putting Poor People to Work, pp. 97-98.
over the training bill, the Clinton administration once again disregarded evidence of problems with the short-term, work-first training paradigm. This willingness to overlook deficiencies in program efficacy indicates that the administration’s priorities continued to revolve around limiting government spending and promoting the individual responsibility to work. It is particularly striking that the WIA did not make specific provisions for increased appropriations, since by the time the bill was passed, there was a budget surplus.\footnote{328 King, “Federalism and Workforce Policy Reform,” p. 64; Bertram, The Workfare State, pp. 215-216, 218.}

The new bill replaced the JTPA with three State block grants for employment and training. Its various measures were supposed to simplify access to the training programs, while retaining local flexibility and increasing connections with the market. The WIA consolidated funding for a number of separate training titles, increased private involvement through new Workforce Investment Boards, and gave participants Individual Training Accounts to fund their education and training activities.\footnote{329 “Draft: Key Features of H.R. 1385 as Compared to Current Law,” Folder: Welfare-Workforce Act, Box 82, Subject File, Cynthia Rice Files, WJCL, pp. 1, 3, 8-9; Christopher T. King, “Federalism and Workforce Policy Reform,” Publius, Vol. 29, No. 2, The State of American Federalism, 1998-1999 (Spring, 1999), pp. 62-63.} Since the bill applied the work-first methodology for all its adult trainees, it demonstrated how disconnected the Clinton administration’s employment agenda was from the expanded version of work-as-citizenship that linked employment with economic security.

The limits of the Clinton administration’s commitment to improving things for the working poor in particular was highlighted by the fact that known problems with the work-first approach did not deter the administration from advocating its imposition under the WIA. For example, the best that could be said about job search for for welfare recipients in 1998 was that it might lead to short-term
employment. But there was not evidence that it had a beneficial "long-term impact on employment or earnings." Irregardless of such findings, job search unaccompanied by more substantive education and training was encouraged by the WIA's design. By 1998, long-term training, the activity that was most beneficial for welfare recipients and dislocated workers alike, was also harder for welfare recipients to access because of PRWORA. Under TANF, participants were allowed to count paid work, community service and volunteer work toward the work requirement, though the latter two categories had a poor record of increasing participants' job, wage and career prospects. Training, though, did not count as work. The WIA compounded this problem since it applied work-first across the board, effectively de-prioritizing training and education in favor of "superficial résumé-building and job-search services."

Clinton hailed the WIA’s passage as triumph for working Americans who would now have “a system that provides opportunities for lifetime learning, and the tools to improve their future in a rapidly changing world.” The type of system that Clinton described was very much in need amongst the working poor. According to a report submitted by Health and Human Services Secretary Shalalala not long after the WIA’s passage in 1998, frequent periods of unemployment and part-time work continued to be serious problems for the working poor, and only those who

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331 Lafer, The Job Training Charade, p. 113.
333 Shaw, Goldrick-Rab, Mazzeo, and Jacobs, Putting Poor People to Work, pp. 101, 103-105.
working full time could claim EITC. In addition, even with the increases during the Clinton administration, the minimum wage had not reached its 1979 value. As a result, for a parent working full time at the minimum wage, formal child care would take around 38% of their earned income. Due to resource limitations and state eligibility restrictions, only 1 in 10 children eligible for child care subsidies were receiving them.\footnote{Donna E. Shalala to Bruce Reed, “White Paper on Working Families,” November 5, 1998, Folder: Welfare - Shalala Memo, Box 64, Subject File, Cynthia Rice Files, WJCL, pp. 4-6.} But, both because of the bill’s work-first focus and its market-driven approach, it is not clear that the WIA delivered on Clinton’s promises. Not long after the WIA’s implementation there was evidence that it was actually more difficult to access education and training at community colleges – traditionally an important training arena for jobs above the low-wage sector – because of the WIA’s low overall funding level as well as the way in which the Individual Training Accounts disaggregated those funds. By giving participants more control over where and how to spend their training funds there was much less incentive for community colleges and other training providers to develop education and training programs. In other words, contrary to explicit goals, the market orientation of the WIA created less, not more, access to opportunity.\footnote{Kathleen M. Shaw and Sara Rab, “Market Rhetoric versus Reality in Policy and Practice: The Workforce Investment Act and Access to Community College Education and Training,” in \textit{Annals of the American Academy of Political and Social Science}, Vol. 586, Community Colleges: New Environments, New Directions (March, 2003), p. 172; Shaw, Goldrick-Rab, Mazzeo, and Jacobs, \textit{Putting Poor People to Work}, pp. 101-102, 106.} Thus, with the WIA Clinton universalized access to manpower training, but the WIA not only stayed within the employment policy boundary marked by a neoliberal inflection of labor-market anti-statism and a social conservative interpretation of the mandate to work, it helped to reinforce that boundary. What was markedly absent from the WIA was evidence of Clinton putting into concrete policies his earlier stance on the importance of linking work to economic security.
Conclusions

President Ronald W. Reagan’s domestic policy agenda is generally cast as the start of a new political consensus that dramatically decreased expectations that the federal government would intervene to offset social and economic imbalances for individuals. To some degree, those who see Reagan ushering in the end of the New Deal era’s approach to social welfare policy are right, but that conception also has the potential to overstate the range of acceptable policy prior to Reagan. Federal employment policy – as seen through a range of policy instruments directed at countering unemployment, including public jobs programs, manpower training programs, macro-economic growth policies, tax credits directed at individuals and business, and social policies like Unemployment Insurance and welfare – is a key example of this. Though Reagan’s agenda for employment policy was unarguably extreme, it is important to recognize how it drew on past policy outcomes in addition to breaking with past policy approaches. By adopting a perspective that recognizes some degree of continuity with past employment policy agendas, Reagan’s approach to employment policy, it is possible to see how the possibilities that earlier employment policy debates had foreclosed were an integral source of support for Reagan’s narrow employment policy goals.

In the half century preceding Reagan’s presidency, American employment policy had largely conformed to a boundary condition established by two liberal currents that together created a mandate that individuals find work on their own in the private sector and restricted government intervention into the private labor market. At a few different points in time between the 1930s and the late 1970s, policies were enacted that stretched this boundary, such as the public employment programs that were designed to ensure that there was enough employment
for all able-bodied adults, as well as extensions to social insurance programs like Unemployment Insurance. However, both the public jobs programs and the Unemployment Benefit extensions were generally temporary, indicating that the limits that the liberal currents imposed on employment policy were as resilient as they were adaptive.

Drawing on a supply-side economic vision that entailed strict fiscal conservatism when it came to federal spending on domestic programs, when he took office in 1982, Reagan had an exceptionally stringent employment policy agenda. Some of Reagan’s policy proposals, such as eliminating CETA’s public jobs program, benefitted from the fact that the liberal currents’ boundary reinforced an aversion to permanent public service employment as part of its prohibition against a government employment guarantee. However, others, like fully eliminating manpower training and welfare for able-bodied adults were much less successful, for both political and ideological reasons. Examining the course of debates on these policies, what emerges is that, in addition to political and economic factors, there were two distinct versions of the work-as-citizenship work mandate in the 1980s that influenced policy outcomes. One was Reagan’s harsh, fiscally conservative version that argued for simply cutting able-bodied adults off from government benefits in order to let market forces induce them to work. The other one, which was supported by a number of social conservatives, argued that work should be mandated for all able-bodied adults, but marked out some government responsibility for ensuring pathways to work, rather than simply penalizing poor non-workers. Over the course of Reagan’s presidency there was a struggle over the shape and content of employment policy between those supporting the fiscal conservative iteration of work-as-citizenship and the social conservative iteration of work-as-citizenship. The employment policy settlements showed that Reagan, too, was constrained
by the liberal currents. However, in contrast to his predecessors of the last fifty years, Reagan was limited by the development of an inner boundary derived from the liberal currents. Evidencing the inner boundary’s constraint, Reagan made a number of concessions to those advocating a social conservative interpretation of work-as-citizenship, including expanding tax credits for low-wage workers and providing work incentives along with sanctions for non-work in welfare reforms.

The same was true for President George H. W. Bush, who succeeded Reagan in 1988. Bush sought to restrict the expansion of policies that contravened his preference for fiscal restraint. However, economic circumstances lent strength to arguments based on the moderate social conservative version of work-as-citizenship for using the government to mitigate the effects of low wages and unemployment on individuals. Like Reagan, Bush compromised on his fiscal conservative agenda by expanding the Earned Income Tax Credit and temporarily increasing extended benefits under Unemployment Insurance.

Democratic president William J. Clinton’s adoption of a modified neoliberal economic and employment policy agenda indicates that Reagan succeeded in pushing the domestic policy arena further to the right, but how far to the right was not immediately clear. Though Clinton was an avid supporter of balancing the budget, which signified his allegiance to some degree of fiscal conservatism, at the start of his presidency Clinton seemed poised to accompany deficit reduction policies with a substantial expansion in government spending in order to create jobs. Clinton’s public investment plan was designed to stimulate private sector job growth, but it also included a public jobs program. This type of direct job creation went beyond the moderate social conservative approach to work-as-citizenship that had characterized employment policy during the previous decade. In fact, during his presidential campaign and immediately after taking office, Clin-
ton had essentially introduced a third conception of work-as-citizenship. This new, expanded version of the work mandate, part of Clinton’s broad pro-work agenda, directly linked work to expectations of a stable income and upward economic and employment mobility. It was, consequently, far from a foregone conclusion that the social conservative form of work-as-citizenship would continue to dominate in the employment policy arena.

However, Clinton’s commitment to this expanded form of the work mandate proved to be quite weak. When political circumstances impinged on his most expansive proposals, he not only backed away from his expanded view of work-as-citizenship, he demonstrated affinity with the social conservative form of the work mandate. Fairly early on, Clinton dropped the public investment plan in order to pursue his deficit reduction goals and did not return to it even after there was a budget surplus in his second term. Clinton did successfully pursue some policies that improved the effective income of the working poor, but he also echoed arguments made previously by fellow Democratic presidents Franklin D. Roosevelt, and Lyndon B. Johnson, about the negative effects of non-work based income support for the poor. In addition, even his most expansive welfare reform proposals sought to prevent the implementation of a government entitlement to employment. When push came to shove, promoting and requiring work from welfare recipients was more important to Clinton than ensuring economic security through that work. The social conservative understanding of the work mandate also pervaded Clinton’s manpower training reforms, further limiting the potential for training to provide the working poor with ladders into the middle class. So, whereas social conservatives pulled back against Reagan’s harsher employment policy goals, Clinton’s acceptance of the social conservative iteration of work-as-citizenship served as an outer boundary. This restrained the implementation of
a new interpretation of the work mandate that would have not only broken with
Reagan’s severe fiscal conservative employment policy agenda, but also potentially
shifted the liberal currents’ employment policy boundary. Notwithstanding the
failure to put this expanded version of work-as-citizenship into effect through con-
crete new employment policies in the 1990s, its articulation and advancement at
such high levels shows that the liberal currents’ continue to demonstrate a capacity
for adaptation and development. If this expanded version can find more support
in the future, it has the potential to shift the existing boundary on employment
policy, greatly expanding the range of acceptable interventions.
Chapter 6

Conclusion: The Liberal Currents’ Employment Policy Potential

In the wake of the “Great Recession,” from 2008 to 2010, there has been renewed attention in America to the impacts of unemployment, underemployment, and economic insecurity on individuals and the nation as a whole. This has prompted debate about the government’s role in mitigating the negative impact of such economic downturns, and even on whether there should be a right to employment. However, the policy instruments for combatting unemployment and underemployment that were developed in America between the 1930s and the 1990s provide only a limited foundation for reducing economic insecurity. American employment policies have largely been focused on either individual-level intervention or

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macro-level economic policy, and have tended to neglect the labor market side of the equation. Notably absent were measures that ensured that there was enough stable employment at decent wages for all able-bodied adults.

Existing scholarship overlooks one of the key reasons for this exclusion: historically, the American liberal tradition has limited both right- and left-leaning employment policies. In this work I show that two liberal ideological “currents” constrained American employment policy and created an enduring boundary condition on employment policy debate and development. One current valorizes private, paid work as the basis for social and political inclusion – I call this *work-as-citizenship* – and the other current distances the federal government from di-
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Rect intervention in the labor market – I call this labor-market anti-statism. The currents did not wholly prevent the establishment of employment policies that mitigated the the effects of unemployment or economic insecurity. However, the two currents have generally worked together to curtail the development of job creation or social insurance policies that would contravene the individual mandate to find work, either by extending a government employment entitlement, or by establishing sources of income support that let able-bodied adults opt out of the private labor market.

Using case studies from three periods, the New Deal (1933-1947), the Great Society and the years that followed (1962-1977), and the Reagan Revolution (1981-2000) I investigate the mechanisms through which the two liberal currents maintained the boundary around employment policy. The cases that I cover further demonstrate that the liberal currents, and by extension the boundary condition they maintain on employment policy, are themselves capable of development. Over the twentieth century, as political, economic, and social conditions periodically induced policymakers to question the government’s role in ensuring access to employment and economic security, the liberal currents’ framework was, thus, repeatedly challenged. The employment policies that resulted sometimes required some modification to the liberal currents’ policy prescriptions, though there were generally limiting conditions put on such policies that prevented them from inducing a full reworking of the boundary condition.

First Period: The Long New Deal (1933-1946)

Elected at the height of the Great Depression, president Franklin D. Roosevelt had to deal with dire economic conditions that drove unemployment rates to unprecedented levels. Roosevelt overtly voiced strong ideological objections to direct relief
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for the needy, rooted in his desire to preserve both private sector work’s link to
citizenship and the private market as the major arbiter of employment. Roosevelt
also demonstrated that employment policy was distinct from other policy arenas
by expanding the federal government’s role in some areas, including regulation of
agriculture and industry, while working to limit government intervention into the
private labor market. One of the key ways that Roosevelt’s administration sought
to curb government involvement in the labor market was by dividing the needy
into groups of workers and non-workers when designing social provisioning pro-
grams. Those distinctions, and the different levels and types of benefits accorded
to the various groups, effectively valorized work while also reducing the number
of needy who would be considered “unemployed.” Since the categories were often
arbitrarily and broadly applied, they led to a diminished notion of citizenship by
making it difficult for some of these groups to earn standing.

The Roosevelt administration saw work relief, such as the Works Progress
Administration, as preferable to direct relief but argued that it needed to be con-
structed carefully. They limited both the total number of participants as well
as the types of jobs performed, so that work relief did not constitute govern-
ment competition with the labor market or suggest a government entitlement to
employment. Roosevelt overruled proposals to include a permanent public jobs
program in the 1935 Social Security Act, opting instead for a time-limited Un-
employment Insurance program. Yet another opportunity to make a public jobs
program permanent was presented by the 1937-38 recession, but though Roosevelt
increased spending on the WPA, he did not press for a change in its status as a
temporary emergency measure. Then, after World War II, proponents of the 1945
Full Employment Act tried to package a government policy of “full employment”
as non-threatening to the existing ideological imperatives, rather than explicitly
basing it on an alternative ideological framework. As a result, they were unable to adequately defend their proposal.

It is possible to see the liberal tradition’s constraint on policymakers through a number of distinct mechanisms during the New Deal. Some policy positions were directly derived from ideological predispositions. This included the ideological arguments against direct relief and dividing the unemployed needy into distinct categories in order to reinforce the position of private work and reduce the number targeted by employment programs. A second mechanism was policymakers’ willingness to pursue federal interventions in some sectors (e.g. farm subsidies and industrial regulations), while labor market interventions, including public jobs programs and Unemployment Insurance, were strictly limited. Thirdly, policy proposals that would have countermanded the ideological currents – such as permanent public jobs programs, and non-time limited Unemployment Insurance – were either only partially explored and abandoned, or not pursued even in the face of evidence that they could help accomplish administration goals. Finally, in the debate over the proposed “Full Employment Act,” the legislation’s supporters backed away from developing an ideological alternative to the liberal currents as a basis for their full employment proposals, which ultimately damaged their legislative agenda.

Second Period: The Great Society and Beyond (1963-1977)

In the 1960s and 1970s there was a certain amount of policy experimentation that signaled some shifts in the liberal currents’ boundary condition. However, federal employment policy outcomes during this period largely upheld the currents’ core imperatives, and their expression through federal employment policy remained intact. Early in the Great Society, unemployment and consequent eco-
nomic insecurity were cast as temporary macro-economic problems and not lasting labor market problems. The framing of unemployment in this way led the John F. Kennedy and Lyndon B. Johnson administrations to enact policies addressing structural unemployment’s mismatch between workers’ skills and available jobs (namely the Manpower Development and Training Act, MDTA), or boosting aggregate demand to stimulate job creation (as through the 1964 Tax Cut). The design and implementation of both the MDTA and the Tax Cut showed that policymakers were more concerned with promoting strong employment prospects for established workers than with the employment opportunities for those with little or no work history.

This bias in favor of established workers also bled into the programs that made up the War on Poverty. Despite the efforts of Civil Rights Movement leaders to draw attention to the labor market inequalities established by entrenched racism, long-term unemployment and economic insecurity amongst black, urban populations was treated as a cultural failing that could be cured through services and “self-help,” rather than as an economic or labor market deficiency that required government job creation or job provision. Although the War on Poverty’s programs did bring funds and some economic development into poor black communities, there were missed opportunities for the anti-poverty program to do more. More specifically, proposals coming out of the Office of Economic Opportunity to initiate public jobs programs were routinely ignored or shot down by both President Johnson and his Labor Secretary, who instead favored job training programs since such programs would not set a precedent for a federal employment guarantee.

After taking office, President Richard M. Nixon wasted no time in eliminating the War on Poverty’s Office of Economic Opportunity. Signaling adherence to the currents, Nixon preferred manpower training to public service employment, and
only grudgingly acceded to calls for an emergency public jobs program in response to rapidly rising unemployment in 1970-1971. However, somewhat surprisingly from a partisan perspective, Nixon demonstrated willingness to use labor market altering measures, such as price and wage controls, in order to curb high inflation. In addition, Nixon supported a program that would have unified anti-poverty and manpower training efforts and included a minimum-income program for the poor. He argued that the proposed program would help preserve the private labor market’s position by eliminating the work-disincentive inherent in existing income support programs for the poor. That program eventually foundered in Congress, thus avoiding a potentially substantial shift in the liberal currents’ boundary on employment policy. However, the continuing economic downturn induced Nixon to agree to a public jobs component in the new manpower training legislation: the 1973 Comprehensive Employment and Training Act (CETA).

After Nixon’s resignation, Gerald R. Ford signed legislation establishing the Earned Income Tax Credit (EITC), which reduced the tax liability for low wage workers, signaling an important expansion in the boundary condition around employment policy. Ford also supported temporary expansions to Unemployment Insurance, a social policy which pushed against the liberal currents’ limits without contravening them. However, Ford consistently resisted the use of public service employment, and only agreed to expansion in public jobs programs and public works in response to political and economic pressure. He also worked to forestall passage of the proposed 1976 Full Employment Act, which threatened to create an explicit entitlement to employment, and was even joined in this effort by leaders from the political left.

The two liberal currents’ constraint on policymakers is evident through a variety of mechanisms during the Great Society, some overlapping with mechanisms
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from the New Deal. The first was policymakers’ preference for programs that entailed labor market reinforcement, not labor market alteration, such as focusing efforts either on reforming individuals (as with manpower training programs) or promoting macro-economic growth (as with monetary and fiscal policies). Another mechanism was policymakers’ persistent attachment to a policy approach that acceded with the currents, such as reforming individuals rather than the labor market in order to improve economic security, even given evidence favoring alternative approaches. A third mechanism, which had links to the first two, was seen through alternative proposals that were put forward, such as the Office of Economic Opportunity’s championing of public jobs programs, or Congressional initiatives for public jobs programs. Such proposals presented ideological challenges to the liberal currents, and the fact that such proposals were routinely defeated or watered down demonstrated the liberal currents’ resilience. As in the New Deal, arguments against public jobs programs were often based directly on the ideological constraint that the responsibility for obtaining work was individual, not governmental. Yet another mechanism was visible in the limits that policymakers put on programs that were ideologically incompatible with the liberal currents’ dictates. This included imposing time limits on training programs, and keeping public jobs programs temporary. Finally, expansions to non-permanent public jobs programs gained bipartisan support or acceptance, while legislation instituting an employment entitlement engendered opposition from both parties.


In the last two decades of the 20th century, employment policy debates changed in some key ways, which affected the liberal currents’ boundary on employment policy. First, ideas grounded in the liberal tradition and present in the New Deal
and the Great Society, such as the importance of self-help for the economically disadvantaged, were taken to a new extreme. Thanks to the growing support for work-requirements as a condition of social benefits, social welfare programs were increasingly considered an employment policy instrument. President Ronald Reagan’s administration argued that self-help provided a rationale for eliminating nearly all government assistance, including non-work-based income transfers and public jobs programs. Based on this rationale, Reagan was content to mandate work as a condition for social welfare benefits, without addressing the economic and labor market conditions that made employment difficult for the welfare population and the working poor.

Because Reagan’s employment policy agenda was so narrow, the traditional outer boundary of the liberal currents did not constrain him. However, members of both political parties resisted some of his more extreme proposals using arguments grounded in the liberal currents. This indicated that there was an inner boundary on employment policy. Unable to forgo manpower training altogether, Reagan’s administration made sure that CETA’s replacement, the 1982 Job Training Partnership Act (JTPA), was based entirely on training, rather than public jobs programs, and provided no stipends to trainees. Ultimately, the Reagan administration’s rhetoric about using fiscal policies to increase work output applied more to the top of the income ladder, while for those on the bottom, the most important thing was simply to limit how much government assistance they could receive. In addition to slashing public jobs programs and welfare benefits, this included proposals to tax Unemployment Insurance benefits in order to make them less attractive than private sector work. Likewise, Reagan’s tax policies did much more to advantage top earners than to increase the incomes of most middle-class workers, or that of the working poor. Due to pressure from social
conservatives and left-leaning Democrats who advanced a less extreme version of
work-as-citizenship, Reagan had to compromise on some of his employment policy
goals, including welfare reform and tax policies.

President George H. W. Bush’s employment policy agenda closely resembled
Reagan’s strict fiscal conservative approach, though there was evidence that the
social conservative version of work-as-citizenship had displaced some of the more
stringent aspects of Reagan’s approach. Bush agreed to an EITC expansion as
well as to several temporary expansions to Unemployment Insurance, in response
to an economic downturn.

William J. Clinton’s administration seemed poised to dramatically expand the
employment policy arena, and by extension, the liberal currents’ boundary on
acceptable policy. As a candidate and early in his first term, Clinton explicitly
acknowledged that labor market conditions, not just the structure of employment
and social welfare programs, affected the employment prospects for low wage work-
ers and the non-working poor. However, Clinton’s policy decisions demonstrated
that he was not deeply committed to the expanded version of work-as-citizenship
– namely, that work should be available to all and should lead to economic secu-
rit y – that he had espoused during his presidential run. Clinton’s administration
initially proposed a substantial economic investment program that would include
a public jobs component as part of an overall deficit-reduction strategy, but then
opted for cutting the deficit without including the investment or jobs programs.

Similarly, while the administration supported expansion to the EITC, which
assisted low wage workers, other reforms for needy workers promised by Clin-
ton were not enacted. This included indexing the minimum wage, and reforming
health care. Later, despite this incomplete package of reforms to low wage work,
which left such workers economically insecure, the Clinton administration argued
that moving welfare recipients into entry level jobs would provide them with economic security. Clinton’s support for such welfare reforms culminated in the passage of the Personal Responsibility and Work Opportunity Act (PRWORA), which turned welfare into a time-limited program that conditioned benefits on recipients’ participation in work and training programs. The JTPA had a questionable track record by the time Clinton took office, but rather than overhauling the program, its short-term training model was used as the basis for PRWORA’s welfare-recipient training programs. Moreover, Clinton presided over training programs’ adoption of the “work-first” philosophy; which shifted the emphasis away from education and skills training in favor of getting recipients working as quickly as possible. In practice this meant pushing participants into low-skill, dead-end jobs.

During the Reagan Revolution the liberal tradition’s constraint on employment policy continued to be visible through an array of distinct mechanisms, though the form of the constraint was subject to change, as were policymakers’ understandings of the currents themselves. To begin with, policymakers continued to opt for policies that involved macro-economic or individual level interventions, which reinforced the labor market, rather than altering the labor market through regulation or public jobs programs. Second, starting with Reagan but continuing through Clinton’s time in office, there was a resurgence of direct attacks by policymakers on employment and social welfare programs based on the idea, consistent with work-as-citizenship, that individuals should find work on their own in the private sector. One manifestation of this was the increasing bi-partisan support for work-based reforms to welfare. However, it is important to note that there were competing interpretations of work-as-citizenship among policymakers during these years: Reagan’s harsh fiscal conservative version, a more moderate version
espoused by social conservatives from both political parties, and an expanded version articulated by Clinton that explicitly linked employment with economic security. Third, the termination of employment programs that supplanted the private sector’s provision of jobs (e.g., the Comprehensive Employment and Training Act’s public jobs program), and their replacement with more ideologically palatable training programs, showed the liberal currents’ influence on policymakers was enough to overcome support for programs with established political constituencies. Finally, as they designed and reformed employment and welfare programs, policymakers routinely ignored or overlooked data on existing and past programs when such data conflicted with their interpretations of the two liberal currents.

Future Directions for Employment Policy

Understanding the extent to which established employment policy can aid the economically insecure – a disproportionate number of whom are non-whites or women – is essential to crafting future employment policy that provides real equality of opportunity in employment to all Americans. I have shown here that as currently formulated, American employment policy has consistently failed to ensure that there were enough jobs, particularly stable jobs paying a living wage, for the adult labor force. It remains an open question whether federal employment policy will be expanded in the future to more fully address existing deficiencies in the quantity and quality of jobs.

The two liberal currents have not disappeared from discourse on employment policy, though it is important to recognize that they are increasingly subject to reformulation. This includes Reagan’s strict fiscal conservative approach which took the individual work mandate to the extreme, as well as the social conservative understanding of work-as-citizenship that sought to link social welfare policy
more fully with work output. However, it also includes Clinton’s initial expanded iteration of work-as-citizenship, notwithstanding the fact that he did not fully follow through on his promises to extend economic security to all Americans. Work-as-citizenship has historically served to emphasize private employment and, in combination with labor-market anti-statism, to prioritize employment policies that reinforced rather than altered the labor market. Yet, recent employment policy debates show that work-as-citizenship also presents a potential basis for a right to employment, and beyond that, for guaranteed access to employment that is above the poverty level and that provides pathways to jobs in the middle class.
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