

# Reactions to *Both Hands Tied*

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*The following comments refer to Both Hands Tied: Welfare Reform and the Race to the Bottom of the Low-Wage Labor Market. A response from the book's authors follows.*

I read *Both Hands Tied* with close attention; it is one of the most serious rejoinders I have read to the argument I make in *Beyond Entitlement*.<sup>1</sup> I appreciate the attention given by the authors to my ideas, and also the fact that they quote me accurately—not all of my critics have.

I differ only on one detail: The authors say that I and other advocates of welfare reform supported the cuts in worker rights that they criticize, the better to get welfare mothers serious about work. I have never said that. My goal was only that welfare adults should have the same rights and obligations as other citizens, no more and no less. In the private sector, they should certainly enjoy the same protections as other workers. I took no definite view on whether the protections now recognized are enough or not. I am not antigovernment and I have never advocated cutbacks in the welfare state.

It is true, as the authors emphasize, that recipients placed in workfare get fewer protections than regular workers. However, this is because they do less—they are placed in work rather than finding jobs on their own. In Wisconsin Works (W-2), recipients who get no cash aid receive the same rights as others. I believe that it is misleading to emphasize the workfare component of W-2; while most recipients *on the rolls* were assigned to workfare, they were vastly outnumbered by those who left cash aid to work in the private sector. For that much larger group, there was no reduction in labor rights.

To assess welfare reform fairly, it is necessary to look at its effects on the whole low-wage working population, not just on the very few still receiving cash aid. With the new child and health care and the enhanced wage subsidies that came as part of reform, the average former recipient is better off than before reform, provided she works and claims remaining benefits such as SNAP (Supplemental Nutrition Assistance Program, formerly food stamps).

The authors make an important contribution by describing the work experience of welfare recipients today. There has been little other research on this topic. Most of the research on welfare reform, including W-2, has focused on the changes in welfare itself rather than on the work experiences of mothers. Also, what study there was of employment after

leaving welfare was mostly during the prosperous 1990s and not during the more difficult 2000s. *Government Matters*, my own book on the Wisconsin reform, ended in 2002.<sup>2</sup> The authors' description of W-2 is largely consistent with mine.

The authors found that mothers mostly use W-2 episodically, to tide them over during periods when work is too difficult, due to childbirth, health problems, or family demands. Soon they are put in workfare and go back to regular jobs. This is how the system was supposed to operate, avoiding the long-term dependency that developed under Aid to Families with Dependent Children (AFDC).

The picture that the authors paint of the new system is surprisingly benign. They find that it is overly demanding, but not abusive. W-2 caseworkers are described as generally responsive to the mother's needs; advocates of the new system would hardly claim more.

The main criticism in the book is that welfare reform, as well as changes in private employment, have left poor mothers insecure. They now have no way to support their families other than through a "solitary wage bargain." They have to deal with employers as if they were men without dependents, ignoring their family needs.

I would agree that some advocates of welfare reform, myself included, initially paid too little attention to the family responsibilities of poor mothers. However, since *Beyond Entitlement* I have given this topic considerably more attention, and I still stand by my original recommendation. It is fairest to society and best for the mother and child if the mother is required to work. While working in today's labor market is difficult, mothers who are not on welfare get no better. America never promised more.

The hard evidence on welfare reform programs shows mostly good effects. Evaluations show that most mothers benefit, both economically and personally, if they face a work test. Their children are less affected, but on balance they too gain. Surveys also show clearly that most recipients accept the work test.<sup>3</sup> The women interviewed for *Both Hands Tied* did not appear to question it, although they had many specific complaints.

I disagree, as the authors claim, that business or government ever accorded workers a right to a "family wage." Some unions won high wages, but I doubt the employers accepted any overt responsibility for families, only for the workers themselves. And, as the authors concede, workers enjoying such deals were never more than a small minority of all workers. Government never accepted a "family wage" either. It did establish a minimum wage, but again with no explicit reference to family. It also, in 1939, added survivor benefits

to Social Security, but this was for families after the worker retired or died, not during his or her working years.

There was certainly never any idea that workers had a right to public support while *not* working for family reasons, or even to be particular about when and how they would work. Rather, workers qualified for Unemployment Insurance (UI) only if they had a steady work history and were fired involuntarily, and they were expected to begin searching for another job immediately. “Suitable work” rules limited how selective they could be. As the authors note, poor women typically work too erratically to qualify for UI.

On the whole, welfare reform meant applying similar expectations to cash welfare. One need not have worked prior to claiming welfare, as in UI, but a mother must now work or seriously look for work while receiving aid. One must work alongside the taxpayers on whom one relies. That was not a reactionary change as the authors present it, but rather the revocation of the right not to work that AFDC had come to embody.

I also would contest that either employers or government deliberately cut back worker or family protections in the same jobs as the authors suggest. It is true that the service jobs that poor women hold today provide worse pay and benefits than the unionized factory jobs of earlier decades. But the latter were never typical of the economy, and few mothers ever held them. Industrial employers did not cut pay and benefits so much as they simply moved their factory jobs elsewhere. The service jobs that then dominated had never paid so well. To present the shift from factory jobs to services as if it were a deliberate cut in wages and benefits is to misrepresent what happened, to compare apples to oranges.

In fact, wages for low-skilled women in service jobs rose in the 1990s. Without those gains, we could not have seen the sharp reductions in child and family poverty that Wisconsin and the nation achieved in that decade, although poverty has rebounded since. The case made by the authors would be stronger if they could say that jobs were simply unavailable or wages had fallen compared to what the same jobs used to pay. At most, they say that wages have not risen and that service employers have resisted increases.

Nor did government cut back its efforts. The authors present welfare reform as if it meant the wholesale dismantling of social programs. That was true neither in Wisconsin nor the nation. Wisconsin saved money on reform in the short term, as I showed in *Government Matters*, but only because the caseload fall in AFDC and W-2 was far greater than projected.<sup>4</sup> The new child and health care provided to facilitate work eventually proved too heavy to carry, forcing the cutbacks described by the authors, but spending did not fall relative to before reform. On the national level, the shift of spending from cash aid to support services was less drastic, and spending grew. Part of this was EITC, which is vastly more generous since 1993 than it was before, including a state supplement for Wisconsin residents.

While it is true that many of these support services and benefits have been cut back in the current state fiscal crisis, that has nothing to do *per se* with welfare reform. It is a crisis that has hit all domestic programs, including those serving the middle class.

The main reason that poor mothers are struggling today has nothing to do with these changes—rather, it is the sharp rise in unwed pregnancy. The collapse of marriage is the principal reason why combining work with family has become more difficult for poor families. In the past, more families benefited from the inherent efficiencies of having two parents. It was then possible for women to reconcile children with work (usually part-time) without huge difficulty. With two parents (usually) working, there was a *de facto* family wage even if there was no explicit policy. That is still true today for intact families.

Far from ignoring the marriage problem, government has tried to compensate by providing far more child and health care than it ever did before welfare reform. That safety net is highly visible in the authors’ account of how poor mothers mix erratic work with occasional welfare. None of these supports existed in the 1930s, or even in the 1960s. Far from abandoning the poor, government’s role has grown. It is now doing part of the job that intact families used to do. Welfare reform has not changed that. If anything, government’s role has increased, since it now includes promoting employment as well as just transferring resources to families.

In only one respect is government less generous than it was—the denial of entitlement. The new benefits are mostly conditioned on employment. Mothers must be accountable for the support they get, and are no longer the sole judges of whether to work. Government has decided that to expect work is fair and also best for families. The authors obviously differ in this opinion, but they do not rebut these judgments directly throughout most of their book. Rather, they make the more limited argument that the new work-based safety net is insufficient. Mothers need not only child and health care, but also more flexibility about leaving work to deal with child and health emergencies. It is true that Europe has more generous family leave policies than we do, and that a case can be made for improvements. I am open to that, as I take no definite view of how much government should do for workers, either men or women.

My point, rather, is that the case for improved leave must be a general one, pitched to the needs of all mothers. Leave cannot be a privilege confined to welfare mothers, as the right not to work used to be. And it cannot amount to a *de facto* cancellation of the work requirement.

At the end of the book, the authors finally reject the work requirements *per se*. They say that the poor single mother deserves support because she is “already working” by caring for her child or other family members. They also call for improved pay, benefits, and other conditions if she does work. But implicitly, work would again be the mother’s choice, as

it was under AFDC. This is a lot less persuasive than improving work benefits and conditions. It is unfair to taxpayers, few of whom have a choice not to work, and it would mean a loss for most mothers and children.

The authors say that Stuart White and others defend caretaking as “civic labor” that should be accepted in lieu of paid work. In fact, White in *The Civic Minimum* sets conditions on civic labor that, in my view, would deny support to a welfare mother caring for her own child without work.<sup>5</sup> Christopher Beem, however, has developed an argument for supporting the mother during infant care that differs from entitlement because the mother has to satisfy several civic conditions. She must have worked or be enrolled in education and training, and she must receive instruction in parenting.<sup>6</sup> That position is not far distant from the authors’ call for improved family leave and support services. All these arguments are set out in *Welfare Reform and Political Theory*, which Beem and I edited in 2005.

The authors’ case against conditionality ultimately rests on the same conviction as AFDC, that mothers coping with children alone cannot be expected to work. The authors virtually ignore the major cause of the mother’s dilemma—runaway unwed pregnancy. No response is fully satisfactory. Society is not about to enforce marriage, but single parenthood is too damaging for society not to hold the mother accountable in some way (as we also do the father through child support). We cannot simply hold the mother harmless, as the authors’ proposals would do. That shifts all the responsibility to so-

ciety. The moderate position, embodied in current policy, is to require work and also help the mother to work. Thus, she gets some support, but she is still accountable for some functioning to the larger society, just as other adults are.

In *Both Hands Tied*, the authors have usefully portrayed the work experience of many mothers after welfare reform. However, I find their larger indictment of the system unpersuasive. While well-paid factory jobs are gone, on balance poor single mothers are better off than they used to be. Their greatest problem is single parenthood, not anything the society has done to them. Their conditions might be improved, but there is no cause to return to entitlement. We have already been down that road. ■

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<sup>1</sup>L. M. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1986).

<sup>2</sup>L. M. Mead, *Government Matters: Welfare Reform in Wisconsin* (Princeton: Princeton University Press, 2004).

<sup>3</sup>T. Brock, D. Butler, and D. Long, “Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research,” (New York: Manpower Demonstration Research Corporation, September 1993), table 5.

<sup>4</sup>Mead, *Government Matters*, ch. 10.

<sup>5</sup>S. White, *The Civic Minimum: On the Rights and Obligations of Economic Citizenship* (Oxford: Oxford University Press, 2003), ch. 5.

<sup>6</sup>C. Beem, “Restoring the Civic Value of Care in a Post-Welfare Reform Society,” in *Welfare Reform and Political Theory*, eds. L. M. Mead and C. Beem (New York: Russell Sage, 2005), ch. 7.

## ***The Minimum Wage and Labor Market Outcomes***

Christopher J. Flinn

In *The Minimum Wage and Labor Market Outcomes*, IRP affiliate Christopher Flinn argues that in assessing the effects of the minimum wage in the United States and elsewhere, a behavioral framework is invaluable for guiding empirical work and the interpretation of results. Flinn develops a job search and wage bargaining model, and uses previous studies from the minimum wage literature to demonstrate how this model can be used to evaluate the diverse results found in widely varying institutional contexts. He also shows how observed wage distributions from before and after a change in the minimum wage can be used to determine whether that change improved people’s well-being. More ambitiously (and perhaps controversially), Flinn proposes the construction and formal estimation of the model using commonly available data; model estimates then enable the researcher to determine directly the welfare effects of observed minimum wage changes. This model can be used to conduct counterfactual policy experiments—even to determine “optimal” minimum wages under a variety of welfare metrics. The development of the model and the econometric theory underlying its estimation are carefully presented so as to enable readers unfamiliar with the econometrics of point process models and dynamic optimization in continuous time to follow the arguments. Although most of the book focuses on the case where the unemployed search for jobs in a homogeneous labor market, later chapters introduce on-the-job search into the model, and explore its implications for minimum wage policy.

*The book is dedicated (in memoriam) to Arthur Goldberger and Irving Piliavin, two longtime associates of and contributors to the IRP and close friends of the author from his days on the faculty at the University of Wisconsin.*

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