Work and Welfare in America: A Synthesis Approach

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WORK AND WELFARE IN AMERICA: A SYNTHESIS APPROACH

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In 1962, influenced by Michael Harrington's *The Other America: Poverty in the United States*, President John F. Kennedy declared the war on poverty, focusing much of American social and economic policy on attempts to eliminate poverty in the United States. According to many critics, victory in the war on poverty remains elusive. Economist George Gilder laments, "while the incomes of the poor have steadily risen through Great Society largesse, their prospects have plummeted as families have broken into dependent fragments and jumbled together in crime-ridden and welfare-addicted ghettos."

Two frequently discussed but never fully implemented alternatives to the current federal welfare system are the negative income tax and workfare. A negative income tax system would assure all individuals a minimum level of income via a system of grants operated through the national income tax system; workfare would require any able-bodied recipient of public assistance to work in order to qualify for continued aid.

This article proposes that many of the serious defects of the current welfare system could be eliminated by implementing a single comprehensive program which combines the features of the negative income tax and workfare programs.

Although the negative income tax, standing alone, provides disincentives to work, these disincentives disappear when the negative income tax system is combined with a workfare program. The workfare program would require recipients to work a minimum number of hours in order to qualify for benefits. The combined program offers easy administration of benefits, provides participants with work experience, and supplies communities with valuable services.

The negative income tax would replace the current array of categorical federal benefits with a cash payment tied to the

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poverty level, while the workfare program would require recipients to work a maximum of thirty hours per week in a job assigned by the state or municipal employment security agency.

By considering the Catholic and Calvinist view of welfare, the present federal welfare system, the negative income tax, workfare, and the combined system, a workable alternative may be formulated.

I. Catholic Social Teaching and Calvinism

Despite the Constitutional divide between church and state, religious principles have had a profound effect upon the making of American policy. Author and Lutheran minister Wallace Fisher points out in Politics, Poker & Piety that: "From the colonial days to the present, politics and piety have been intertwined, Christ and culture have interacted, church and state have influenced each other institutionally in American history. . . . Religious fervor contributed heavily to the shaping of political concepts and social movements in America."2

Since Pope Leo authored the encyclical Rerum Novarum in 1891, the Catholic Church in the United States has consistently called for social change, particularly in regard to meeting basic needs. Given this history and the publication of the first and second drafts of the National Conference of Catholic Bishops’ letter, "Catholic Social Teaching and the U.S. Economy," the Catholic perspective warrants consideration.

The Calvinist view also should be examined. Calvinist views on the value of work and the significance of success have profoundly influenced the development of American institutions and values. Therefore, an examination of the welfare system ought to include an evaluation in light of Calvinist principles.

A. Catholic Social Teaching

Catholic social teaching rests on the premise that each individual’s development is the raison d’etre of social, economic and political institutions, and is a key element of a just society. Individual men are necessarily "the foundation, cause and end of all social institutions."3 Thus, the universal com-

3. John XXIII, Christianity and Social Progress (Mater et Magistra)
mon good cannot properly be served unless all recognize that it is crucial to promote man's dignity and development.

Every human being, as a person, possesses rights and duties which "flow from his very nature." Man's rights include the right to "food, clothing, shelter and employment." Man's duties include the duty to work and the duty to create social institutions capable of providing adequate employment and sustenance. Provision of these rights is a necessary condition of preserving man's dignity.

In the second draft of their pastoral letter on the U.S. economy, the bishops assert that the "fulfillment of material needs" is a condition precedent to the achievement of the common good, and affirm that the right to "food, clothing and shelter" is "absolutely basic" to human dignity.

Because "minimum material resources are an absolute necessity for human life," if persons "are to be treated as members of the human community," the larger society has an obligation to provide the resources needed to preserve human dignity and encourage growth. The "preferential option for the poor," described by the bishops in the pastoral and outlined in papal documents, requires that the community "evaluate social and economic activity from the viewpoint of the poor and powerless," and act in a way that gives priority to the needs of the poor.

Work assumes a special role in Catholic social teaching as a means by which the individual promotes his full development and meets his need for sustenance. Work "corresponds to man's dignity," and is an important manner of participation in the human community. Providing the right to work insures that each person will have at least a minimum level of participation in the community.

As the right to work flows from the need to promote man's development and dignity, so too does the obligation to

para. 219 (1961).
8. Id. para. 76.
9. Id. para. 78.
10. See id. paras. 59, 89; Paul VI, A Call to Action (Octogesima Adveniens) para. 23 (1971).
work. In *Laborem Exercens*, Pope John Paul II explained that man must work because "the Creator commands it," and because work maintains and develops man's humanity. Man must work "out of regard for others, especially his own family, but also for the society to which he belongs."

In sum, Catholic social teaching requires that a just system provide each individual with the means to support himself and his family, or failing that, with basic sustenance. The individual is required to work to the best of his abilities so as to meet the command of the Creator, to provide for himself, and to help build the community in which he lives.

B. **Calvinism**

In contrast to Catholic social teaching, Calvinism focuses upon man's doing of God's will as a means of glorifying the Creator, rather than as a way of preserving man's dignity. "Central to the system is neither the happiness of the individual nor the good of society, but the doing of the will of God for his glory." Moreover, while Catholic social teaching emphasizes a person's positive rights, Calvinism stresses the individual's duties of charity, stewardship and work.

Calvin proposed a two-sided ethic which requires a self-denial coupled with prudent use of the things of this earth. The rule is to observe a mean. As caretakers of God's gifts, each individual is accountable for his use of goods, and is required to "acquit himself of whatever in charity he owes to his neighbors." Calvinism, like Catholicism, accepts an unequal distribution of goods, but with the proviso that each individual meet his duty of charity. "By doing good without exception" through charity and stewardship the individual "attends to the image of God."

Work assumes a central role in Calvinism as a principal means of doing God's will. As a glorification of God, ordinary work "is taken up into the religious sphere and made the right, normal activity of all good men." Man accomplishes his destiny in working; idleness is a form of human alienation.

13. *Id.* para. 73.
17. *Id.* at 224.
from God.\textsuperscript{18}

In sum, traditional Calvinism emphasizes that man’s primary purpose is God’s glorification, and that man, by working, both glorifies God and does His will. Man is to enjoy wealth as a product of his work but is not to pursue it for its own sake. Those who possess wealth are God’s stewards and are accountable to God for their stewardship. Charity, which reflects man’s love for God, is a universal obligation.

C. A Comparison

In comparing Catholicism and Calvinism, two general points are important. First, both traditions require an individual to provide for his fellows, but they do so for different reasons. Whereas Catholicism requires that each individual be provided with basic necessities in order to preserve man’s dignity and development, Calvinism imposes the duty of charity as a means of glorifying God.

Second, while both Catholicism and Calvinism recognize the importance of work, they differ as to the rationale for its importance. Catholicism teaches that work is important because it facilitates the development and sustenance of the individual and permits him to participate in the community. The Church recognizes that the “Creator has commanded it,” but emphasizes the duty as it relates to others. Catholicism holds that work is for man—it is necessary because it permits man to preserve himself and develop his talents. Calvinism focuses on work as being the prime glorification of God. That work develops the individual is a secondary concern; by working and subduing the earth, man does God’s will. Calvinism holds that man is for work—the Creator has willed that man’s vocation is work.

D. The Synthesized System is Consistent with these Ethical Concerns

The combined negative income tax and workfare program is consistent with these Catholic and Calvinist ethical principles, and is designed to take account of the participant’s economic and developmental needs. First, a negative income tax system better meets material needs, the condition precedent for protecting human dignity. The system provides national benefits so as to eliminate the current disparities in benefits from one locale to another. Because the benefits are

\textsuperscript{18} A. Biéler, supra note 15, at 45.
paid in cash rather than in kind, they promote a participant's human development. Payment in cash allows the recipient to make independent decisions about what is to be purchased, and the purchaser takes responsibility for those decisions.

Second, through participation in the workfare component of the program, the recipient has an opportunity to develop job skills which could eventually result in economic independence. Moreover, the program permits otherwise idle individuals to do useful work, to contribute to the community and to provide for their own needs. Marginalized citizens play a role in the productive life of the community.

II. THE CURRENT WELFARE SYSTEM

Reform of the federal welfare system is impossible without an understanding of the operation and problems associated with the current federal welfare apparatus. A variety of programs compose the present income support system. Each program is directed at a different categorical group, financed and administered by all levels of government: municipal, state, and federal. According to the Social Security Administration, social welfare expenditures include "all public programs that provide cash transfers, food, housing, health services, education, manpower training, employment assistance, and other social services directly provided to individuals and families."19

A. Types of Income Support Systems

Income support programs can be categorized as either social insurance programs or income assistance programs. Two characteristics identify social insurance programs: (1) eligibility for benefits depends upon past contributions to the program; and (2) in nearly all cases, one must have an identifiable problem (e.g., disability, unemployment, old age) to qualify for benefits. Federal programs which meet this description include Social Security, Medicare and Unemployment Insurance, among others, and are not popularly considered as "welfare."

In contrast, income assistance programs do not require past contribution and are designed to increase the income of

the recipient. The most important federal programs in this category are Aid to Families with Dependent Children (AFDC), food stamps and Medicaid. These programs are usually referred to as "welfare" and have been the objects of almost constant scrutiny and reform. These income assistance programs are the programs of concern in this article. In addition to these federal programs, many of which are jointly funded and managed with the states, are the general assistance funds which are administered on the local level, and which provide varying levels of assistance to the very poor, frequently on a temporary basis.

B. Federal In-Kind Programs

Under the present federal welfare system, recipients claim benefits under a number of programs, each with their own categorical requirements, which provide either cash or in-kind benefits. A categorical program is one which provides benefits to a certain segment of the population, such as single parent families or the disabled, to the exclusion of all others. Although the federal government supports myriad programs to provide the poor with necessities such as housing and a variety of services, the three best known categorical programs are Food Stamps, Medicaid and AFDC.

1. Food Stamps

The best known in-kind program is the food stamp program. Food stamps were instituted on a permanent basis in 1964 as a means of distributing surplus commodities. By the mid-1970's, however, it had ceased to be a commodity distribution program, but rather had become a national program to provide the needy with the means to purchase food via regular distribution channels. In 1974, the federal government required all counties in the United States to have a food stamp program in operation.20 In 1985, the food stamp program will serve an estimated 22 million individuals at a cost of $11.6 billion.21

The program provides eligible individuals with vouchers which are exchanged at local grocery stores for food. It is administered through the U.S. Department of Agriculture

and through state and local welfare offices, but it utilizes uniform eligibility and benefits standards. According to some researchers, because the program benefits low income families irrespective of their work status or the cause of their meager income, it has become, in effect, "a negative income tax for food."  

2. Medicaid

Medicaid, established in 1965, supplies medical benefits to the poor. In 1985, it will serve an estimated 22.9 million individuals at a cost of $22.1 billion in federal funds. Medicaid is separate and distinct from Medicare, which is the federal health care program for the elderly that is administered in conjunction with Social Security. In 1985, Medicare outlays are estimated to be $69.7 billion.

3. Disadvantages of In-Kind Programs

In-kind programs are criticized on a number of grounds. Because the in-kind programs restrict the purchasing choices of recipients, some complain that such limits are a form of demeaning paternalism. As one analyst points out, "while cash grants give the individual the widest range of freedom, in-kind or voucher programs limit the individual's purchases to those goods which it is thought desirable for him to have, and which it is also thought he might not purchase on his own." For example, the limitation on items that can be purchased with food stamps implies that the government knows how to manage the recipient's affairs more effectively than the recipient.

A second disadvantage of in-kind programs is that they artificially increase the demand for certain goods above their optimal levels. In-kind programs distort the market by raising demand for a particular good or service to above what it would have been had the individual been given the equivalent purchasing power in cash. Demand rises above the optimal level because the government, by determining the form of benefits, is encouraging the consumption of a partic-

22. *Income Transfer Programs*, supra note 19, at 234.
23. *Budget in Brief*, supra note 21, at 49.
24. *Id.* at 51.
ular economic good, such as food or medical care. A welfare recipient, given the same resources but freed of use restrictions and influenced only by market forces, could be expected to engage in a different, and presumably more efficient, consumption pattern.

One author explains that "[i]n-kind benefits almost always distort the market at which they are directed. The urban housing market for the poor is in shambles. Much of the skyrocketing cost of medical care can be directly attributed to Medicaid, the mammoth in-kind medical aid program for the poor."\(^{27}\)

\section*{C. Cash Assistance Programs}

While current cash transfer programs are not subject to the same problems as in-kind programs, they are not without fault. The AFDC program is a prominent example of a problematic cash transfer program.

1. Aid For Families With Dependent Children

The states administer the AFDC program, but it is primarily funded by the federal government. Most benefits are provided to families with an absent father, although some states also provide aid for families where the father is unemployed, but still part of the family unit.

2. Disadvantages of the AFDC Program

One suspected effect of the AFDC program is family disintegration. As long ago as 1963, Charles Lebeaux noted that "more than 60\% of AFDC cases are due to estrangement of parents—divorce, separation, desertion or unmarried motherhood."\(^ {28}\) As early as 1950, the Director of the Bureau of Public Assistance testified before the Senate Finance Committee that "requiring that a parent be absent from the home before his children can receive assistance places a kind of financial premium on a broken home and exerts an influence exactly opposite to the purpose of the whole Aid-to-Dependent-Children program; namely, to keep families together."\(^ {29}\)

\begin{itemize}
\item \textsuperscript{27} L. Greene, Free Enterprise Without Poverty 114 (1981).
\item \textsuperscript{28} Lebeaux, Life on A.D.C.: Budgets of Despair, in Poverty in America 520 (1968).
\item \textsuperscript{29} Library of Congress Legislative Reference Service, Aid to Families with Dependent Children—Development of Program and Current Issues 9-10 (1968).
\end{itemize}
Some of this effect has been mitigated by changes in the program that give benefits to two-parent families. In 1981, twenty-seven states provided AFDC to families where the father is unemployed. Nevertheless, eligibility for unemployment compensation, even in minimal amounts, precluded Unemployed Father (UF) assistance, while the requirement of recent and substantial workforce participation often excluded young fathers and the long-term unemployed.

The AFDC program also suffers from a second flaw: great variations in benefits from state to state. While the AFDC program is federally funded, the benefit levels and eligibility requirements are mandated by the state. Whereas the AFDC benefit level in Houston for a mother and one child is $128 per month, a mother with one child in Bridgeport, Connecticut, receives nearly three times as much at $368 per month. In 1983, the national average monthly benefit per recipient was $106 per month. So, although the programs are federally funded, state peculiarities result in unequal benefits to recipients who have nearly comparable needs.

The current array of programs also share a number of other defects. The schedule of programs required under the categorical approach is inherently inefficient because of the need for complex regulation and administrative duplication. In a statement to the Senate Subcommittee on Public Assistance, Frederick H. Bowen, a top official for the former Department of Health, Education and Welfare, stated "our major problem is management inefficiencies, not fraud. The vast majority of unjustified expenditures are rooted in the complexity of the legislative design and administrative error in these programs . . . ." In 1976, the administration of programs, including the collection of information to determine client eligibility, cost about $3.5 billion, or about 8% of the total benefits cost of the American welfare system. In con-
The current programs also contain significant disincentives to work. For example, David Stockman, former Director of the Office of Management and Budget, noted in 1978 that:

The marginal tax rate faced by welfare recipients results from the combined effect of the benefits losses and income tax liabilities that they incur when they increase their non-welfare earnings. Under the current AFDC-food stamp program, many welfare recipients face a marginal tax rate of 70% or more. For every dollar gained through increased work effort, they lose 70¢ through reduced benefits or increased income tax liability. At certain levels, the marginal rate under the AFDC-UF (unemployed fathers) program . . . exceeds 100%—gaining a dollar through increased work effort leads to a net loss in total family income.37

The drawbacks of the current system come at a high cost. In 1985, The Office of Management and Budget estimates that “income assistance” programs will cost some $52 billion.38

III. **WHY THE NEGATIVE INCOME TAX IS THE ANSWER**

The inadequacies of the current welfare system have led to consideration of a number of possible alternatives. One of the best known alternatives is the negative income tax, which “would substitute a single, comprehensive program of income maintenance for the existing plethora of efforts.”39

Although a guaranteed income program, the Speenhamland system, was introduced in England as early as 179540 (the program was abolished under the Poor Law of 1835), the idea of a guaranteed income was not considered seriously in the United States until the late 1950’s. In his 1962 book, *Capitalism and Freedom*, economist Milton Friedman proposed

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38. Budget in Brief, supra note 21, at 47-53.
a negative income tax that would guarantee a family one-half of the amount by which its adjusted gross income exceeded its tax deductions.\textsuperscript{41} In Robert Theobald’s 1966 variation of the negative income tax, a family would receive its benefits weekly, with the amount of entitlement based on the prior year’s earnings.\textsuperscript{42} Although any income earned by the recipient would be deducted from the entitlement, the disincentive to work would be dampened by the payment of a premium to families with earned income. Under Theobald’s system, the premium would amount to a percentage of the income earned from private sources and would be added to the basic entitlement.

In 1969, President Richard Nixon unveiled his Family Assistance Plan (FAP). The FAP, as originally proposed, applied to families with dependent children and provided a maximum guarantee of $1600 per year to a family of four. The FAP was to have replaced AFDC. It contained a work incentive in the form of a $60 per month “earnings disregard” and a decrease in benefits by only 50\% of all wages earned above the amount of the “disregard.” To further encourage work, the plan also included a work registration requirement which compelled a recipient to register for work or job training and to accept work if it became available.\textsuperscript{43} The food stamp program would have remained intact under the FAP and would have provided many FAP recipients with an additional $800 in benefits for a family of four.\textsuperscript{44} The FAP would have provided benefits to 22 to 24 million persons at a cost of $4 billion.\textsuperscript{45}

Although the Family Assistance Plan passed in the House of Representatives by a two to one margin, it failed in the Senate during the last moments of the 91st Congress.\textsuperscript{46} While the FAP was not enacted, it is important in that it was the first legislative attempt to reform the federal welfare system

\begin{itemize}
  \item \textsuperscript{41} M. Friedman, \textit{Capitalism and Freedom} (1962). Adjusted gross income is taxable income less deductions enumerated in Section 62 of the Internal Revenue Code. Section 62 generally permits the deduction of expenses incurred in the carrying out of a business or in the course of employment. I.R.C. § 62.
  \item \textsuperscript{42} R. Theobald, \textit{The Guaranteed Income} 227-33 (1966).
  \item \textsuperscript{43} President’s Special Message to Congress on Reform of the Nation’s Welfare System, 1969 \textit{Pub. Papers} 647 (August 11, 1969).
  \item \textsuperscript{44} S. Esterly & G. Esterly, \textit{Freedom from Dependence: Welfare Reform as a Solution to Poverty} 95 (1971).
  \item \textsuperscript{45} \textit{Id.} at 92.
  \item \textsuperscript{46} D. Moynihan, \textit{supra} note 40, at 3.
\end{itemize}
to include a negative income tax. According to Daniel Patrick Moynihan:

[The negative income tax] failed because it predictably aroused opposition from groups that had reason to oppose income redistribution. . . . [I]t aroused opposition from groups whose status derived from the manipulation of the existing welfare system and the management of class grievances of the kind that had acquired status (with concomitant rewards) under the antipoverty programs. But unpredictably the competitive outbidding process among liberals set off by the proposal of a modest income guarantee ended with positions verging on the fantasized.47

A. Advantages of the Negative Income Tax

Negative income tax plans can offer a number of benefits over the current welfare system. Two-parent families would be included in the system, thus removing an impetus to family breakups and providing economic support for the family unit. Under a negative income tax, benefit levels would be uniform from state to state, and because benefits would be paid in cash, the system would eliminate the stigma attached to food stamps and other in-kind entitlements. The system avoids the paternalism inherent in in-kind programs, and welfare recipients would not be denied "the sense of self-reliance and trustworthiness accorded to taxpayers."48

B. Disadvantages of a Negative Income Tax

The negative income tax does have some disadvantages. Like the current system, the negative income tax also discourages work. In a series of studies conducted in several states since the late 1960's, work effort noticeably decreased after the introduction of experimental guaranteed income programs. With the income guarantee set at the poverty level, the disincentive effect for male heads of households ranged from 1% to 8%, while for female heads of households, the disincentive effects ranged from 12% to 28%.49

The tests also found that lower levels of benefits may reduce

47. Id. at 545.
the disincentive effect. Lower benefit levels should be introduced, however, only to the extent that they do not defeat the purpose of relieving poverty.

The policy implications of the work disincentives are unclear. As Robert A. Moffit explains:

One interesting finding that has emerged from the experiments relates to the form which work reduction has taken for men. There are strong indications that reductions in total hours of work most often reflect reductions in likelihood of being employed at all, rather than marginal reductions in the hours of those who remain employed . . . .

The policy implications of this finding are ambiguous. On the one hand, withdrawal from the labor force constitutes a major change in work effort, one that society is not likely to accept. On the other hand, the total reduction in work hours stems from a rather large response by a small number of men. Therefore, the negative income tax does not appear to have a pervasive effect on the work ethic of the low-income male population; in fact most of the men do not respond at all.50

Imposition of the NIT would require some changes in the federal income tax system to insure that those with adequate income do not receive unneeded benefits. When taxpayers apply for the NIT, they would be required to provide additional income information regarding savings, nontaxable income, other government benefits being received, and pension. These requirements would not permit taxpayers with significant nontaxable income to receive benefits.

The problem of whether to include capital assets in the "needs" formula is a difficult one. Under current programs, recipients must exhaust their assets before they are entitled to receive benefits. As part of a supplemental schedule, recipients could be required to report the value of capital assets such as real estate. An exclusion could prevent penalization of taxpayers who have modest homes. In any case, as William Klein points out, "very few low-income people have significant amounts of assets."51

Despite its disadvantages, the NIT would be superior to the present system. Although the NIT would require changes in the tax system, it would be easier to administer than the current panoply of programs and their separate requirements

50. *Id.* at 25.
and bureaucracies. It should be more cost-efficient, directing more of the scarce welfare resources to those who need them.

In sum, a negative income tax system has the advantages of ease of administration, uniform national benefits, universal coverage, and lack of paternalism. Its disadvantages include work disincentives and an increased burden upon the national income tax system.

C. A Negative Income Tax System is Consistent with Both the Catholic and Calvinist Social Philosophies

Consistent with the Catholic principle of subsidiarity, the negative income tax system recognizes and respects the individual's responsibility for his or her own economic decisions and places the power to make those decisions in the hands of the individual, not in the hands of a distant bureaucracy. In the second draft of their pastoral letter on the U.S. economy, the bishops indicate that a negative income tax program might be acceptable, saying "the negative income tax is another major policy proposal that deserves continued discussion."\(^{82}\)

The negative income tax system is also compatible with Calvinist views. It carries out the command to do "good to all without exception," and if one accepts the proposition that the individual is usually the best judge of his or her own needs, the negative income tax best fosters the prudent use of resources.

IV. Workfare

The second policy alternative, workfare, is rooted in the belief that all able-bodied adults should work and support themselves. As one writer states: "Society differentiates sharply between work and welfare, and there is general agreement that all those who can work should work . . . . Rampant idleness is no solution. Psychologically, as well as economically, everyone must work."\(^{69}\) A typical workfare program would meet this concern by requiring certain classes of recipients to take jobs in order to earn their welfare benefits.

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52. Second Draft, supra note 7, para. 212.
A. Community Work Experience Program

The Reagan administration has proposed a mandatory Community Work Experience Program (CWEP) for recipients of food stamps. Under CWEP, those not exempt from work requirements would have to begin a job search as soon as they applied for assistance; those whose search was unsuccessful would be required to "participate in a community work experience program, work supplementation program or program of grant diversion" so as to increase their work experience and employability. Students, children, the elderly, the sick, and those who must care for small children or other family members would not be required to participate in the CWEP program.

In 1981, CWEP demonstration projects were launched in fourteen urban and rural communities. According to a 1982 Government Accounting Office report on four of the worksites, participants received assignments in as many as seventeen different job categories, ranging from custodian to artist. A workfare program in Nashua, New Hampshire, in which both state general assistance and federal food stamp recipients participated, had a similar array of assignments.

The range of skills required in the CWEP assignments seems fairly typical. A 1978 Department of Labor review of state workfare programs found "a striking amount of diversity in program content. Workfare ranged from punitive..."
make work examples in which participants spent most of their time waiting for assignments, to combination work experience and education programs designed to increase employability. 59 Currently, some 25 states 60 and 517 counties have some form of workfare program. 61

B. Advantages of Workfare

There are several benefits to a workfare program. Although the range of tasks may run from office work to cutting lawns, a workfare program provides the welfare recipient with work experience that he otherwise might not obtain. As Peter Germanis, a policy expert for the Heritage Foundation states:

Even if the jobs provided give little in the way of training, they introduce work disciplines. Such informal training encourages development of crucial work habits—punctuality, dependability, and good working relations with fellow workers. The work experience also gives participants a chance to gain the kind of references, such as a letter of recommendation, which will help them in future job searches. 62

In addition, the community benefits by receiving services it would not otherwise be able to acquire.

The job search requirements of a workfare program also encourage participants to find outside employment. They save money by helping some recipients to find private sector jobs and by eliminating unwilling participants from the rolls. For example, in a job search demonstration program in Kent County, Michigan, one-third of the case load was cut because applicants found jobs before collecting benefits. 63 While some of those cut from the rolls may be in need, others simply may have other means of support. One policy analyst notes that:

It has been estimated . . . that something like 15 to 25 percent of the gross national product is not reported for

59. Id. at 158 (statement of Gordon L. Berlin, Program Officer).
63. Id. at 4.
income tax purposes. A lot of people are working whose wages or salaries are not in any file, and if and to the extent that some of these people are on welfare, they are uncovered only by the offer of a job, whether a full-time or a part-time job.\textsuperscript{64}

In New York, the operation of CWEP demonstration programs in seventeen counties disclosed that 20\% and possibly as many as 30\% of the recipients have resources not previously reported to the welfare department.\textsuperscript{65} The Reagan Administration has estimated that savings under the CWEP program for AFDC would be $750 million, even including an added administrative cost of $34 per participant (the Congressional Budget Office estimated savings of $250 million). The administrative cost is based upon the costs experienced by the states participating in the CWEP pilot programs.\textsuperscript{66}

C. Disadvantages of Workfare

The disadvantages of workfare lie in the complexity of administration, in the creation of jobs for recipients, and in the high attrition rates found among some workfare programs. Administrators would need a mechanism for determining eligibility for the workfare program and for establishing placements within the program. Furthermore, an effective enforcement system is essential to the success of a workfare program. Paul Fordem, Chairman of the San Diego Board of Supervisors, states that "administering workfare programs places considerable demands on the resources of local government."\textsuperscript{67}

Moreover, "taken seriously, [workfare] would require that every employable recipient who did not find work in the private sector would be found something worthwhile in the public sector."\textsuperscript{68} Politically, the difficulty would be to make workfare appear neither permissive nor punitive, but rather

\textsuperscript{64} Mandatory Workfare, supra note 60, at 45 (statement of Blanche Bernstein, Director, Social Policy Research Institute, New School for Social Research).

\textsuperscript{65} Id. at 115-16.

\textsuperscript{66} Children and Youth, supra note 54, at 19 (statement of Linda McMahon).

\textsuperscript{67} Id. at 149 (statement of Paul Fordem, Chairman, Board of Supervisors, County of San Diego).

\textsuperscript{68} Mandatory Workfare, supra note 60, at 109 (statement of Prof. Lawrence Mead).
the sort of labor which might be expected of any worker. 69

Another problem of workfare lies in the high attrition rates experienced in some workfare programs. One evaluation of the forty year-old Cincinnati, Ohio workfare program, which emphasizes “putting in time,” found that there is a very high initial attrition rate, with an average no-show rate of as high as 60% to 75%. 70 A pilot program in Pinellas County, Florida found that only about 57% of those given job assignments actually showed up at the job site. 71 In sum, while workfare provides the community with services it would not otherwise receive and can provide recipients with valuable work experience, it requires complex administration and frequently is the victim of a high attrition rate.

Both Catholic social teaching and Calvinism value work as a necessary part of human development and as an obligation of the individual. The Catholic conception of work would not admit of a system which only provided work for work’s sake, however. In the first draft of their pastoral letter, the bishops pointedly dismissed “make-work” programs as unacceptable. 72 The Calvinist view, which sees idleness as a sin and work as a key purpose of man, would be more receptive to a program that provided work, even if that work was of minimal value to society.

D. An Alternative to Workfare

One alternative to workfare that sometimes has been advocated is a jobs program of the kind used by the Roosevelt Administration during the Great Depression. Such a program would require participants to be productive and to provide communities with needed facilities, but it would not be feasible today.

The Roosevelt programs were an array of plans designed to use different components of the labor force. The Works Progress Administration (WPA) primarily used less skilled labor and focused upon putting people to work. 73 Over an

69. Id.
70. P. GERMANIS, supra note 62, at 6.
eight year period, WPA cost nearly $13 billion and employed as many as 3 million people in a single month. The WPA, which built roads, bridges, and other infrastructure, did not function entirely without skilled labor. As the final report of the WPA points out:

The vast majority of people certified for employment on the WPA program were unskilled workers, and it became necessary for the sponsors [of the projects] in many cases to use their own funds to hire the skilled workers required in carrying out the projects needed in their community. This was especially true of school buildings and other public buildings, since this work required a high percentage of skilled workers.

One of the shortcomings of a public improvements program is that it requires skilled, rather than unskilled workers. Therefore, the program might not be able to reach those who need it most.

Another disadvantage is the high cost of such a program. Although the WPA program cost $13 billion, the cost of a similar program today would be much higher, especially when one considers that the average WPA wage was $50 per month.

The Public Works Administration (PWA) was a second program designed to construct public improvements. The PWA differed from the WPA in that it focused upon the construction of facilities as a means to an end, rather than primarily as a way of providing relief. The PWA concentrated on employing skilled workers needed to complete such massive projects as the Boulder Dam along the Colorado River and the Triborough Bridge in New York City. Because of the unprecedented levels of unemployment caused by the Great Depression, PWA was able to attract skilled workers. As America Builds, a federal government publication describing the PWA, points out, "here was an army of about 6 ½ million skilled men." Again, as with the WPA, the wages paid under the program were much lower than those prevailing today, at between 50¢ and 87¢ an hour. The WPA and

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75. Id. at 101.
76. Id. at 9.
77. Id. at 23.
78. H. Ickes, America Builds 2 (1939).
79. Id. at 20.
PWA programs, while instructive, are not feasible today because they require skilled workers to complete many projects, and because they would be prohibitively expensive under current wage scales.

V. THE SYNTHESIZED PROGRAM

A synthesized program combining both workfare and a negative income tax provides the separate advantages of each individual program but eliminates many of their individual disadvantages.

A. The Negative Income Tax Component

The negative income tax program would be federally funded and administered and would provide uniform benefit levels. Ideally, benefits levels would be keyed to the poverty level, as defined by the federal government. The Social Security Administration devised the poverty index in 1964. It estimates that the low-income family's cost of living is three times the amount of its food expenditures. In 1983, the poverty level for an individual was $5,081, and $10,178 for a family of four. The additional cost of providing such benefits would probably exceed $20 billion, less the value of services provided by workfare participants and administrative savings. A program to raise all incomes to the 1979 poverty level was estimated to have a cost of about $17 billion.

Costs of the program could be reduced by setting benefits levels at current amounts. While critics would object that such a program fails to provide "the basic necessities" required to maintain a recipient's dignity and promote development, it would still retain the systematic benefits of the synthesized program.

81. WORLD ALMANAC, supra note 36 at 255.
82. S. LEVITAN, supra note 80, at 50. In 1979 the poverty level for a family of four was $7,500. In 1978, "the poverty gap," the amount needed to bring the income of the poor to the poverty level, was estimated to be about $20 billion after transfer payments were taken into account. STAFF OF HOUSE COMM. ON WAYS AND MEANS, 98TH CONG. 1ST SESS., BACKGROUND MATERIAL ON POVERTY 125-27 (Comm. Print 1983).
83. For example, The bishops assert in the second draft of the economy pastoral that "the combined benefits of AFDC and food stamps typically come to less than three-fourths of the official poverty level. Those receiving public assistance should not face the prospect of hunger at the end of the month, homelessness, sending children to school in ragged
The current income tax system would determine and distribute benefits, and the level of benefits would drop as earnings increased. The reduction would not be dollar for dollar, but would be graduated so as to encourage recipients to increase their earnings.

Under the system, each family would submit a standard tax form and one supplemental schedule listing non-taxable income items and certain assets. The system would compute the benefits on the basis of household income and would require an additional schedule listing each family member's income. If the family's income was below the minimum level, the family would receive a refund of the shortfall immediately if the amount was less than $500, but would receive larger amounts on a monthly or quarterly basis. The system would base benefits on the previous year's earnings and would adjust them quarterly for changes in income levels. Recipients would submit a quarterly form listing their current earnings.

B. The Workfare Component

A workfare program would be instituted along with the negative income tax program. Families in which a wage-earner or wage-earners worked a significant number of hours during the year (for example, the equivalent of 30 hours per week for all wage earners in a particular family), would be exempt from the workfare requirement, as would those unable to work due to physical condition, age or family circumstances. Those who neither worked nor received an exemption would be required to enter the workfare program. Each year, a workfare participant, working the maximum number of required hours, would earn $5,226 at the minimum wage of $3.35/hour.84

State employment agencies would operate the program and would receive funding from the federal government for their efforts. The state agencies would place participants in private sector positions, with not-for-profit agencies, in training programs, or in public service employment programs established for workfare participants. The hours required would be keyed to the amount of the NIT subsidy and hours clothing or inadequate medical care." Second Draft, supra note 7, para. 210.

84. WORLD ALMANAC, supra note 36, at 162 (Thirty hours of work per week at the minimum wage rate for fifty-two weeks yields gross yearly earning of $5,226.)
independently worked by the individual. Ideally, tasks which would develop or require basic job skills would be provided. In instances where a client is found to have had prior experience in a particular area or possess a certain skill, that skill or experience would be utilized. "Leaf-raking" and "ditch-digging" assignments would be made only where no alternative placement was available. Such an emphasis on utilizing and developing skills would curb the tendency of workfare programs to be punitive in nature and would better serve the goal of directing workfare participants toward self-sufficiency and employment in the private sector.

The number of people required to participate in the program would not be prohibitively large. According to Sar A. Levitan and Richard Bellous, "of the roughly 25 million Americans in poverty, it would be unrealistic to expect that the majority can or should work. About half of the poverty population is under the age of 16 or 65 years old or older." 85 Levitan and Bellous conclude that about seven million of the twenty-five million considered poor in 1976 are employable. 86

C. The Synthesized Program Is Consistent with Catholic and Calvinist Teaching

The synthesized welfare program is consistent with Catholic and Calvinist teaching in that it provides the individual with the opportunity to develop himself and meet the "command of the Creator" through work. By providing a supplementary mechanism to the market, society allows the individual to meet his needs for sustenance and also encourages personal development through work. In fact, while the negative income tax provides income to be used for necessities, the workfare program permits the individual to achieve fulfillment as a human being through work.

The mutuality of right and duty found in Catholicism is preserved under the synthesized system because the individual's right to work is met by society's provision of employment, if not through the market, through the workfare program. The individual, too, meets his duty to society through contributions to the common good to the best of his abilities. 87 Similarly, the workfare program avoids the idleness

86. Id. at 7-9.
87. Second Vatican Council supra note 5, no. 30
frowned upon by Calvinism and fostered under the current system. The individual is provided with a way to act in accordance with his vocation, in order to meet the plan of the Creator.

The synthesized program is consistent with Catholicism and Calvinism in that it also provides for those unable to work. The exemptions to the workfare requirements automatically entitle those who cannot work to participate in the negative income tax system, thus meeting society's obligation to make provision for an "individual's food, clothing and shelter." Similarly, under Calvinism, as a community, by "doing good to all without exception," we are attending "to the image of God."

The relationship between participating in the workfare program and qualifying for the negative income tax is problematic, however, to the extent that it conditions the right to sustenance and places society in judgment of whether an individual is worthy of the receipt of benefits. While Catholicism recognizes work as a duty, the stress in recent papal documents has been upon the individual's rights and upon the importance of the person. Society may not have the right to deny sustenance to the individual because of that person's failure to meet his duty to work, especially given the fact that Catholicism unequivocally places the value of the person far ahead of the value of work and indicates that work has value only in relation to the person. The Calvinist admonition that as God's steward, one should do good to all without exception, despite one's estimations of their merit, again implies that one's failure to work should not operate to deny one sustenance, despite the fact that man is created to work and subdue the earth.

Despite this objection, the synthesized program is largely consistent with the goals outlined by the bishops in the first and second drafts of their economy pastoral. In the first letter, the bishops suggest policies which the United States ought to pursue in order to create a more equitable welfare system and increase economic opportunity. The bishops divide their analysis of welfare into two categories: unemployment and poverty.

In the second draft of their pastoral letter, the bishops suggest that "a thorough reform of the nation's welfare and

88. Id. no. 26.
89. A. Dakin, supra note 14, at 212.
income support programs should be undertaken." In the view of the bishops, an ideal welfare program would incorporate a number of features. The program would be designed to help recipients become self-sufficient through gainful employment and provide recipients with adequate levels of support. It would also include national eligibility standards and a national minimum level of benefits.

Workfare, as described in this note, would meet many of the objectives outlined by the bishops. It would provide welfare recipients with the opportunity to do valuable and necessary work. It would foster the development of a sense of self-worth and pride in accomplishing tasks. A program which includes a workfare provision recognizes that "social justice implies that persons have an obligation to be active and productive participants in the life of society and that society has a duty to enable them to participate in this way."

The bishops, however, in the first draft of their pastoral letter, reject workfare as a mere vehicle for the reduction or elimination of welfare payments, saying: "An unfair stereotype would have us believe that people receiving welfare benefits... are not working and could work if they wanted to... This caricature is then used to argue... for some version of workfare." The bishops characterize workfare as "particularly objectionable," based upon the assumption that workfare is necessarily punitive in nature.

Workfare need not be punitive. While to some workfare is a device to eliminate "shirkers" from the welfare roles, the properly conceived and administered programs emphasize contribution rather than punishment, and dignity rather than drudgery. Workfare attempts to tell able-bodied recipients that society wants their talent, it wants their initiative, and it wants them to be productive members of our communities.

The negative income tax system incorporates the national standards for eligibility and payment levels as recommended by the bishops and also pays cash benefits as they suggest. In addition, a negative income tax plan favors the family more than current programs in that it provides benefits to intact families on the same basis as those that are

90. Second Draft, supra note 7, para. 207.
91. Id. para. 208.
92. Id. para. 209.
94. Id. para. 75.
95. First Draft, supra note 72, para. 220.
96. Id. para. 255.
VI. Conclusion

A federal welfare program that combines the negative income tax and workfare in a complementary system provides needy individuals with benefits in a simple, efficient manner and offers those individuals the means to develop and use their work skills. As a consequence, it satisfies the ethical requirements imposed by Catholic social teaching and Calvinism. It provides both sustenance and work opportunities and thus creates the conditions necessary to preserve man's dignity. It accommodates the duties of charity and stewardship by providing those in need with resources, and also permits individuals to fulfill their duty to work.

Furthermore, by providing benefits through the negative income tax rather than through a series of categorical programs, administration is streamlined. Because benefits are paid in cash, the system avoids paternalism and stigma.

Finally, the workfare component serves to foster work skills, provide experience, and curb disincentives. Because the recipient works to earn benefits, he or she is placed on the same footing as any taxpayer, thus preserving the recipient's dignity and fostering human development.