

**New Insights Lecture:  
 “Welfare Reform in America: Successes and Limitations”  
 by Lawrence M. Mead, Professor of Politics, New York University**

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Introducing work is the solution to poverty. This was the thrust of Professor Lawrence Mead’s lecture to an audience of keen listeners comprising policymakers, academics and representatives from local civil society organisations.

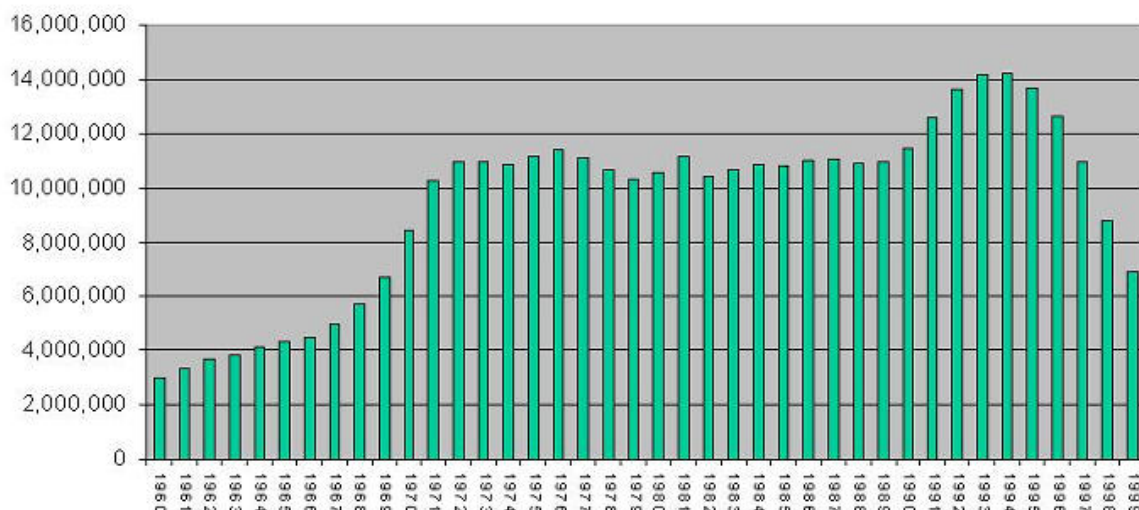
Describing the welfare reforms of 1996 in the US, Professor Mead, US academic and poverty expert, explained the three-prong rationale for enforcing work. First, that work is necessary and that raising work levels has the effect of reducing poverty. Second, work is possible since jobs are plentiful, while the main barriers to work tend to be job quality and the employment history of the individual rather than the ability to work. Third, the US has a strong work culture and the majority of citizens demand that adults work rather than become dependent on welfare.

Welfare reform in the US came about as a result of the Personal Responsibility Act (1996) which replaced the Family Support Act of 1988. Efforts to enforce work date back to the 1960s but these work programmes were not mandatory. US welfare reform, in contrast, aimed to make welfare recipients contribute to their own support. Focused mainly on family welfare, welfare reform principally targeted at enforcing work rather than reducing dependency or costs.

**Effects of Welfare Reform**

Much to the surprise of many, Professor Mead says that welfare reform in the US saw the numbers on welfare roll plummet by two-thirds. Former welfare recipients took on jobs and the incidence of poverty among them fell. This was clearly seen from 1994 onwards (Fig. 1).

Fig.1. Number of recipients on welfare in 1960.



In the US, the majority of welfare recipients were single mothers with children. While work levels amongst single women rose, they however dropped slightly after 1999, only because of an ongoing recession when there was less pressure from the programme managers to work (Fig. 2). Moreover, it was found that the motivation to work was much larger than predicted from experimental programmes carried out across the country previously.

Fig. 2. Poor single mothers with children (percent).

|               | 1993 | 1999 | 2005 |
|---------------|------|------|------|
| Worked at all | 44   | 64   | 54   |
| Worked FT/FY  | 9    | 17   | 16   |
| Did not work  | 56   | 36   | 46   |

Experts on welfare in the US heavily debated on the reasons for the dramatic fall in welfare caseloads. While some pinpointed the healthy economic conditions of the country, others suggested the benefits that were stringently attached to work such as the recent childcare programmes and the Earned Income Tax Credit (EITC). Professor Mead, however, opined that the rationale behind welfare reform was probably the most important factor for the drop in welfare rolls.

The effects of welfare reform on the children of former welfare recipients were found to be varied. Generally the effects tended to be small or positive with very few experiencing extreme hardship as a result of mothers spending less time with them because they had to take on work. Anecdotal evidence, however, found that children of traditional welfare recipients took pride in their mothers working. Whether children will model their mothers' behaviour cannot be known yet since welfare reform is only a decade old; as such, it is also not known yet if the current welfare system enables social mobility among the children of welfare recipients. Research has found, however, that current childcare support, although available to welfare recipients, may not be adequate for child development.

By and large, welfare reform was well received on the political front. The idea of welfare recipients working for their aid generated a positive response from most Americans, despite the fact that welfare reform did not save money. Although expenses had to be channelled into welfare benefits such as childcare, healthcare and food stamp programmes, the poor were perceived to be more deserving since they worked for the aid they received and it was not granted to them on the basis of economic need. This is in stark contrast to the antipoverty programmes before welfare reform took effect; they were generally unpopular as they bred a mindset of dependence. Furthermore, the controversy around traditional welfare made the government appear incompetent.

In spite of the positive effects of welfare reform, limitations of the system were also recognised. First, there is concern among various groups about former welfare recipients who do not end up with jobs. Currently, little is known about these "detached families" and the extent of their difficulties. Professor Mead, however, recognises that there is urgency for outreach among these families. Second, there is worry about whether leavers of welfare actually have sufficient income to live on. It is not quite known if former welfare recipients are aware that they are entitled to a range of benefits if they are employed. Third, it was found that single mothers who find work need not necessarily stay on employment for the rest of their lives. Among them, moving in and out of employment suggests that it would be more

difficult to escape poverty since employment comes with not only a wage but access to enhanced benefits that would help them and their families. Furthermore, they would not be able to build a work history necessary to find a higher paying job. In this regard, Professor Mead suggested that a solution was to attach aid to an hour's threshold. Last, it was clear that new system of welfare also needed to include fathers since there were large numbers of men who were poor. Here, it is possible to apply the current institutional structures that require work for aid to men.

Professor Mead pointed out that it was important to understand the values and lifestyle of the poor in the US; in contrast to the middle class that is characterised by a strong work ethic, the poor tend to hold an unorthodox attitude to work, complying instead with a culture of defeat. Hence, when the poor were found not to work, this stemmed from the fact that they could not organise themselves around work and not that there was a lack of available jobs. Welfare reform thus aimed to emphasise work as a moral commitment. Requiring that welfare recipients work has the effect of drawing them into mainstream society, simultaneously forcing them to move away from an entitlement mentality and to become economically more independent. With work experience gained, welfare recipients not only work alongside taxpayers but are also better poised to apply for other jobs, thus improving their prospects of social mobility.

After a decade of the implementation of welfare reform, a number of lessons were discovered. While some feared that wage subsidies would cause recipients to work less, others argued that subsidies would promote higher work levels. But neither argument proved to be definitive and, as such, it was concluded that work incentives did not have a significant impact on work attitude. Instead it was found that the reasons for why the poor chose to work had little to do with incentives but rather more with the requirements to work. This is to say that it is more important that work is heralded as an obligation and not a choice that is tied to incentives. Thus that which counts is administration that requires people to work. As such, should work be tied to aid, only then would the poor work.

Professor Mead also emphasised that far more credit should be granted to institutions for getting the poor to work. The success of welfare reform depended very much on effective administration—including use of databases for information and case management, and close collaboration amongst government, non-profit and for-profit organisations at different levels. In addition, Professor Mead argued that political will and social authority, and not work incentives, are instrumental in changing welfare recipients' expectations and encouraging the poor to work.

### **Features of Good Welfare Programmes**

According to Professor Mead, good welfare programmes have three main features: (a) they are mandatory; (b) they are work-focused; and (c) they are paternalistic. When work is made mandatory, the poor are forced to help themselves which, in turn, pushes them out of dependency. Furthermore, programmes emphasising “work” before “training” have recorded greater success in getting welfare recipients off the roll than those that prioritised otherwise. He noted, however, that recipients should not be completely denied of training altogether. Instead what was found to have worked is for programmes not to postpone work, but rather to provide training alongside work since working has the added benefit of building the recipient's employment history. Last, the more successful programmes are those that scrupulously monitor clients and follow up on them to check if they are still working. The

supervision welfare managers provide to welfare recipients may be indefinite and, in fact, necessary as long as it helps welfare recipients to fulfil their obligation to society through work. In this case, welfare managers must work closely together with other welfare providers as well as with the recipients themselves.

Generally across the US, welfare reforms attached aid to a change in behaviour on the part of welfare recipients. Some states have added other requirements but by and large, there tends to be a lack of agreement about these standards. Wisconsin state, for example, has rebuilt welfare around work fairly effectively by generating government jobs for welfare leavers.

The welfare recipient who works is granted other benefits such as EITC and childcare support, but there is concern as to whether welfare recipients are aware of how to claim these benefits.

### **How can Singapore draw lessons from the US welfare system?**

Clearly the welfare problem of the US differs markedly from the Singapore case. While the US has been battling with getting welfare recipients—mainly single mothers—to work, the primary concern in Singapore has been that of low-wage workers—mostly older men—who are not earning sufficiently. In the US, there was fear that welfare had reduced work levels, but in Singapore there is concern over whether wage subsidies will reduce work levels in future.

In spite of the salient differences, there are striking similarities in the welfare problem between the US and Singapore cases. Professor Mead pointed out that the underlying logic of welfare reform in both countries is similar. First, work is seen as a panacea for defeating poverty. Second, work is possible since jobs abound. Last, work is popular because of the existence of a strong work ethic. For these reasons, governments of both countries may follow a similar path in reducing poverty. Both should aim to set standards for poor people to receive aid in exchange for work. Furthermore, there is the necessity to create an administrative structure that can link aid and work.

In closing, Professor Mead highlighted that Singapore's challenge is to determine the kind of work welfare recipients need to take on in order to receive aid. In addition, addressing the problems of low-wage workers through the Workfare Income Supplement (WIS) and Community Care Fund (ComCare) that enforces work requires a robust administrative structure.