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Conservative Welfare Reform Proposals and The Reality of Subemployment*

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This article analyzes and critiques conservative welfare proposals and their assumptions. The concept of subemployment is introduced along with relevant data to identify the nature of the job problem in the U.S. since the early 1970s. Particular emphasis is placed upon the magnitude of employment difficulties during the 1980s. The article concludes that without a major job creation component, conservative welfare reforms intensify rather than ameliorate the subsistence living conditions of the poor.

The primary purpose of this paper is to analyze and critique conservative welfare proposals. The fundamental assumption of conservative welfare reform is that there are plenty of jobs available for those who really want to work. Thus conservatives hold that true welfare reform will occur only if social policies are designed to compel current welfare recipients to enter the work force. Using U.S. government employment statistics, we argue that conservatives' welfare reform proposals are fatally flawed because they underestimate the extent of the economy's inability to provide jobs, and fail to distinguish adequate from inadequate jobs. The data indicate that conservative welfare proposals will not only compound rather than ameliorate the material conditions of the poor, but also increase the risk of poverty to millions of other Americans.

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Conservative Views on Welfare

Conservatives accept the long-standing distinction between respectable and unrespectable poor (Feagin, 1973; Levitan and Johnson, 1984, p. 15; Murray, 1984; Patterson, 1981; Katz, 1986). The respectable poor are those who are influenced by and behave in accordance with the dominant values of society, express a commitment to the work ethic, and who have suffered misfortune not of their own making. The able-bodied respectable poor are those who work in low-wage jobs, however difficult the conditions, because it is the right thing to do. The unrespectable poor are the hard-core poor whose life styles and values reflect a deviant subculture. They include able-bodied adult males who do not work and able-bodied female heads of households on welfare. Through the 1980s, according to Gotsch-Thomson (1988, pp. 226–227), the Reagan administration tended to see most or all of the poor as members of a deviant subculture that promotes antisocial character traits, or as the unrespectable poor.

Conservatives believe that there is support for their assumptions about employment, and point to the number of jobs that have been created in recent decades. The evidence does partially support this claim. For example, more workers were employed on an annualized monthly average in the Reagan years than under the two previous administrations. (See Table 1, col. 2.) Indeed, the U.S. economy led the advanced capitalist economies in the number of additional workers employed during the 1970s and 1980s. The deep recession of 1981–82 may have reduced the growth in employment for a time, but conservatives are quick to point out that employment bounded ahead thereafter.

Conservatives do not distinguish good jobs from bad jobs and argue that for those at the bottom of society any job is appropriate and has positive consequences for the able-bodied poor, their families, and society (Murray, 1984; Mead, 1986; Segalman and Basu, 1981, pp. 309–368). The market determines whether a job is useful or is designed to satisfy some want (see Gordon, 1972, pp. 25–42). The market should be the arbiter of wages, which reflect the marginal productivity of the worker (Mead, 1986, p. 232). There is no place in the conservative world

view for concepts of exploitation, surplus labor, or marginalized labor (Gordon, 1972).

While some jobs may pay low wages, those at the bottom of the income distribution, according to Mead (1986), are only qualified for low-wage, menial jobs (p. 72). But, from the conservative perspective, even a low-wage job can represent the first step toward upward mobility into the economic mainstream of the society. It can provide a person with work experience, a chance to acquire skills, make useful contacts, and impress one's superiors. Diligent and reliable work may lead to opportunities for better jobs where one is employed or, with increased experience and skills, to jobs with other employers. Conservatives conclude, therefore, that "People can escape poverty if only they use some elbow grease. The poor are those who lack the determination to make it" (Ellwood, 1988, p. 7).

Even if one's hard work is insufficient to raise one's self and family out of poverty, there are other reasons, or incentives, for people to take menial, low wage jobs: to serve as a positive role model for one's children and win the respect of one's family, friends, and neighbors. Whether the jobs are beneficial to the poor or not, society needs someone to do them, and there are millions of workers employed in menial, relatively low wage jobs without the benefit of government assistance. Conservatives maintain, therefore, that it is unfair to provide some and not others with assistance. Underlying their expressed concerns with the flagging work ethic of the poor, there is perhaps an even more fundamental concern, namely, that public assistance and significant reform cost too much.

From the conservative perspective, increasing rates of poverty in the late 1970s and early 1980s reflected not a lack of opportunities but rather the influence of a new class of middle-class professionals and government bureaucrats, and big government and its alleged misconceived, New-Dealish taxes, regulations and social-welfare policies. The new class fostered an artificial and demoralizing distinction between good and bad jobs, basically arguing that no one should have to work in a bad job (Murray, 1984; Mead, 1986). The new class also helped to reinforce the increasingly antiwork attitude among poor people by blaming the system and by arguing that their conditions

were caused by forces beyond their control, and that as a consequence, government had an obligation to assist them (Mead, pp. 46 and 57, examples on pp. 56–61). Government bureaucrats and leftist-oriented professors concocted this explanation out of self-interest. Levitan and Johnson (1984) refer to Reagan who “suggested that the federal bureaucracy actively perpetuates poverty claiming that the war on poverty created a great new upper middle class of bureaucrats who found they had a fine career as long as they could keep enough needy people there to justify their existence” (see p. 30, and other references on pp. 30–31; also see Piven and Cloward, 1987).

The welfare state itself is also seen as a cause of increased poverty rates. The unrespectable poor are rewarded for their alleged sloth. They are lured out of legitimate jobs by generous and accessible welfare benefits or into the erratic employment of the underground economy. Indeed, conservatives ask, why work at a minimum wage job, when one could get more from a multitude-benefit public aid package (or from a publicly subsidized job) (Mead, 1986). Ellwood (1988, p. 4) points out that conservatives hate welfare because they see it “as a narcotic that destroys the energy and determination of people who already are suffering from a shortage of such qualities. They hate it [also] because they think it makes a mockery of the efforts of working people”

According to this conservative analysis, there are two principal results. First, the new class of government bureaucrats, academics, journalists, and other pro-welfare state reformers created inflated expectations among the poor about the kinds of jobs to which they should feel entitled. Thus, an increasing number of able-bodied adult poor persons became “impatient with menial pay and working conditions and keep quitting in hopes of finding better” (Mead, 1986, p. 73). Then even the (respectable) poor exhibited a “pathological instability in holding jobs,” the “main reason for the work difficulties of the disadvantaged” (Mead, p. 73). The poor may say they want to work, but it is highly conditional, i.e., “unless the government first provides them with training, transportation, child care, and, above all, acceptable positions” (Mead, p. 80). Mead (1986) refers to a study in which 70% of WIN mothers rejected many of the unskilled jobs

they were most easily qualified for, as waitresses, domestics, nurses' aids (p. 153). He and other conservatives like Murray are not sympathetic to welfare recipients who turn down low-wage jobs. Instead, they point to the many others who work in such jobs without extra governmental supports — "Why should unwilling workers be bribed to work when many other Americans, not on welfare, do 'dirty' jobs every day?" (Mead, p. 84). These developments have a second consequence, conservatives argue. They reduce the size of available work forces in many labor markets, put upward pressure on wages, and finally have the impact of driving many businesses into bankruptcy.

Conservatives conclude that there should be no accessible alternatives to work, and that benefits outside of work must be kept low, restrictive, and require a work obligation. Without the discipline of a regular job, increasing numbers of able-bodied poor people behave in ways that increase their chances of becoming dependent on welfare or caught up in patterns of erratic employment (Gotsch-Thompson 1988, p. 228). In time, their dependency increases and other aspects of their lives become disorganized or, at least, cease to be oriented to the society's dominant values. These patterns are, according to conservatives, reflected in the "breakdown" of families, the large number of teenage pregnancies and births, failure in school, drug use, and crime. And, finally, conservatives assert, these patterns of behavior are passed on to the next generation.

Aid to Families with Dependent Children (AFDC) is singled out among government programs for playing a particularly destructive role in the lives of poor people. Gotsch-Thomson (1988) points out that AFDC is often identified as the primary influence undermining the family — "Because welfare 'competes' with the low earnings of the male head of household, he often leaves the family and the responsibilities it entails" (p. 228).

Conservative welfare reform proposals provide various mixtures of incentives and constraints to pressure welfare mothers to work and thus reduce their dependency on AFDC and related public aid programs, but "tend to favor mandatory requirements and low-cost job placement assistance with workfare required from those who remain on the rolls" (Gueron 1988, p. 17; also see Burtless, 1989, p. 103; Ellwood 1989, p. 278).

They also want to narrowly target benefits and support services to long-term recipients and require that virtually all recipients, even those with children under 3 years of age, be subjected to a work requirement.

Criticisms of Conservative Views

The validity of the conservative position is dealt serious blows by estimates of the extent of the jobs problem in the United States over the last two decades. Low-wage jobs will not eliminate poverty in the short run and, given occupational and industrial trends, are even less likely to reduce poverty in the long run. In the following sections of the paper, evidence is presented in support of these statements.

Subemployment is a comprehensive indicator of the *inability* of the economy to provide adequate employment opportunities for those able and interested in working. The concept of subemployment was first used by Labor Secretary Willard Wirtz in the mid-1960s and then by the Kerner Commission to document dimensions of employment problems in cities that had experienced major riots (Miller, 1973; Vietorisz, Mier, Giblin, 1975a; Levitan and Taggart, 1974). Since then the concept has been used occasionally to dramatize the inadequacy of the official unemployment measure, to present other measures of employment, and to provide ammunition for proponents of full employment policies (Levitan and Taggart, 1974; Gross and Moses, 1972; Vietorisz, Mier, Harrison, 1975b).

The concept of subemployment includes not only the number of officially counted unemployed persons, but also three other categories of nonemployed or inadequately employed workers who are usually ignored by those who discuss and analyze the employment performance of the U.S. economy. In a nutshell, subemployment includes: (a) the unemployed, (b) nonlaborforce participants who want a job now, (c) those who are in part-time jobs only because they cannot find full-time jobs, and (d) those who work full-time, year-round (FTYR) but still have earnings that are at or below various poverty levels.

Data were collected on employment-related categories and earnings from published reports of the U.S. Bureau of Labor Statistics (BLS) and the U.S. Bureau of the Census from 1972

through 1987. The year 1972 was selected because information only became available for all of the relevant categories in that year.

Table 1 contains the six employment-status categories that are central to the analysis. These categories require some discussion in order to clarify their meaning and to illuminate the trends that are depicted. Column 2, labeled total employment, represents the number of persons who were identified as employed in the civilian sector of the labor force on an annual monthly average from 1972 through 1987. The criteria used by the BLS to identify the employed population contradict common sense and fail to distinguish levels of job adequacy. According to the BLS, persons are employed when they have a paid job regardless of the level of earnings, but persons may also be employed even if they get no pay, as long as they worked fifteen or more hours in a family enterprise. Furthermore, a person is counted as employed under certain circumstances even when he/she is not working in a job at all, but is temporarily out of work "because of illness, bad weather, vacation, labor-management disputes, or personal reasons" (BLS, 1988, p. 119). Thus, workers who are on strike, which may last for months and years, are considered employed. The available BLS data do not permit us to distinguish the number of strikers in the total employed category. We do want to emphasize, however, that these workers are not on the job and getting wages. Fortunately, there are some categories of the employed which can be identified. Not all of the total employed category are adequately employed, and the inadequately employed should be identified as problematic aspects of the economy.

The figures for total employment in column 2 of Table 1 were derived by averaging the monthly employment estimates for each of the years in question in order to get an annual, average monthly estimate of employment. According to these estimates, employment increased 33.7% from 81.6 million in 1972 to 109.1 million in 1987, or by 27 and 1/2 million workers. Moreover, the absolute number of employed workers increased at an accelerating rate. When we categorize the years from 1972 through 1987 into three periods, corresponding to the

Table 1

Employment Trends 1972-1987

YEAR	(in thousands)		Want Job Now	Part Time Economic Reasons	FTYR3*	FTYR4**
	Total Employment	Total Unemploy- ment				
1972	81,582	4,815	4,457	2,625	4,255	7,206
1973	84,427	4,306	4,439	2,520	4,475	7,544
1974	85,988	5,361	4,480	2,963	5,100	8,411
1975	84,566	7,831	5,226	3,748	4,289	6,522
1976	87,347	7,288	5,147	3,594	4,206	7,708
1977	90,577	6,855	5,670	3,556	4,505	8,237
1978	95,579	6,074	5,342	3,429	4,266	8,325
1979	96,591	5,965	5,313	3,468	4,612	9,148
1980	96,362	7,650	5,703	4,203	5,393	10,697
1981	98,316	8,573	5,837	4,673	6,232	12,521
1982	99,666	10,684	6,596	6,173	6,536	11,094
1983	98,379	10,395	6,494	6,236	6,881	11,543
1984	105,856	8,538	6,065	5,743	7,345	12,505
1985	105,617	8,060	5,927	5,598	7,348	12,797
1986	106,456	7,994	5,864	5,596	7,409	13,026
1987	109,093	7,186	5,729	5,419	7,321	13,381

* Full Time Year Round Fully Employed earning less than Poverty Standard for a family of three.

**Full Time Year Round Full Employed earning less than Poverty Standard for a family of four.

Sources: The data are derived from a secondary analysis of multiple issues of two government publications. Columns 2-5 come from selected tables in volumes 18-35 of the Bureau of Labor Statistics' *Employment and Earnings*. The data for columns 2 and 3 are taken from table A-3 of the issues for February 1972 through March 1984, thereafter table A-4; column 4 from tables of the April issues: A-50 for 1974 through 1976, A-53 for 1977 through March 1982, A-52 from 1983, and A-53 thereafter; column 5 from table A-7 for the issues of February 1972 to June 1976, table A-8 for July 1976 through January 1984, and thereafter table A-9. Columns 2, 3 and 5 are based on the average monthly estimates for each of the years, and column 4 is derived from average quarterly estimates for these years. Columns 6 and 7 are adapted from a table, variously numbered, included in the U.S. Bureau of the Census' *Current Population Reports*, P-60 Series: table 53 from issue #90 (1973); table 61 from issue #97 (1975); table 61 from issue #101 (1976); table 58 from issue #105 (1977); table 58 from issue #114 (1978); table 58 from issue #118 (1979); table 62 from issue #123 (1979); table 64 from issue #129 (1981); table 59 from issue #132 (1982); table 55 from issue #137 (1983); table 55 from issue #142 (1984);

table 55 from issue #146 (1985); table 39 from issue #151 (1986); table 41 from issue #156 (1987); table 41 from issue #162 (1988). The data in columns 6 and 7 are adapted from the column in these tables for workers in full-time jobs who worked 50–52 weeks a year.

presidential administrations, the number of workers increased by 5.8 million (an average of 1.16 million a year) in the Nixon-Ford years (1972–1976), 7.7 million (an average of 1.54 million a year) in the Carter years (1977–1981), and 9.4 million (an average of 1.57 million) in the Reagan years (1972–1987). Claims that employment has been increasing are substantiated by this evidence. But the other columns in Table 1 tell a different story and portray an economy in which tens of millions of workers were unable to get a job or who were in part-time or low-wage jobs.

Before discussing the meaning and implications of the figures in columns 3 through 7, the categories must first be explained. Column 3 in Table 1 represents the annual average monthly unemployment estimates for 1972–1987. To be counted as unemployed by the BLS, a person must have been out of work when interviewed but available for work and, in the prior four weeks, “made specific efforts to find employment” (BLS, 1988). In conventional analyses of the economy’s ability to provide employment for people, official and academic analyses of the employment status of the labor force would be limited to employment and unemployment estimates. The only remaining step would be to derive the unemployment *rate* by dividing the number of unemployed persons by the combined number of unemployed and employed. However, in the present analysis, the unemployed are just one of four categories that are relevant for determining the economy’s jobs’ performance.

In column 4, there are annualized averaged quarterly estimates of persons who were not counted as unemployed because they were not actively looking for unemployment, but who said that they “wanted a job now” (BLS, *Employment and Earnings*, April, 1973–1988). Persons in this category are classified into five subcategories by the BLS, according to the chief reason given for why they had not been actively pursuing a job, including: (a) “going to school,” (b) “ill health, disability,” (c) “home responsibilities,” (d) “think cannot get a job,” and (e) “other reasons”

(BLS, *Employment and Earnings*, April 1987, p. 54). According to an earlier study by Gellner (1975), most of these persons have worked within the past few years and will work again within the next year or two (pp. 20–28). In many cases, individuals have temporarily stopped looking for employment because they are confronted with barriers to employment. There are many areas of the country in which there are insufficient job opportunities for those with modest or below average education (Kasarda, 1989; O'Hare, 1988; Shapiro, 1989; Levitan and Shapiro, 1987). In many other inner-cities, there is a lack of transportation to the suburbs where there may be appropriate jobs (Kasarda, 1989). For many homemakers with young dependent children, child day care is inaccessible or too expensive (O'Connell and Bloom 1987). In the case of minorities, there is the fear of discrimination that leads many African-Americans and Hispanics to limit their search for employment to the inner-cities, and then to withdraw from this search when they fail to find adequate employment (Levitan and Shapiro, 1987). Bear in mind that the individuals who are categorized as nonparticipants who want a job now are available for employment. Remove some of the barriers to employment and many of them will be employed.

Column 5 presents estimates of the annualized monthly average of persons who are employed part-time (35 hours or less a week), because they cannot find full-time work. Workers in this category include both those who ordinarily work full-time but are on reduced work schedules and those who have not been able to find full-time jobs. In the calculations of the BLS, involuntary part-time workers are subsumed in the employed category, but we created a separate category for them to highlight the fact that these are workers who are less than fully employed and who, by the standards we are using in this paper, typically have low wages, i.e., wages that are less than the poverty line for a family of three and/or for a family of four. In an analysis of the BLS data on involuntary part-time employment, Levitan and Conway (1988, p. 11) find: "Slack work and the inability to find a full-time job account for nearly 94% of involuntary part-time employment."

The last two columns in Table 1 include estimates from the U.S. Bureau of the Census for March of each year for the

Table 2

Minimum Wage and Poverty Standard Equivalents

YEAR	Minimum Wage	MWEF3*	MWEF4**
1972	\$1.60	\$1.66	\$2.12
1973	1.60	1.76	2.26
1974	2.00	1.96	2.50
1975	2.10	2.13	2.73
1976	2.30	2.26	2.89
1977	2.30	2.40	3.08
1978	2.65	2.59	3.31
1979	2.90	2.88	3.69
1980	3.10	3.27	4.19
1981	3.35	3.63	4.64
1982	3.35	3.85	4.93
1983	3.35	3.97	5.09
1984	3.35	4.14	5.30
1985	3.35	4.29	5.49
1986	3.35	4.37	5.60
1987	3.35	4.53	5.81

* Minimum Wage Equivalent for the poverty level of a Family of Three.

** Minimum Wage Equivalent for the poverty level of a Family of Four.

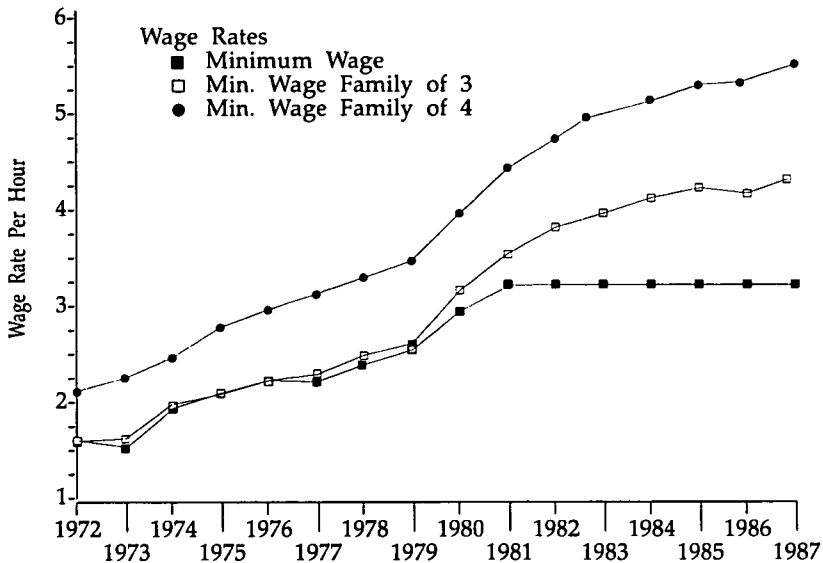
Sources: The figures for the official minimum wage in column 2 are taken from the U.S. Bureau of the Census' *Statistical Abstract of the U.S. 1988*, table 654. The figures on which the minimum-wage equivalents of the poverty level for a family of three and for a family of four are based come from various issues of the U.S. Bureau of the Census' *Current Population Reports*, Series P-60. The figures in columns 3 and 4 were derived by a two-step process. First, the poverty levels for a family of 3 and for a family of 4 were taken from the Series P-60 issues between 1974 through 1988 that focus on poverty. Second, these poverty levels were divided by 2000, which is the equivalent of a FTYR job (i.e., 2000 hours, or 50 x 40-hour weeks). The resultant figures in columns 3 and 4 represent the hourly equivalent from 1972 through 1987 of the poverty levels of a family of 3 and of a family of 4.

number of persons who were employed full-time, year-round (FTYR) during the previous year, i.e., who worked more than 35 hours a week for 50 to 52 weeks. Column 6 includes the estimates of FTYR workers who had total earnings at or under the poverty line for a family of three (FTYR3), and column 7

includes the estimates of FTYR workers who had total earnings under the poverty line for a family of four (FTYR4). In order to clarify the meaning of what such earnings represent, Table 2 lists the hourly-wage equivalent of the official poverty levels for a family of three and for a family of four for 1972–1987, and the official minimum wage standards for the same years. Notice that the minimum wage approximates the value of the poverty line for a family of three until 1980, but then it falls farther behind the poverty line for a family of three in each subsequent year. By 1987, there was a substantial difference of 35% between the poverty line for a family of three and the minimum wage. The poverty line for a family of four has always been considerably higher than the minimum wage, and the discrepancy has grown even greater through the 1980s. The major point to be derived from the figures in Table 2 is that a poverty-level minimum wage would have to be significantly higher than the official minimum wage. For example, on an hourly basis in 1987, a minimum wage that reflected the poverty line for a family of three would have been \$4.53 and for a family of four would have been \$5.81. Figure 1 presents these data in a graphic form. The minimum wage standard used in the U.S. is outrageously low, particularly given the fact that the poverty levels are conservative estimates of poverty (Sheak, 1988). The point that should be emphasized, therefore, is that the FTYR earnings' standards that we are using are higher than the official minimum wage, but, nonetheless, at or below the official poverty lines.

All but the "want a job now" category in Table 1 show substantially more growth than the employed category between 1972 and 1987, although since 1983 the categories of (a) unemployed, (b) "want a job now," and (c) involuntary part-time, have been declining, while the FTYR3 category has been on a plateau and the FTYR4 has continued to increase. The chief implications of these trends for the two questions which are the foci of this paper are that employment did not grow fast enough in any of the years studied to provide jobs for all workers who did not have them or adequate jobs for all of those who were employed. In 1972, there was an annual monthly average of 9.3 million persons who were either unemployed or who did not have a job but "wanted a job now." The numbers in these two

Figure 1. Minimum wage and poverty standard equivalents 1972-1987



categories peak in 1982 at 17.3 million, but even as recently as 1987 the number 12.9 million, is still substantially higher than it was in 1972 or throughout the 1970s. In order to grasp the extent to which workers were employed but inadequately employed, the involuntary part-time workers combined with either FTYR3 or FTYR4 must be taken into account before the picture is complete. In 1972, 6.9 million persons were in either the involuntary part-time or FTYR3 categories and 9.8 million were in the involuntary part-time and FTYR4 categories. The numbers for the involuntary part-time and FTYR3 workers peak in 1983 at 13.1 million, but at 12.7 million in 1987 the numbers remain considerably higher than the 1972 figures of 6.9 million. The totals of the involuntary part-time and FTYR4 are even more dramatic. They are 9.8 million in 1972, then rising to a peak in the most recent year of 1987 at 18.8 million.

Although the trends in the five categories vary to some extent, the general picture is clear enough, namely, that the economy has been unable to provide jobs for millions of workers and only inadequate jobs for even larger numbers of other workers.

In order to get a more concise overview of the trends, we introduce, in Table 3, the concept of labor supply, combine the previous measures of the jobs-performance of the economy in the concept of subemployment, and present subemployment indices. The concept of labor supply includes the employed, the

Table 3

*Labor Supply, Subemployment and Subemployment Indices**

(in thousands)

Year	Labor Supply	Sub- employment	Sub- employment	Sub- employment	Sub- employment
		Poverty Three	Poverty Four	Index for Three	Index for Four
1972	90,854	16,152	19,103	17.8	21.0
1973	93,172	15,740	18,809	16.9	20.2
1974	95,829	17,904	21,215	18.7	22.1
1975	97,623	21,094	23,327	21.6	23.9
1976	99,782	20,235	23,737	20.3	23.8
1977	103,102	20,586	24,318	20.0	23.6
1978	106,995	19,111	23,170	17.9	21.7
1979	107,869	19,358	23,894	18.0	22.1
1980	109,715	22,949	28,253	20.9	25.8
1981	112,726	25,315	31,604	22.5	28.0
1982	116,946	29,989	34,547	25.6	29.5
1983	115,268	30,006	34,668	26.0	30.1
1984	120,459	27,691	32,851	23.0	27.3
1985	119,604	26,933	32,382	22.5	27.1
1986	120,314	26,863	32,480	22.3	27.0
1987	122,008	25,655	31,715	21.0	26.0

* See pages 14–15 for a discussion of the concepts and data in this table.

Sources: Same as table 1.

unemployed, and those "who want a job now." The concept of subemployment refers to the economy's inability to provide jobs for all those who want them or adequate jobs to all who are already employed; it is a composite measure of the categories of (a) unemployed, (b) "want a job now," (c) involuntary part-time, combined separately with (d) the two measures of FTYR. These subemployment indices can be expressed as follows:

$$S_1 = \frac{U + W + P + F_3}{E + U + W} \quad (1)$$

$$S_2 = \frac{U + W + P + F_4}{E + U + W} \quad (1)$$

where S represents the Subemployment Index; E , the total number of employed workers; U , the total number of unemployed workers; W , those who want a job now; P , those who are part-time workers for economic reasons, and F_3 represents those full-time workers earning less than the poverty standard for a family of three; while F_4 are those full-time workers earning less than the poverty standard for a family of four. Of the two measures of subemployment referred to in Table 3, one is based on FTYR3 estimates, which is called Subemployment "3," and the other based on FTYR4 estimates, called "Subemployment "4." Next, the subemployment indices are derived by dividing each of the subemployment measures by the labor supply. Three points should be highlighted from the data in Table 3. First, enormous numbers of workers were subemployed in the years from 1972 through 1987. Second, the numbers for both subemployment "3" and "4" are much higher in the 1980s than in the 1970s, but decline from their peaks in 1983 in the subsequent four years. At the same time, they are much larger in 1987 than they were in 1972 or in the other years of the 1970s. Third, the subemployment indices follow similar patterns, with the subemployment "4" measure increasing marginally over the subemployment "3" measure over the years. Both indices decline after 1983 but remain at higher levels than they were in the baseline of 1972 or, for that matter, through the 1970s. The subemployment indices lead to the summary and disheartening conclusion that, even since the deep recession of the early 1980s, one out of four or five workers in the labor supply have been subemployed, depending on whether subemployment "3" or subemployment "4" is used. These two indices clearly establish that the economy has not been generating enough adequate jobs for those in the labor supply.

Subemployment and Poverty

There are significant links between subemployment and poverty, but not all of the subemployed are poor. In 1987, for example, there were 8.4 million poor persons who worked at least part of the year. These are persons who actually were employed (U.S. Bureau of the Census, 1988, Table 18, p. 35). The numbers do not include the unemployed poor or the poor who are among the labor-force nonparticipants "who want a job now." The 8.4 million poor persons with work experience may represent as much as 66% of all involuntary part-time and FTYR3 workers, and 45% of all involuntary part-time and FTYR4 workers. Thus, according to our measures, roughly 35% to 55% of all involuntary part-time and FTYR workers were poor. In addition, there are some unknown percentages of the unemployed and non-participants who are also poor. And beyond these numbers, there are millions whose employment and/or family positions make them high risk candidates for poverty. They may be referred to as the potential poor. They include families with two low-wage workers, who would fall into poverty if either of the principal earners lost their jobs, and the millions of women and children who are at risk of being poor as a consequence of a divorce, separation, or death of a spouse (see Weitzman, 1985).

In short, subemployment is a major problem for tens of millions of workers and is significantly linked to poverty and potential poverty. The implication is that welfare reform must include a major jobs program if it is going to significantly reduce officially acknowledged poverty.

The Implications of Conservative Proposals

There cannot be meaningful welfare reform for AFDC parents, unless there are decent jobs available to them, a fact conservatives ignore. Furthermore, conservatives disregard the working poor as a problem altogether. As workfare reforms are currently conceived, they will tend to have two major effects. First, such reforms will intensify competition for low-wage jobs in the economy, and, second, they will transform the AFDC program into a program that is closer to General Relief, accompanied perhaps with the lowest-cost training options (e.g., job

search, make-work projects), few support services, and with an increasingly strict work requirement for those who remain on the rolls.

Given that women end up with a disproportionately large share of the low-wage, no-benefits jobs, welfare reform as envisioned by conservatives and moderates can only compound such problems. In some cases, those coming out of welfare training programs and into low-wage jobs will "displace" other women (Burtless, 1989, p. 127; Ellwood, 1989, p. 272).

Evaluation studies of workfare programs provide evidence to substantiate these dismal expectations. The Manpower Development Research Corporation (MDRC) of New York City had done one of the most widely cited evaluation studies of welfare employment initiatives (Burtless, 1989, 120). Their study focused on AFDC workfare participants in San Diego, Baltimore, Cook County (including Chicago), and multicounty areas in Arkansas, Virginia, and West Virginia (Gueron, 1988, p. 19). The MDRC study found that work programs have only modest impacts on reducing AFDC payments, AFDC participation, or AFDC expenditures (Gueron, 1988, p. 20). And they had even less of an effect on the employment or earnings of the participants (Gueron, 1988; Abramovitz, 1988a, p. 241; Cottingham, 1989, p. 4). With respect to gains in earnings, San Diego participants had the best results, but even there the participants earned only about \$160 more a month than nonparticipants. The differences in earnings were lower in the other areas, where participants experienced 10% to 30% earnings gains over controls (Gueron, 1988). In West Virginia and Cook County, there were no increases either in employment or earnings among the participants compared to the controls (Gueron, 1988). And, even when there were increases in earnings, they were typically insufficient to raise the welfare recipients out of poverty. Abramovitz (1988a) points out that the MDRC found that, "on the average, welfare recipients in 1987 earned less than \$4.14 an hour, or \$4,000 below the poverty line for a family of four" (p. 240). A recent update, covering a longer period of time, reported that participants' earnings have increased only \$300 to \$500 a year" (Abramovitz, 1988a, p. 240). Further, in all cases the small earnings gains were partially offset by

losses in welfare benefits. "In San Diego, the short-term loss in welfare benefits was approximately 35% of the short-term gain in earnings" (Burtless, 1989, p. 124). In addition, there are further reductions for taxes. There is also some doubt over whether the small earnings gains will persist (Burtless 1989, 126).

Irwin Garfinkel (1988, p. 13) summarizes his review of what workfare evaluations studies have found:

Even if they were fully employed . . . , one-half of welfare mothers could earn no more than the amount of their annual welfare grant, and another quarter could earn only up to about \$3,200 more. How many more could not earn enough to cover the costs of their Medicaid benefits has not been established. But surely the numbers are large. Finally, this estimate takes no account of the necessity of some of these mothers to work less than full time, full year.

There may be some exceptions. Wiseman (1988) describes the widely touted Massachusetts' *Employment and Training Choices* (ET) program, a multifaceted program to help AFDC recipients move off the rolls and into unsubsidized jobs. After the first two-and-half years of operation, the AFDC caseload had declined by 9.5%. Many recipients were also placed in jobs that paid wages that were high enough to remove them from poverty (Ellwood, 1989, p. 286). But much of the modest success of ET may be attributed to the unusually robust Massachusetts' economy, and also to the fact that ET is a voluntary program that concentrates on those who are most job-ready. Moreover, despite a high rate of economic growth in the mid-1980s, the AFDC caseload had only been reduced by 5% to 10% (Burtless, 1989, p. 127; Morris and Williamson, 1987).

What about those left on the rolls? Handler (1988) convincingly argues that increasing numbers of welfare recipients will be compelled to work off their benefits, much as General Relief recipients have always been required to do, and they will end up with fewer benefits. Handler (1988, p. 34) sees parallels with the deinstitutionalization experience of the "mentally ill," and writes:

From the late 1950s until mid-1970s, the liberals and conservatives united to remove the mentally ill from the institutions; this would save money, and would provide humane treatment in the community. The coalition fell apart when the mentally ill came home, and the community care never materialized. We are seeing another consensus now between liberals and conservatives. The conservatives will firmly place poor mothers in the employable category, and the liberals only have the promise of services and support. In time, the AFDC program will work itself pure again; a few of the clearly unemployable (the disabled) will be supported, and the rest will be back with the undeserving poor, primarily subject to the market work requirement.

One indication that Handler's expectations are sound is that "the governor of California has already reduced the GAIN [Greater Avenues for Independence] appropriation request by about 20% — but the work requirements will remain and become more stringent" (Handler, 1988, 33).

Conclusions

Given the evidence on state administered work programs, and the fact that participants typically end up in low-wage jobs with no medical, child-care or other benefits, women who participate in these programs are hardly going to be made more independent or removed from poverty. If welfare reform does raise the expectations of welfare mothers about the possibility of self-support and an improved standard of living, such expectations are sure to be dashed in the great majority of cases. The outcome is more likely to be that women are going to be forced into work-related programs and into situations in which they must leave their children in often dubious child-care situations (O'Connell and Bloom, 1987; Polsgrove, 1988). Given the dim outlook presented by widespread subemployment and a trend that indicates that subemployment has been higher in the 1980s than in the 1970s, there is little justification for the assumption that many low-wage workers or their children will be able to find jobs that will move them into the economic mainstream. If conservatives continue to dominate the debate and legislation

dealing with welfare, then certainly conservatives will have won — the poor will have lost. The present scenario suggests that welfare expenditures will be further reduced and AFDC parents will be made available for low-wage jobs or, while on the AFDC rolls, see benefits further eroded and work requirements increased. The long history of AFDC, and the mothers' pensions programs that preceded it, are ominous reminders of what the future may hold (Abramovitz, 1988b). But, as in the past, the deprivations of poverty will extend far beyond the recipient population.

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