



Spring-Summer 2006 issue: now available in print, and on the Web

Celebrating its 40th anniversary in 2006, IRP has instituted a seminar series, “New Perspectives in Social Policy,” that will seek to reach beyond familiar and well-explored fields of poverty research, to challenge accepted paradigms, or open paths to new research models and methodologies. The first seminar in that series was delivered by Charles Murray, who offers a radical approach to the problems of U.S. poverty. This issue of *Focus* includes his essay discussing that plan, which involves a basic cash grant to every American adult.

The idea of some form of basic income guarantee has been widely disseminated in the past and remains a subject of lively discussion among economists and sociologists; thus we pair Charles Murray’s essay with another by sociologist and IRP affiliate, Erik Olin Wright.

A plan to replace the welfare state

Charles Murray

The solution Charles Murray proposes to the apparently intractable problems of economic insecurity in the United States is to cut out the government as “middleman” and to give the money directly to the people.

In the Plan, a radical approach to social policy, Murray suggests eliminating all welfare transfer programs at the federal, state, and local levels and substituting an annual \$10,000 cash grant to everyone age twenty-one or older. He presents his plan in a new book, *In Our Hands: A Plan to Replace the Welfare State* (American Enterprise Institute, 2006), which describes the financial feasibility of the Plan and its effects on retirement, health care, poverty, marriage and family, work, neighborhoods, and civil society.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242a.pdf>

Two redistributive proposals—universal basic income and stakeholder grants

Erik Olin Wright

Affirming the importance of the rigorous analysis of alternative visions of institutional change, Erik Wright and col-

leagues examined two provocative proposals for radical redesign of distributive institutions—the universal basic income and stakeholder grants—as part of their New Utopias project. In his *Focus* essay, Erik Wright briefly defines these two redistributive proposals and comments on what society stands to gain from the institution of a universal basic income. His comments are adapted from his contributions to *Redesigning Redistribution: Basic Income and Stakeholder Grants as Cornerstones for a More Egalitarian Capitalism* (2006).

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242b.pdf>

Livelihood strategies and family networks of low-wage Wisconsin mothers

Jane Collins and Victoria Mayer

The study summarized in this article explored the work and family lives of women participating in Wisconsin’s Temporary Assistance for Needy Families (TANF) program. Through ethnographic interviews of a random sample of mothers, researchers gained greater understanding of the work environments the women faced, the livelihood strategies they employed, the support networks on which they drew, and the social support programs in which they participated.

As training opportunities for women moving from TANF to the workforce became more limited and good jobs scarcer over the period examined, even women who were working 40 or more hours a week found that the wages they were able to command did not meet their basic needs. They thus continued to depend on food stamps and on subsidized medical benefits, child care, housing, and transportation. Many women relied on networks of friends and family, and those who had large and reliable networks were better off than those who did not, and were more likely to be able to recover from temporary crises. But social networks and the obligations they incurred sometimes proved to be a burden.

This qualitative research offers sobering insights into the vulnerability of low-wage working women with small children, and the problems of navigating social programs that were at once more directive and more discretionary in structure than previous welfare programs had been.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242c.pdf>

The complete text of all Focus articles is available on the IRP Web site, <http://www.irp.wisc.edu>

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The concept of a universal basic income grant: Further information

For live links to the following resources on the basic income guarantee, go to the IRP Web site. The Web site also includes remarks by Robert Haveman, the respondent at the IRP seminar presentation by Charles Murray.

The *Journal of Socio-Economics* published a special issue on the basic income guarantee, Volume 34, Issue 1, February 2005, with an introduction by Karl Widerquist, and articles by Almaz Zelleke, Michael Anthony Lewis, Diego Hernández, James B. Bryan, Karl Widerquist, Steven Pressman, and Joel F. Handler. Most of the papers in the issue come from the second conference of the U.S. Basic Income Guarantee Network (USBIG), which was held in conjunction with the Eastern Economic Association's Annual Conference in New York on February 21–23, 2003. The USBIG Conference was founded in New York in 1999 to promote further discussion of the basic income guarantee as a policy alternative, and since 2002, it has organized yearly congresses. The USBIG Conferences feature presentations by scholars in many academic disciplines and by nonacademic activists and authors.

The Web site of the USBIG Network [<http://www.usbig.net/>] contains links to discussion papers, an extensive bibliography of over 2,000 books and articles regarding the universal basic income, and links to other basic income Web sites.

For a discussion of the basic income guarantee in the context of families and social reproduction see Carole Pateman, "Another Way Forward: Welfare, Social Reproduction, and a Basic Income," in *Welfare Reform and Political Theory*, ed. L. Mead and C. Beem (New York: Russell Sage Foundation, 2005).

The Negative Income Tax

In the 1960s and 1970s, IRP was deeply involved in the design, conduct, and analysis of a version of the basic income guarantee: the New Jersey Income Maintenance Experiment, followed by the Rural Income Maintenance Experiment. These random-assignment experiments studied the differential behavioral responses to varying minimum income guarantees. The experiments were important to the evolution of experimental methodology in the social sciences as well as to poverty research in general. The New Jersey experiment is regarded as an outstanding example of interdisciplinary research in close cooperation with government planners.

This experimental approach to poverty reduction, often described as a Negative Income Tax, was the subject of the 2004 Robert J. Lampman Memorial lecture, by Robert A. Moffitt. A version of this lecture, "The Idea of a Negative Income Tax: Past, Present, and Future," appeared in *Focus* 23:2, Summer 2004 [<http://www.irp.wisc.edu/publications/focus/pdfs/foc232a.pdf>]. A full discussion is in Robert A. Moffitt, "Milton Friedman, the Negative Income Tax, and the Evolution of U.S. Welfare Policy," IRP Discussion Paper 1260-03, Madison, WI, 2003 [<http://www.irp.wisc.edu/publications/dps/dpabs2003.htm#DP1260-03>].

The Negative Income Tax proposals were the inspiration for several comprehensive federal plans proposed during the 1970s: President Nixon's Family Assistance Plan, Senator George McGovern's universal demogrant proposal, and President Carter's Program for Better Jobs and Income. Programs to supplement the income of the working poor through the tax system (for example, the Earned Income Tax Credit) are a more recent version of the approach.

The universal demogrant

Another variant of the basic income guarantee is the universal demogrant, a fixed sum of money given to individuals who meet specific demographic criteria (e.g., age), irrespective of income or wealth. Robert Haveman, Emeritus Professor of Economics and Public Affairs at the University of Wisconsin–Madison and an IRP affiliate, has long advocated a version of the demogrant as part of his approach to reducing inequality. He presented the proposal at length in his book, *Starting Even: An Equal Opportunity Program to Combat the Nation's New Poverty* (New York: Simon and Schuster, 1988). For a summary version, see "The Changed Face of Poverty," in *Focus* 11:2, 1988.

Work, parenthood, and the idea of reciprocity in American social policy

Christopher Beem

This article posits that the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 and the Adoption and Safe Families Act (ASFA) of 1997 reflect a fundamental philosophical change in American social policy. Both acts reflected and reinforced the idea that all Americans have minimum civic responsibilities. Both greatly expanded the government's ability to outline these responsibilities, make moral judgments about individual behavior based on conformity to those norms, and enforce or at least constrain behavior through the mechanism of the state. PRWORA established work as part of an individual's minimum civic responsibility. ASFA helped establish that good parenting—providing a safe and decent upbringing for children—was another such responsibility. By setting behavioral standards for parenthood, ASFA reinforced the connection between parenthood and the public good. But it also created a reciprocal responsibility on the part of the government to support the care work of parents and opened up new ways of advocating for poor children and families.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242d.pdf>

How does race influence judgments about parenting?

Lawrence M. Berger, Marla McDaniel, and Christina Paxson

There has so far been relatively little empirical investigation of racial bias in child maltreatment reporting. The empirical analyses reported here examined judgments made by interviewers about parenting behaviors observed in surveys conducted as part of the Fragile Families and Child Well-Being Study. The authors explored if, and how, race enters into parents' self-reports and interviewers' assessments of parenting practices. They investigated the extent to which the race of the interviewer, in itself, and in combination with the race of the parent, affects interviewers' judgments about parenting behaviors.

The Conclusions

The researchers found, first, that there are racial differences in both mother-reported and interviewer-observed parenting practices. The finding of racial differences in mothers' reports of their own parenting suggests that higher rates of reporting for blacks may, in part, reflect genuine differences in parenting behaviors. Second, much of the racial difference in parenting is explained by measures of socioeconomic status that are correlated with race. But because race is more likely to be visible to observers than family income, maternal education, and the like, potential reporters may focus on race in lieu of these factors and may, in general, attribute poor behavior to blacks, regardless of their socioeconomic status. Third, there are systematic racial differences in ratings by black and white interviewers: in general, black interviewers rate black and white mothers as having, on average, fairly similar parenting practices, whereas white interviewers give ratings to black mothers and children that are, on average, worse than those given to whites. This finding is consis-

tent with racial bias in the assessment of parenting practices. None of the parenting measures examined were extreme enough to warrant a CPS report, and it is possible that there is no racial bias in reports of actual maltreatment. For researchers, these findings underscore the importance of considering the race of the interviewer, and the relationship between the races of interviewer and respondent, when studying parenting.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242e.pdf>

Can we improve job retention and advancement among low-income working parents?

Harry J. Holzer and Karin Martinson

Employment rates among low-income parents have risen quite dramatically in the past decade. But the annual earnings and income of many parents remain stubbornly low, even though their employment rates are now fairly high. For parents with less than a high school diploma, weak skills, and limited or spotty work experience, the prospects of providing stable family incomes are very limited, especially if they are single. At least two factors limit the annual earnings of less-skilled adults in the U.S. labor market. First is low *job retention*, and second is slow or no *advancement*. This article explores several related questions: What public policies—federal, state, or local—might help improve retention and advancement among low-wage workers? To what extent might these initiatives involve the private sector? What does the evidence from research and evaluation show, and are there promising models that deserve more attention?

The Conclusions

Relatively few of the programs or efforts examined can with certainty solve the problems of unskilled and disadvantaged workers in ways that improve job retention and advancement. In general, for low earners:

1. Financial incentives and supports tied to work seem to generate more steady employment, especially if they are tied to full-time work; but these supports must be permanent.
2. A range of labor market intermediaries, perhaps including temp agencies, can improve access to higher-wage firms.
3. Education and job training are most successful when they provide workers with credentials that employers recognize (especially from community colleges) and when the training provides skills that match private-sector demands in the local labor market.
4. The returns to privately provided employer training are high, though such programs have in general not been specifically targeted to disadvantaged workers.
5. Some programs based on mixed strategies—including training, various supports and services, financial incentives, and better access to employers—have worked well, especially in an environment where the pressure to get a job is strong.

Other promising approaches—including sectoral strategies, efforts to build career ladders, and those that improve employers' human resource policies—have not yet been formally evaluated.

<http://www.irp.wisc.edu/publications/focus/pdfs/foc242f.pdf>

Focus

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