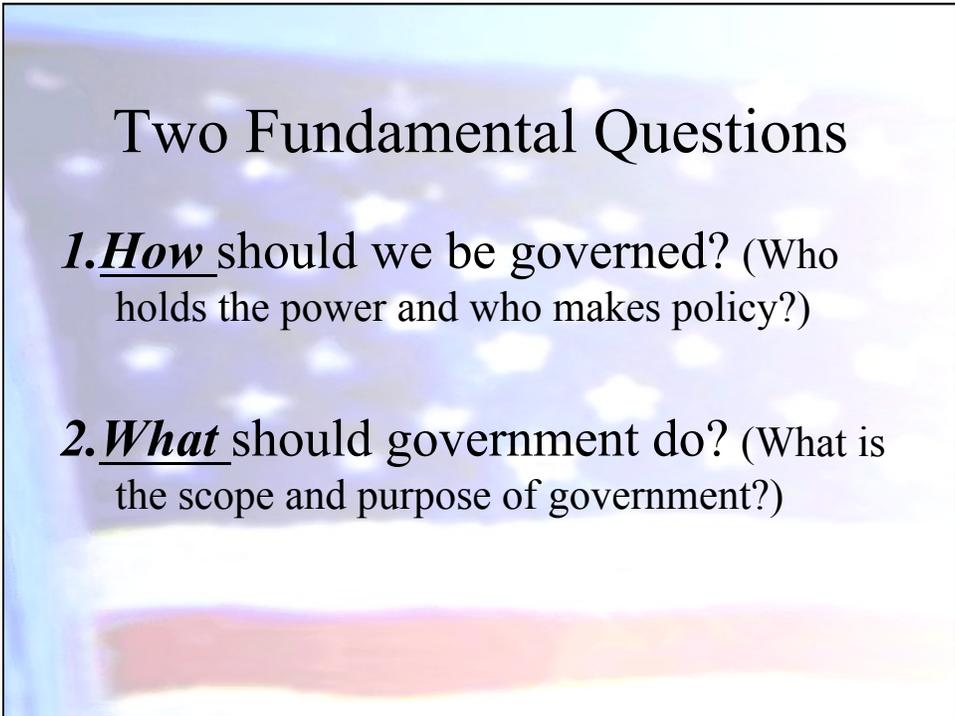




SOCIAL WELFARE POLICY



Two Fundamental Questions

- 1. How*** should we be governed? (Who holds the power and who makes policy?)
- 2. What*** should government do? (What is the scope and purpose of government?)

Equality in America

Conceptualizations of Equality

1. Equality under law
2. Equality of opportunity
3. Equality of material well-being

Do social and economic barriers exist today?

Does the unequal distribution of resources such as wealth, abilities, and health bestow advantages or disadvantages on individuals even when laws are neutral?

The Roots of Social Welfare Policy

- The Great Depression of the 1930s convinced many people around the world that some government participation in economy is required.
- The Depression revealed that state governments and private charities simply could not provide economic security for the vast majority of the population.
- Many of our social welfare the programs generally date from these years and this crisis.

Income Security

- FDR's administration started many programs to help the needy.
- In 1935 the Social Security Act made the government the major contributor to income security.
- Three programs were created out of this act:
 1. old age insurance (what we now call Social Security)
 2. public assistance for the needy, aged, blind, and families with dependent children (the disabled were added later)
 3. unemployment insurance

Health Care

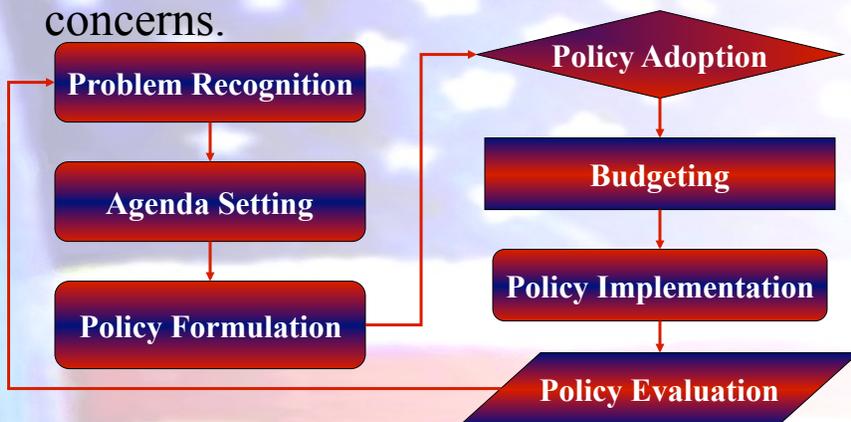
- In 2000, Americans spent \$3,724 per person on health care – more per person than any other country in the world.
- However, the US only ranked 37th in quality of care.
- Countries such as Japan and France far surpassed the US in terms of how long their citizens live in good health.

National Health Insurance

- In the early 1930s National health insurance was considered by FDR and the Congress.
- In 1945, President Truman again put national health insurance on the policy agenda.
- In 1972, President Nixon again introduced a national health insurance care plan.
- In 1993, President Clinton again proposed to enact national health insurance.
- However each proposal failed with the same basic opponents – strong opposition from groups like the American Medical Association managed to defeat its passage.

The Policy-Making Process

Public policy is government action or inaction taken to deal with problems and concerns.



Social Welfare Policies Today

Now we turn to the social welfare policies of

- income security
- health care
- and public education.

Income Security

- Income security programs are supposed to protect people against loss of income due to
 - retirement
 - Disability
 - Unemployment
 - or death of the family breadwinner.
- These programs help prevent cases of total deprivation. Still, many Americans cannot afford a decent standard of living for themselves or their families.

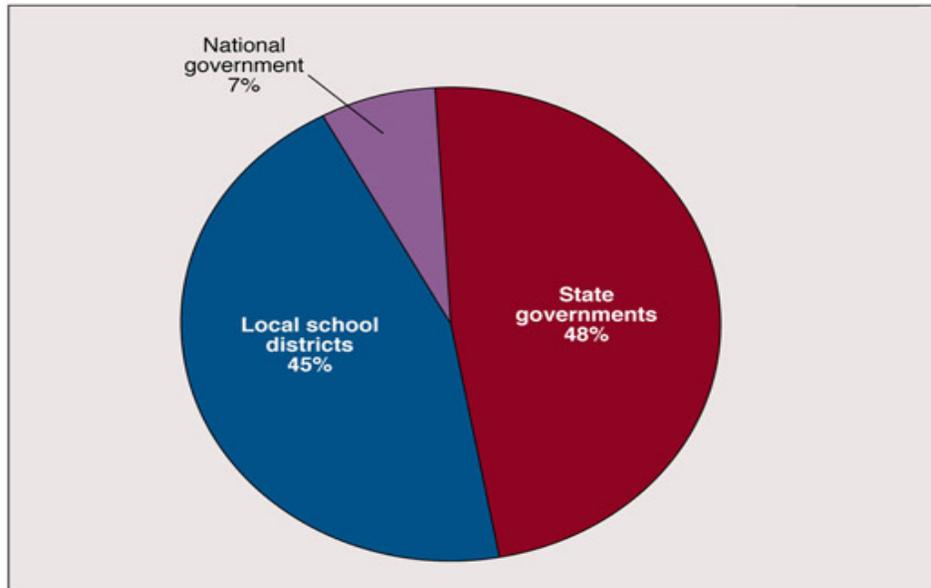
Health Care

- Our government has been involved with health care since the early days of the republic.
 - Billions of dollars are spent on research, doctors, institutes, and the public health.
- Today much of the government money spent on health care is allocated to two programs: Medicare and Medicaid.

Public Education

- Historically, state and local governments have funded most of the nations public schools.
- In 1996, \$446 billion was spent on public education (elementary through high school).
 - 44% came from states
 - 31% from local governments
 - 8% from the national government
 - 17% from other sources

Figure 17.6 Sources of Public School Spending, 1995



SOURCE: *Statistical Abstract of the United States, 1998* (Washington D.C.: Government Printing Office, 1998).

ECONOMIC POLICY

The Roots of Government Participation in the Economy

- For the first 100 years of our nation, most economic issues were controlled by the states not the national government.
- The national government's roles were limited to
 - public lands policies
 - public works projects
 - and the encouragement of business through the use of taxes and tariffs.
- The states were quite active in promoting and regulating private business activities.
 - They built the Erie Canal, roads, and railroads. States licensed, regulated, and inspected many factories and businesses.

Industrialization

- Following the Civil War, the US moved from an agrarian to and manufacturing based economy as the US industrialized many large-scale factories were created.
- This shift lead to many national economic problems.

Laissez-Faire Doctrine

- A French term meaning “to allow to do, to leave alone.”
- It is a **hands-off** governmental policy that is based on the belief that governmental regulation of the economy is wrong.
- Essentially, what businesses thought of as laissez-faire, was an economic system and a set of governmental policies that would be supportive of the amassing of profits.

The Great Depression / New Deal

- The Great Depression (a catastrophic worldwide economic downturn) began with
 - a stock market collapse
 - followed by rising unemployment
 - dropping prices
 - falling production
 - and financial panic.
- President Hoover announced that there was nothing wrong and the economy was fundamentally sound. *Panic ensued.*
- FDR called for and Congress enacted a "New Deal" for Americans. This legislation allowed for strong government participation in the economy to relieve the nation's economic distress.

The Post-World War II Era

- As WWII came to an end, many policymakers worried that the conversion from a wartime to a peacetime economy might trigger yet another great depression.
- With the passing of
 - The Employment Act and the
 - The Taft-Hartley Act(to deal with unemployment) the US government became deeply involved in maintaining high levels of employment.

The Social Regulation Era

- In the 1960s and 1970s our government turned to social regulations.
- Social regulations deal with the quality and safety of products.
- Agencies such as the
 - Consumer Product Safety Commission
 - Occupational Safety and Health Administration
 - Environmental Protection Agency
 - National Transportation Safety Administrationwere created to protect consumers and citizens from a variety of threats.

Stabilizing the Economy

- Since FDR and the Great Depression, the government has taken a participatory approach to macroeconomic problems.
- The US government primarily uses two instruments to effect the economy...
 - Monetary policy
 - Fiscal policy

Monetary Policy

- Monetary policy involves the regulation of the country's money supply and interest rates.
- The primary responsibility for monetary policy rests with the Federal Reserve Board (Fed).
- The Federal Reserve System was created in 1913 consists of:
 - the Federal Reserve Board
 - the Federal Open Market Committee
 - 12 Federal Reserve Banks

The Federal Reserve System

- The Fed is made up of seven members appointed by the president for 14 year overlapping terms with approval of the Senate.
- The Fed has a number of tools including:
 - manipulating the reserve requirement
 - changing the discount rate
 - open market operations – the buying and selling of securities by the Fed

Fiscal Policy

- Following the economist John Maynard Keynes government spending has been used to offset a decline in private spending and help maintain
 - levels of spending
 - production
 - employment.
- Fiscal policy involves taxation and government spending policies to influence the overall operation of the economy.
- John Kennedy was the first president to actively use fiscal policy. He deliberately ran a deficit in order to fuel economic growth.

The Global Economy

- While we are moving into a truly global economy industrialized trading blocks – regional free-trade areas – have developed in
 - Asia
 - Europe
 - North America
- Free trade and globalization have been beneficial to many Americans and to some foreign economies but they are not supported by all.
 - For example, labor unions have been highly critical of free trade initiatives.

Global Trade

- Around \$5 TRILLION worth of trade crosses international borders each year.
- Expectations are that foreign direct investment flows for 2000 exceeded \$1 trillion.
- Only 20 years ago that number stood at \$60 billion and 10 years ago at \$210 billion.
- The global system of production is both deepening and broadening.
- There are now 63,000 transnational companies with about 700,000 affiliates.

The Economics of Regulating Environmental Activity

- Environmental policy has many economic trade-offs.
- If we want clean air we must pay more for cars that have emission controls.
- If we want clean rivers and lakes we have to pay more for plastics and manufactured products because it is more expensive to get rid of wastes in environmentally friendly ways.
- We may decide that the jobs of loggers are more important than the habitat of the spotted owl.

FOREIGN AND MILITARY POLICY

The Roots of U.S. Foreign and Military Policy

- The Constitution lays out the institutional framework for foreign and defense policy.
- Foreign policymaking power is clearly a federal power, not a power of the states.
- The Framers intended to divide responsibility for foreign affairs between the president and Congress.

The Monroe Doctrine

- In the 1820s Latin American countries began to declare their independence from European colonial powers.
- The U.S. under President James Monroe announced that any attempt to re-extend political control over Latin America would be met with force.

World War I

- World War I broke out in Europe in 1914.
- The U.S. tried to remain neutral but was eventually forced into the war by the German policy of unrestricted submarine warfare.
- Over 5 million Americans served in WWI.
- Following the war the U.S. and most other countries returned to a policies of high tariffs and isolationism.

The United States Becomes a World Leader

- The Great Depression and Adolf Hitler shook the U.S. out of its isolation and back onto the world stage.
- In 1939, WWII began. The United States soon found that its strategy of isolationism, unilateralism, and strict neutrality failed to make the country secure and keep it out of war.
- In December 1941, the Japanese bombed Pearl Harbor, Hawaii, and Germany declared war on the U.S.

United Nations

- Learning from the lessons of isolationism and trade wars following WWI the allies took an internationalist approach following WWII.
- Before the end of WWII, FDR, Churchill, and the allies created the United Nations to promote security of member nations and promote economic prosperity around the globe.
- The five great powers – U.S., Soviet Union, China, France, and Great Britain – were seated on the Security Council.

The Origins of the Cold War

- At the end of WWII, Joseph Stalin, leader of the USSR, encouraged the spread of communism through eastern and central Europe and into the Balkans.
- President Truman responded with the Truman Doctrine to contain the expansion of communism.
- This was the beginning of a bipartisan consensus in foreign affairs to resist communism and oppose the Soviet Union that lasted until the late 1980s.

Bretton Woods and The Marshall Plan

- Following WWII, international institutions were established to solve global economic problems.
- The common view at the Bretton Woods meeting was that the depression of the 1930s and the rise of fascism could be traced to the collapse of international trade and isolationist foreign policies.
- The Marshall Plan was enacted to aid the recovery of war torn European nations.
- At Bretton Woods the World Bank and IMF were established.

President of the World?

- The United States is the world's greatest superpower.
- The US president is the most powerful foreign policymaker and world leader.
- This reality would have shocked the Founding Fathers.

Presidential Primacy in Foreign Affairs

- Since George Washington, the president has been preeminent in foreign affairs and has gotten even more powerful in recent years.
- Alexander Hamilton argued for presidential supremacy in foreign relations because foreign policy was different than domestic policy in several ways.
- It requires:
 - accurate and comprehensive knowledge of the world
 - a steady and systematic adherence to the same view
 - a uniform sensibility to the national character
 - decision, secrecy, and dispatch

Congress and Foreign Policy

- Congress has some constitutional powers (advice and consent) in foreign relations and sometimes seeks to assert them.
- Congress primarily exercises its oversight powers to hold the president accountable for his/her foreign policy.

Treaties and Executive Agreements

The Constitution grants the president the power to commit to legally binding international commitments.

1. Treaties
2. Executive Agreements
3. Congressional Executive Agreements

The War Powers Act

- In 1973 Congress passed the War Powers Act to limit the president's authority to introduce American troops into hostile situations.
- All presidents since Nixon insist that this Act is unconstitutional and have ignored all or parts of the act.
- The Act limits presidential deployment of troops to 60 days without a congressional vote. The period could be extended 30 days to allow for withdrawal of troops. The president would be allowed to respond to an emergency but not wage a war without Congressional approval.
- In reality, this Act has not hindered presidents at all.

The Public and Foreign Policy

- Americans are mostly indifferent to questions of foreign policy
- Americans (while uninformed) are still able to discriminate among issues and to identify those that are salient.

Relevant Foreign Policy Beliefs

- More important than interest and knowledge is whether the American people are able, in the aggregate, to hold politically relevant foreign policy beliefs.
- Most Americans cannot point to Serbia on a map and yet they do know that they do not want Americans to be sent to fight in the region.
- For the decision-maker the latter is the important fact.