

## **Guess What? Welfare Reform Works**

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The welfare reform act of 1996 is one of the most revolutionary pieces of legislation since the welfare state began half a century ago. Contrary to the predictions of many skeptics, this law has been remarkably successful--helped, to be sure, by the strong economy of the past several years.

The success of earlier reforms by a few states led to a bipartisan effort by a Republican Congress and President Clinton to "end welfare as we know it" by forcing recipients in all states to look for work. The 1996 law limits families to two years of welfare income during any one spell and caps the total time on welfare over a mother's lifetime at five years.

The number of recipients rose sharply from the early 1960s, to a peak in 1993, when over 4 million American families were on welfare. In that year, an incredible 1 million residents of New York City alone were receiving welfare, up from 250,000 in 1960.

Wisconsin, Massachusetts, New Jersey, and a few other states decided in the late 1980s that this upward trend in welfare was unacceptable and could be reversed. They introduced reforms that discouraged women from having children while on welfare. More important, they dropped the assumption that most women on welfare are not capable of getting and holding jobs, and put pressure on them to find employment to help support their families.

PIONEERS. These states managed to cut their welfare populations while at the same time improving the economic situation of single-parent families. Recently, a careful evaluation of the Massachusetts reforms by economists M. Anne Hill and Thomas J. Main of the City University of New York concluded that they not only greatly reduced that state's welfare caseload but also encouraged more young women to finish high school and sharpen their economic skills.

What worked in Massachusetts and other pioneering states was applicable throughout the nation, but the reassessment of federal welfare policy was opposed by many intellectuals. Some members of President Clinton's team quit after the 1996 federal law, over what they considered a betrayal of the welfare state. They argued that most women forced off welfare would become homeless or destitute, since they supposedly are too mentally or physically handicapped or lacking in requisite skills to obtain and hold jobs.

However, this law has been highly successful in reversing the large growth in the number of welfare recipients in the U.S. Most mothers forced off welfare found work and provide financial support for their children.

Certainly, the huge decline--by over 40%--in the number of single mothers on welfare from the 1993 peak is partly due to the booming economy of the past seven years. However, most of this decline took place in the two years after passage of the 1996 act. The study of Massachusetts' experience cited earlier confirms the importance of the new approach to welfare, since the authors' research attributes more than one-third of the decline in that state's welfare rolls since 1995 to the reforms and not simply to its buoyant economy.

GOOD TIMES. The federal law recognizes that the number of families in need of assistance always rises sharply during bad economic times. This is why each welfare spell is allowed to last up to two years, and mothers with dependant children can have multiple spells, up to a total of five years over their lifetimes. It further acknowledges that some women are handicapped and unable to work. What it aims to discourage is the attraction of welfare to able-bodied women during good times when jobs are available.

The act also recognizes that many poor working mothers will not earn enough to provide a decent standard of living for their families. Children of unmarried working mothers continue to be eligible for Medicaid and food stamps, and they benefit from the earned-income tax credit that is available only to poorer working parents with children.

One of the most important, if hardest to document, gains from taking families off welfare is their greater self-respect when they provide for themselves. Mothers on welfare convey the impression to their children that it is normal to live off government handouts. In such an environment, it is difficult for children to place a high value on doing well at school and preparing for work by seeking out training on jobs and in schools.

Welfare reform has been a resounding success in inducing unmarried mothers to find jobs. This revolutionary approach to welfare is based on the appreciation that the vast majority of families do much better when treated as responsible adults and offered effective incentives to help themselves.