

UNITED STATES

R E P O R T

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In an October 1996 statement to the United Nations General Assembly, the U.S. government urged developing countries to follow the free trade, flexible labor market policy guidelines which, it claimed, allowed the U.S. to enjoy «one of the lowest unemployment rates since the early seventies ... while inflation has remained in check.» These initiatives included an October 1996, increase in the minimum wage for the first time in more than a decade (prior to the increase, the purchasing power of the minimum wage had fallen 30% since 1970),¹ pension reform legislation and legislation to allow workers to participate in company health insurance plans for up to a year after they had lost their employment. The statement also recalled the pledge of Hilary Rodham Clinton at WSSD that the U.S. would commit US\$100 million over ten years to programs in developing countries that would improve school completion rates for girls and/or functional literacy rates for women. The statement noted that despite U.S. opposition to the July 1996 decision of the United Nations Economic and Social Council to expand the membership of the Commission for Social Development and to schedule annual meetings of the Commission, the U.S. government is committed to realizing the goals of the WSSD.²

Nonetheless, the government does not maintain a formal interagency task force to implement its commitments to the WSSD Programme of Action. Rather, the U.S. government has responded to United Nations requests for updates on its WSSD follow-up process with special interagency meetings to review these requests, followed by submission of domestic and foreign social development program documents that pertain to the WSSD.³ Among these documents is a list of U.S. national education and health goals for the year 2000, which are intended to respond to the WSSD «Programme of Action», Chapter 2.

Despite the U.S. government's informal approach to WSSD

IMPLEMENTING THE COMMITMENTS

follow-up, Vice President Al Gore clearly articulated the general direction of the government's domestic and foreign social development policy in an address to Summit delegates on March 12, 1995.⁴ Vice President Gore stated that «*we in the United States have come to recognize that it is time to abandon our old model for combating poverty at home based on heavy government intervention through massive bureaucracies... We are instead designing an approach that empowers people to be active partners in the management of their own fates.*»

GOVERNMENT SOCIAL DEVELOPMENT POLICIES

The chief legislation resulting from the new social development policy is the «Personal Responsibility and Work Opportunity Act» (colloquially known as the «Welfare Reform Act.»). Signed into law by President Clinton on August 13, 1996, the Welfare Reform Act shifts much of the historic responsibility of the federal government for social development to state governments, non-governmental organizations and to poor people themselves. Officially, the poor count for 13.8 percent of the U.S. population of about 266 million, according to a federal definition of poverty (discussed below) that has not been fundamentally recalculated since the 1960s.⁵

The abolition of «welfare as we know it», promised by President Bill Clinton during his 1992 presidential campaign, is a turning point, if not the end, of the federal government's commitment to take the lead in funding and administering social development policy in the United States. This commitment emerged with creation of Aid to Families with Dependent Children (AFDC), a cash

1 Marc Breslow, «Last In, First Out: Black Men Take the Heat,» *Dollars and Sense* (January–February 1997), 24.

2 «U.S. Statement: United Nations General Assembly Agenda Item 45: Implementation of the Outcomes of the World Summit for Social Development», Washington, D.C.: State Department, October 9, 1996 draft. On the expansion of the Commission for Social Development, see *Summit –plus–One* (New York: United Nations, No. 3, June 1996).

3 Phone interview with Economic and Social Affairs Office of the Bureau of International Organization Affairs, State Department, December 18, 1996.

4 Due to the brevity of this report, we have not addressed such topics as the racial composition of poverty, the feminization of poverty, the effects of increased legal and illegal migration to the U.S., the increase in homelessness in the U.S., the increase in infectious diseases among poor people, and so on.

5 Teresa Amott, Michael Calhoun and Don Reeves, «Let's Get Real About Welfare», BREAD FOR THE WORLD INSTITUTE, Occasional Paper #5 (June 1995), 16–18.

assistance program for poor families, organized as part of the Social Security Act of 1935. The need for a social development support system was welcomed by the large segment of the U.S. population that suffered the free market failures of the Great Depression. During the past sixty years, welfare programs grew to include food assistance, child care assistance, assistance for the disabled and elderly, and foster care programs.⁶ Though welfare programs have never been without critics, the move to abolish «welfare as we know it» began in earnest during the administration of President Ronald Reagan, who publicized instances of welfare program abuse in terms of «welfare queens» getting rich off government handouts.

Most of the policy debate framework about the Welfare Reform Act contended, in the face of massive academic research to the contrary, that income and food purchasing assistance for poor people created a dependence on assistance that perpetuated poverty. Partisans of welfare «reform», by focusing attention on the seven percent of welfare recipients who require assistance for eight years or longer, were able to depict a «culture of dependency» that ignored the 70 percent of recipients who used welfare programs for less than two years. Proponents of welfare «reform» sought to change the behavior of the welfare program participants by, for example, reducing assistance to families if their children are truant from school, and denying additional assistance for children born while the parent(s) is in a welfare program.⁷

However, the Act's major behavior modification solutions to allegedly widespread welfare dependence are measures to induce most aid recipients to work by cutting income and food assistance, limiting the duration of assistance availability, and requiring aid recipients to find jobs, even if these jobs pay less than the value of assistance programs. According to the Congressional Budget Office, the new model of «combating poverty» in the U.S. entails about \$55 billion in cuts during the next six years to food and cash assistance programs that serve low-income people.⁸ The Urban Institute estimates that by the year 2002, the Welfare Reform Act will result in 2.6 million more people living on incomes below those of federal definitions of poverty.⁹ If Urban Institute calculations prove true, by 2002 about 22.8% of the U.S. population will be officially poor.

Proponents of abandoning, in Vice President Gore's words, «the old model of combating poverty» have argued that non-governmental organizations should and will assist those to whom welfare «reform» denies assistance. However, as Father Jim Hug of

the Center of Concern asked, «how realistic is it to expect private charities, which now, altogether, provide \$8 billion annually to the poor to make up for a projected federal cutback of \$57 billion in its services to those same poor?»¹⁰ (Estimates differ on how large the total federal budget reductions will be for social development programs. Estimates for anticipated cuts in welfare programs of individual state governments are not yet available.) Citizens may not see promised reductions in their taxes as a result of the savings from the Welfare Reform Act budget cuts, but they will almost certainly see an increase in calls and letters requesting donations to charitable organizations.

Despite sustained lobbying by NGOs, Congress refused to create a program or designate funds to monitor the effects on hunger and poverty of the Act.¹¹ Hence, unless the new legislation is amended, any accountability for its results will be the responsibility of non-governmental organizations. The refusal to monitor Welfare Reform Act impacts is hardly a model of the responsible behavior that the Act demands of the poor.

COMBATING POVERTY, OR COMBATING THE POOR?

The budget cuts in welfare programs are part of a presidential goal of balancing the federal government's budget by the year 2002. The largest single portion of Welfare Reform Act savings for budget balancing will come from \$27.7 billion cuts in food stamp programs from 1997 to 2002.¹² Under these programs, recipients receive coupons which are redeemable in stores for foods defined as healthy by government nutritionists. In Fiscal Year (FY: October 1–September 30) 1995, 26.6 million people, of whom 51 percent were children participated each month in the programs, with an average benefit of \$71.30 per month per person. More than 80 percent of benefits are received by households with children. Ninety percent of food stamp households have incomes below the federal definition of poverty.¹³

The full implementation of food stamp cuts will result in a 20 percent reduction in average food stamp benefits, i.e. to 66 cents per meal from 80 cents per meal in 1996 dollars.¹⁴ Many Republicans in Congress had proposed more drastic reductions in food stamp programs, but were frustrated by agribusiness interests who were not willing to lose yet more sales from their prime cus-

⁶ Ibid., 7.

⁷ Ibid., 20, 38.

⁸ David A. Super, Sharon Parrott, Susan Steinmetz and Cindy Mann, «The New Welfare Law» (Washington, D.C.: Center on Budget and Policy Priorities, August 12, 1996 [http://epn.org/cbpp/wconfb12.html]), 1.

⁹ Randy Albeda, «Farewell to Welfare But Not to Poverty», *Dollars and Sense* (November–December 1996), 18.

¹⁰ Jim Hug, «The War on the Poor», *What Governments Can Do: Hunger 1997*, Ed. Marc J. Cohen (Washington, D.C.: Bread for the World Institute, October 1996), 28.

¹¹ Amott et al., 12, and email message from Marc Cohen, Bread for the World Institute, Jan. 6, 1997.

¹² Super et al., 10.

¹³ «Summary of Federal Nutrition Programs» (December 1996) and «Hunger in the United States», FOOD RESEARCH AND ACTION CENTER (Washington, D.C., November 14, 1996), 1.

¹⁴ Super et al., 10.

tomers, the federal government.¹⁵

The Welfare Reform Act was legislated amidst increasing numbers of people in need of food assistance. In 1991, the number of hungry people in the U.S. was estimated at 30 million, about 12% of the population.¹⁶ More than 45 million people, about one sixth of the U.S. population, received food assistance during part or all of FY 1995.¹⁷ Because those in need of food assistance often use both government programs and the myriad programs of charitable organizations, statistics on food assistance use are sometimes overlapping and/or somewhat contradictory, but the general statistical trends are nonetheless alarming.

The cuts in food stamp assistance will affect children who are often already inadequately nourished. According to the Food Research and Action Center (FRAC), approximately four million U.S. children under 12 years of age go hungry and 9.6 million are at risk of hunger during one or more months of the year. This amounts to 29 percent of all U.S. children under 12 years of age. Catholic Charities USA reported that in 1993 a third of the 5.1 million who received emergency food services from its agencies were children. The Second Harvest National Food Bank released a study that estimates food banks serve some 25 million people annually, 10.4 percent of the U.S. population. About 43 percent of those receiving emergency food were 17 years of age or under.¹⁸

Unless charitable contributions increase dramatically, non-governmental organizations will very likely not be able to supply the food denied by the federal food assistance budget cuts. FRAC calculates that the \$27.7 billion reduction in federal food stamps will amount to four to five times the value of the food distributed by Second Harvest, the largest food bank network in the U.S. Fifty-two percent of officials responding to a U.S. Conference of Mayor's survey in 1995 said that emergency food assistance facilities in their cities could not keep up with the demand for food assistance. Several sources indicate that millions more U.S. residents are eligible for federal food assistance programs who don't benefit by it due to insufficient funding for the programs or due to lack of information about eligibility requirements.¹⁹

Perhaps the most severe single provision of the Welfare Reform Act is that which limits food stamp benefits to three months out of a thirty-six month period for 18 to 50 year old unemployed individuals not caring for minor children. There are no hardship exemptions for those whose search for employment, no matter how well-documented, is fruitless. The Congressional Budget Office estimates that under this provision, in an average month, about

one million job-seekers, 40% of them women, will be denied food stamp benefits.²⁰

The slashing of food stamp benefits to women is at odds with Vice President Gore's address to the WSSD, in which he stated: «*let me emphasize the importance of one cultural trend that can speed the day that we see an end to poverty, an increase in the rights and powers of women.*» One of the rights he did not have in mind was a right to food security. At the World Food Summit in November 1996, the State Department's Melinda Kimble, head of the official U.S. delegation, stated that the U.S. could not sign on to a right to food security provision of the Summit Declaration of Principles. She said that to support a right to food security would conflict with provisions of the Welfare Reform Act, and would subject the U.S. government to accusations of violating human rights.²¹

POVERTY. PRIOR TO THE REFORM

Who will be affected by U.S. social development policy «reform»? According to the U.S. Census Bureau, in 1995 there were 36.4 million people who met the federal definition of poverty, 13.8 percent of the total U.S. population. The percentage of children officially defined as belonging to poor households decreased from 21.8 percent in 1994 to 20.8 percent in 1995.²² However, this decrease should be viewed in the context of an increase in persons defined as poor in the U.S. from 25 million in 1970 to 39 million in 1993. At the same time, the number of people receiving federal assistance fluctuated but remained more or less constant, so that, for example, while 84 percent of poor children received federal assistance in 1970, only 63 percent did in 1992.²³

In early 1994, the federal government called a family of three persons poor if it received \$11,817 or less annual pre-tax income. (The federal definition of poverty is derived from a 1960s formula based on a 1955 survey of food consumption. Since the cost of food has risen less proportionally than the cost of other basic needs, such as housing, health care and transportation, the current official definition of poverty entails a much lower standard of living than when the formula for defining poverty was first calculated.) Nonetheless, according to the U.S. Congressional *Green Book*, due to varying state government determinations of income and assets, in 1994 in 21 of 50 states, a family of three earning more than half of federally defined poverty incomes was ineligi-

¹⁵ Albeda, 17.

¹⁶ Super et al. 1-2, and *What Governments Can Do: Hunger 1997*, 114-115.

¹⁷ Victor Oliviera, «Spending on Food-Assistance Programs Levelled Off in 1995», *Food Assistance* (Washington, D.C.: United States Department of Agriculture, September-December 1995), 37.

¹⁸ «Hunger in the United States», 1-2.

¹⁹ *Ibid.*, 1-2.

²⁰ «Conference Agreement Denies Food Stamps to One Million Unemployed Without Promising Them A Work Opportunity», CENTER ON BUDGET AND POLICY PRIORITIES (Washington, D.C., July 31, 1996) [<http://epn.org/chpp/cbcadf.html>].

²¹ Mark Ritchie, «Reflections on the World Food Summit», (Institute for Agriculture and Trade Policy, December 1996) <<http://www.sustain.org/foodsec>>

²² «Income and Poverty Status of Americans Improve...», U.S. Census Bureau press release, September 26, 1996.

²³ Amott et al., 28.

ble for Aid to Families with Dependent Children (AFDC), the major income assistance program. In 1994, about five percent of the U.S. population received some AFDC funds, a figure unchanged since 1972.²⁴ In 1996, two-thirds of the 13 million AFDC recipients were children.²⁵

AFDC and food stamps at the median level determined by state governments disbursed \$366 in cash and \$295 in food stamps per month for a family of three persons in 1994. The total value of these benefits was 69 percent of the income received by a family determined to be poor according to the official definition of poverty. The purchasing power of cash and food stamp assistance benefits for a family of three fell by 27 percent between 1972 and 1993.²⁶ Beneficiaries who earn other income or do not report other income risk losing their benefits.

POVERTY AFTER IT

One of fundamental changes in the Welfare Reform Act is that it shifts primary responsibility for social development programs from the federal government to state governments. In the 1960s and 1970s welfare rights advocates sometimes had to fight state governments to get them to disburse, particularly to African-Americans, the AFDC funds that states administered according to federal guidelines. In some respects, the Welfare Reform Act is a pre-Civil Rights Era social development policy.

The Act eliminates the AFDC program and converts AFDC monies into Temporary Assistance for Needy Families (TANF) grants for state governments to administer as they see fit and with no incentives to spend more on poor people to adjust for inflation or to an economic recession. Under TANF, there are no guarantees of assistance to poor families, as states may define need however they wish, and establish various definitions of need in different parts of each state. Subject to federal review, states are allowed to withdraw from assistance programs or use up to \$40 billion of the block grants for other purposes between 1997 and 2002.²⁷

Nobody may receive TANF funds for more than 60 months during his or her lifetime. This time limit, when combined with work requirements for different categories of TANF recipients, pressures them to take jobs that will likely pay less than the value of their former welfare benefits. This pressure is particularly strong on single mothers with dependent children, who currently account for 22% of all U.S. families.

TANF recipients whose youngest child is more than one year old must do paid or unpaid work after receiving 24 months of TANF

benefits. However, states may require recipients to work immediately upon receipt of benefits, as is the case with proposed Minnesota welfare rules for two-parent families. Single-parent families get six months of benefits before the recipient either finds a job or faces a 25–35% cut in TANF benefits.²⁸

The Welfare Act gradually increases both the state's percentage of TANF recipients and the number of hours they must work, in order for states to receive full TANF funding. In 1997, 20% of single mother families must be working at least 20 hours per week; by 2002, 50% must be working at least 30 hours per week. States will not be required to provide for child care and transportation costs, as mandated by previous work requirements in welfare legislation.

Other population groups directly affected by this federal budget balancing legislation are ones that cannot vote — children and legal immigrants. The Welfare Reform Act affects children by reducing already sub-poverty benefits to their parents and establishing work requirements while cutting funding for child care and providing no subsidy for the public transportation that many poor people need to get to work. The Urban Institute estimates that as a result of the new legislation, the number of children in federally defined poor families will increase by 1.1 million. With 20.8 percent of U.S. children already living in poor families, the U.S. will retain, by a wide margin, the top rank for children living in poverty, as well as remaining the leader in overall poverty, among developed nations.²⁹

Legal immigrants, child and adult, will feel the widest financial impact of welfare «reform» of any single group — \$22 billion in cuts. (Illegal immigrants are already ineligible for almost all welfare assistance.) Only immigrants determined to be political refugees or asylum seekers will be exempt from the cuts for the first five years of their U.S. residency. Elderly and disabled legal immigrants in particular are unlikely to pass the tests to become U.S. citizens prior to the cut-off of their benefits— for most of them welfare reform will leave them without cash, medical and food assistance for the rest of their lives.³⁰

The Welfare Reform Act was publicized as a «states rights» bill that would remove the «massive bureaucracy» cited by Vice President Gore in his WSSD address as an impediment to combating poverty. However, the first signs of the federal government's response to some state's attempts to diminish the harshest effects of «reform» suggest that the federal government will intervene in state matters to ensure that the Act is implemented as it was intended. For example, Olivia Goldsmith, the new assistant secretary of Health and Human Services, has advised Kansas that it cannot spend state dollars on legal immigrants in nursing homes

24 Ibid., 12–23.

25 Albeda, 17.

26 Amott et al., 28.

27 Albeda, 17–18; Super et al., 2, 5 and Savner, 3.

28 «Tough details of welfare law released», *Star Tribune*, January 10, 1997.

29 Marc J. Cohen and Jashinta D'Costa, «Overview of World Hunger», *What Governments Can Do: Hunger 1997*, 12.

30 Ibid., 14–15.

who suffer from Alzheimer's disease and hence are incapable of passing the tests for U.S. citizenship.³¹

A NEW «MODEL» TO COMBAT POVERTY: THE MARKET

Under the old model of government programs to combat poverty, recipients of food and income assistance in most states had the right to decide for themselves when they could afford to leave assistance programs, and give up access to publicly-funded medical care, in order to take a job paying minimum wage (\$4.25 per hour in 1995). A minimum-wage job provided slightly more income than the median value of assistance programs but no medical insurance.³² Under the new model, reduced benefits and time limits to receiving benefits (with hardship exemptions for some categories of recipients) is intended to hasten the decision of aid recipients to join the market-oriented economy.

The unspoken assumption of the new model is that the global economy will create jobs at wage and benefits levels to empower recipients of the Welfare Reform Act programs to become economically self-sufficient. One study estimates that job creation must quadruple to employ the people who will be displaced by the Welfare Reform Act from welfare programs.³³

Funding for state governments to implement the work requirements of the Welfare Reform Act is projected to be inadequate, according to the Congressional Budget Office. Under so-called «workfare» programs, welfare participants work in return for sub-minimum wage jobs in the public sector or for government-subsidized jobs in the private sector. The provision of the bill which allows states to meet the work requirements by receiving a «caseload reduction credit» for cutting off aid to needy families invites further abuse of poor people in the name of instilling a work ethic in people presumed to lack one.³⁴

If the states follow the example of New York City by replacing unionized municipal employees with «workfare» participants, then the states will realize a savings for their budgets, but at the cost of creating more unemployed in need of assistance programs for which there will no longer be a budget. Begun in 1995, New York City's Work Experience Program (WEP), widely praised in the mass media, has put about 100,000 WEP participants to work in public sector jobs, such as cleaning the streets, taking care of City parks, and clerking in municipal offices. While the average City-employed clerical worker's wage is \$12.32, not including benefits, WEP work-

ers cost the City only \$1.80 per hour, with no benefits, for a 20 hour workfare week. Under New York Governor George Pataki's proposals for further welfare benefit cuts and a required 30 hour workfare week, the City could pay WEP workers just 53 cents an hour.³⁵

Unfortunately, the long overdue increase in the minimum wage, cited by the U.S. in its address to the United Nations as an example of the government's commitment to fighting poverty, will not suffice to allow workers and their families to rise above the federally determined definitions of poverty.

ANOTHER «MODEL» OF SOCIAL POLICY FOR DEVELOPING COUNTRIES

The major U.S. social development program for developing countries to emerge from the WSSD is the «New Partnerships Initiative», (NPI) announced by Vice President Gore in Copenhagen. Under NPI, the U.S. Agency for International Development (USAID) would channel 40% of its development assistance through non-governmental organizations (NGOs). NPI, said Vice President Gore, is predicated on the beliefs in «free markets and individual initiative» and in the need for environmentally sustainable economic growth. The three main program orientations of NPI are democratic local governance, NGO empowerment, and small business partnerships between U.S. and developing country businesses, governments, and NGOs.

From March to June 1995, USAID held about 60 consultations and briefings with Agency staff and NGOs, including consultations in May and June at which about 270 representatives of NGOs attended.³⁶ In July 1995, USAID published a draft of its «Core Report of the New Partnerships Initiative», after a consultation process with more than a hundred Agency and non-USAID participants. The report was endorsed in October 1995 by USAID Administrator Brian J. Atwood, who authorized an Agency wide implementation of NPI by October 1998, preceded by an eight-month «Learning Phase» of pilot projects in eight «Leading Edge Missions» of USAID in Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, Sri Lanka and Zambia and six «Partner Missions» in Ecuador, Indonesia, Madagascar, Panama, Romania and Russia. «Leading Edge Missions» will be the focus of more intensive NPI activity.³⁷

NPI has been launched at a time of decreasing U.S. commitment to foreign aid. Foreign aid was equivalent to about 0.7% of

³¹ Doug Ireland, «The Really Big Show», *City Pages* (January 8, 1997), 10.

³² Amott et al., 28.

³³ Ellen Bassuk, Angela Browne and John C. Buckner, «Single Mothers and Welfare», *Scientific American* (October 1996), 66.

³⁴ Steve Savner, «Creating a Work-Based Welfare System under TANF», (Washington, D.C.: Center for Law and Social Policy, November 1996 [<http://epn.org/clasp/welf2.html>]), 4–5.

³⁵ Annette Fuentes, «Slaves of New York», *In These Times*, (December 23, 1996), 14–16.

³⁶ «Core Report of the New Partnerships Initiative», (Washington, D.C.: USAID, July 21, 1995) (draft), A–3 11–27.

³⁷ «New Partnerships Initiative: Update», Washington, D.C.: USAID, December 1996.

the 1994 Gross Domestic Product, the lowest percentage since the beginning of foreign aid programs in 1947. About 15% of this 0.7% was dedicated to development aid in 1994, while more than a third went to trade and military assistance. Foreign aid declined from about \$19 billion in 1985 to \$15.2 in 1994. However in most regions of the world foreign aid reductions have been far more drastic than these global figures indicate. In 1994, Israel and Egypt received about 47% of all foreign aid, thus maintaining their share of aid during the past decade. Aid to the former Soviet Union has increased dramatically while aid to the rest of the world, particularly to Latin America and Asia, has fallen dramatically. However, as foreign aid, particularly for development, has contracted, U.S. aid for emergency relief, including delivery of humanitarian aid by the U.S. military, has risen from \$187 million in 1989 to more than \$1.5 billion in 1994.³⁸ Critics of foreign aid have used this highly publicized increase in emergency relief to argue that all foreign aid should be cut back further. The U.S. already distributes less of its GDP in foreign aid than any industrialized country.

The need to use foreign aid efficiently for social development was underscored at WSSD by Timothy E. Wirth, U.S. Under-Secretary of State for Global Affairs: «The days of leaving money on the table in the middle of the night and not seeing where it goes have ended... One of the real successes here [at the WSSD] is that we have everybody now thinking about doing a better job with existing resources rather than always talking about adding more money to the pot.»³⁹ This opinion, however, was not shared by all delegates to the Summit. Juan Somavia, Chile's Ambassador to the United Nations and a principal WSSD organizer, stated «Don't let anybody tell you that there are no resources. The problem is not resources, but priorities.»⁴⁰ The NPI «Core Report», however, shares Under-Secretary Wirth's assessment of the resources available for social development, and notes that «Potentially deep cuts in USAID's budget give these steps [in resource deployments] added urgency.»⁴¹

NPI is part of USAID's «radical reform of its operating systems and processes through organizational reengineering.»⁴² «Re-engineering» refers to a private sector management strategy⁴³ (now discredited in some corporate circles) that has been instituted throughout the U.S. federal government, guided by a national commission headed by Vice President Gore. «Re-engineered» corporations are said to be «lean and mean», producing more with

fewer personnel, and hence are more «efficient» engines of production.

At the same time as NPI proposes a «reengineering» of its role and that of NGOs in social development, it also has adopted the NGO call of «putting people first», particularly women, in development.⁴⁴ The way in which NPI would put «people first» is through a new partnership between governments and civil society. For NPI's planners, «civil society organizes political participation and collective action in the same way that markets organize economic behavior.»⁴⁵ NPI will make NGO partners in the organization of political behavior in developing countries.

This role for NGOs is not a metaphorical relation to the organization of economic behavior – it is a counterpart to the role of U.S. government and the International Financial Institutions (IFIs) in diminishing governments' economic role in developing countries through IFI Structural Adjustment Programs (SAPs). As the NPI «Core Report» explains, «While bureaucratic reorientation will not be a significant focus of NPI, the international banks are already actively engaged in the modernization of the state in the context of decentralization and increased participation. NPI's strategy will be to coordinate USAID's local empowerment and policy reform efforts with multilateral governance activities.»⁴⁶ NPI will do at the local level what the IFIs are doing at the national and regional level in developing countries.

At the WSSD, myriad NGOs issued individual and collective statements denouncing SAPs, U.S. trade policy, and the subordination of civil society and democracy to the interests of transnational corporations.⁴⁷ Nonetheless, the impoverishment of developing countries, the defunding and/or dismantling of United Nations programs and international aid programs, and the urgent needs of the local organizations and businesses that NPI targets will provide a ready market for the program among many NGOs and governments. While it is too early to comment on NPI results, the planning documents suggest that the «re-engineering» of USAID will bring «lean and mean» social development.

IF U.S. OFFICIALS ARE SO OPTIMISTIC, WHY ARE CITIZENS SO PESSIMISTIC?

At a time when the U.S. government has elected to follow corporate models of «down-sizing» and «re-engineering» and to re-

38 «At the Crossroads: The Future of Foreign Aid», Washington, D.C.: Bread for the World Institute, May 1995), Occasional Paper No. 4, 16–20.

39 «First steps taken towards social clause», *Focus on the Public Services* (March 1995), 15; citing an interview in the March 10, 1995 *International Herald Tribune*.

40 Cited in «Getting the priorities right», *Focus on the Public Services* (March 1995), 3.

41 «Core Report of the New Partnerships Initiative», 4.

42 *Ibid.*, 6.

43 See e.g. Michael Hammer, *Re-engineering the Corporation* (Cambridge MA: Harvard University Press, 199X).

44 «Core Report of the New Partnerships Initiative», 7. «Putting people first» has also become a leitmotif of European Union development aid policy. See Reginald Moreels, «Announcer la couleur! Le Plan d'avenir de la Cooperation au developpement», *Defis Sud Pour Le Developpement* (Brussels: November 1996), 9–10.

45 «Core Report of the New Partnerships Initiative», 8.

46 *Ibid.*, 15.

47 E.g. *Social Priorities of Civil Society: Speeches by Non-Governmental Organizations at the World Summit for Social Development* (Geneva: United Nations Non-Governmental Liaison Service, July 1996).

duce its services to its citizens, polls show public support for those services, particularly for social development services. This is particularly so in the case of hunger. When those polled by RSM, Inc. in 1992 were told that half of food stamp recipients are children and 80 percent of food stamp benefits went to families with children, the approval rate for the Food Stamp Program increased from 61 to 81 percent. Furthermore, those polled indicated that they would be willing to dedicate \$100 in taxes annually to eradicate hunger. Yet those who approved of the Welfare Reform Act either never read such polls or decided that behavior modification of the poor and balancing the budget were higher priorities than eradicating poverty and hunger in the United States.⁴⁸ Given the U.S. government's social development priorities and its poor track in alleviating poverty and hunger in the U.S., other countries may be understandably skeptical about such programs as the New Partnerships Initiative.

The U.S. government likes to depict its country as largely prosperous and happy, worthy of emulation by developing countries. Vice President Gore told WSSD delegates that despite «many tragedies» of the 20th century, «my country... as always retains its optimistic vision.» This attribution of eternal optimism was scarcely reflected in a poll of U.S. citizens published by *Business Week* almost as he spoke. Seventy per cent of those polled said that they were gloomy about the future.⁴⁹

One NGO report was typical of many in noting some objective reasons for the poll's results: «the financial condition of the typical worker continued the long-term deterioration that began in the late 1970s... The combination of falling wages and increased job loss that the blue-collar, non-college educated workforce experienced in the 1980s has now spread to higher-wage, white-collar men and to middle-wage women... the income of the bottom 60% of married-couple families lost ground over the 1989–1994 period, driven by declines in husbands' wages that occurred across the bottom 95% of these families.» The fall in wages occurred during a time (1973–1995) when productivity increased by about 25% per hour.⁵⁰

When confronted with statistics showing the economic de-

cline of most U.S. citizens, the U.S. government, Wall Street and the corporate media like to tout the Gross Domestic Product and other leading economic indicators as signs of U.S. macro-economic health. U.S. officials are not yet ready to follow the lead of the French parliament, the European Parliament, the Treasury of Australia, and the United Nations to analyze whether such indicators are obsolete and misleading guides for setting government policies. Comforted in the belief that such indicators point to a healthy economy, Clinton administration officials, led by Secretary of Labor Robert Reich, explained that the «economic anxiety» of most Americans would be allayed if they could just get enough training for the new high-wage high skill jobs of the global economy.⁵¹

Unfortunately, to judge by the experience of the past twenty years, there is little hope that increased training alone will reverse the decline in wages and living standards for most U.S. workers. One study noted that since 1973, «there has been a 50% reduction in the share of workers who never attained a high school degree and a doubling of the share of workers with at least a four-year college degree, an increase to 25%... The growth in schooling and labor quality outpaces that of hourly compensation in the 1979–1994 period.»⁵²

In order to reverse the growing chasm between compensation and productivity, much more is needed than eternally optimistic declarations about the always presumed opportunities and benefits of the global economy. In order to have the political and economic basis for social development in the United States—much less for presuming to export a new model of combating poverty to developing countries—a great deal has to change in how socio-economic planning is formulated and implemented. On the basis of the evidence reviewed in this report, the United States still is a long way from beginning to produce more equitable and sustainable social development.

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48 «Hunger in the United States», 5.

49 Cited in Clifford Cobb, Ted Halstead and Johnathan Row, «If The GDP Is Up, Why Is America Down?» *The Atlantic Monthly* (October 1995), 61.

50 «The State of Working America 1996–1997», (Washington, D.C., Economic Policy Institute, 1996 [<http://epn.org/epi/epswa-in.html>]), 1, 3–4.

51 Cobb et al. 68.

52 «The State of Working America 1996–1997», 7.