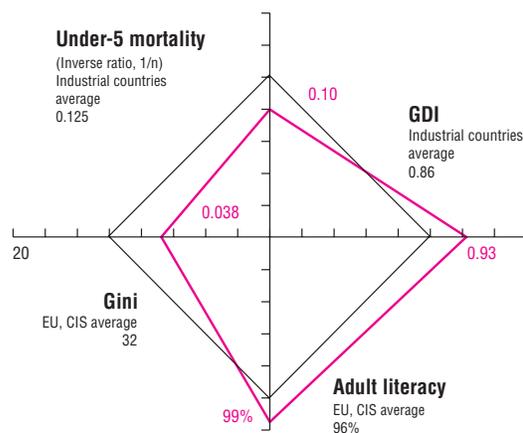


• STEVE SUPPAN



The Equity Diamond: National values in terracotta compared to regional ones in blue.

The United Nations Development Program's Human Development Report 1997, which is less stringent than the US government about defining who is poor, calculated that about 19% or some 50m of the US population lives in poverty. Unfortunately, political will for poverty eradication is absent from many present US government policies. Indeed, US fiscal policy suggests a discriminatory animus against the poor. In pursuing reduction of the US federal budget deficit, the US Congress during 1995–1996 concentrated most of the budget reductions in programmes that assisted poor people.

BETWEEN CUTS AND COMMITMENTS

The second year of the US government's implementation of its commitments to the World Summit on Social Development has been somewhat difficult to analyse, because no copies of submissions to the Commission on Sustainable Development (CSD)¹ have been provided. Nonetheless, social development policy and its implementation in the United States is hotly debated, and new federal legislation continues to be introduced to change that policy and its budgets. The wholesale budget cuts and the massive rule changes of the 1996 «Personal Responsibility and Work Opportunity Act» (colloquially known as the «Welfare Reform Act») are beginning to be implemented. State and local governments and non-governmental organisations are struggling to cope with the consequences of the federal government's withdrawal from primary responsibility for providing food, medical and cash assistance for poor people.

The New Partnerships Initiative (NPI), a new social development programme explicitly designed to cope with budget cuts for US foreign aid, continues to be implemented in the context of a growing awareness of the shortcomings of US international social development policy. A summary of a 1996 US federal government conference to debate the future direction of all US international social development policy concluded that conference «[p]articipants acknowledged that foreign aid has primarily served US political purposes over the last several decades and that often there has been little demonstration that aid programs have effectively served economic development goals.»²

In January 1997, the US Agency for International Development (USAID) published a two-volume NPI Resources Guide, a report of the NPI Learning Team on promoting «the art and habit of strategic partnering for collective problem-solving at the community level.»³

The first volume summarises the NPI's conceptual framework, capacity building and performance measurement instruments,

¹ A change of personnel in the U.S. Department of State office most directly related to Social Summit follow-up, and a lack of timely persistence in requesting these documents are the main causes for lack of U.S. follow-up documents to analyze.

² *Perspectives on Foreign Affairs and Structures*, U.S. General Accounting Office Report to Congressional Committees (Washington, DC: GAO/NSAID-97-6) November 1996), 11.

³ *NPI Resource Guide: A Strategic Approach to Development Partnering* (Washington, DC: U.S. Agency for International Development, January, 1997), title page. Subsequent references to the document are in parentheses in the text by volume and page. The document may be accessed on the USAID Home Page: <<http://www.info.usaid.gov>>

and its strategic objectives. The second volume details what NPI claims to have accomplished in its primary partnership development targets, the «Leading Edge Missions» (Bangladesh, Bulgaria, Guinea, Haiti, Kenya, Philippines, Sri Lanka, Zambia) and secondary partnership development targets, the «Partner Missions» (Ecuador, Indonesia, Madagascar, Panama, Romania, Russia, South Africa).

The main goal of NPI is «building strategic partnerships that foster sustainable development among three sets of key actors at the local level – civil society, institutions of democratic governments and the business community» (Vol. I, page 1), NPI continues to emphasise that its programmes are guided by «the Agency's [ie USAID] reengineered management systems» to increase «program impact at reduced program cost», in line with the decline in US foreign aid that produced «uncertainty and despair» in USAID. (Vol. I, pages iii–iv and 3). Indeed, Leading Edge Missions (LEM) are regarded as the laboratory of reengineering experiments, eg the Bangladesh LEM is a «reengineering Country Experimental Lab (CEL).» (Vol. I, page 25)

The NPI «field tested» its analytic framework in the Guinea LEM. In Guinea, one of the successful experiments involved a «strategic partnership» among USAID, the Volunteers in Technical Assistance (VITA, a US private voluntary organisation) and PRIDE, a Guinean NGO. «The principal lesson learned by USAID, VITA and PRIDE through implementing this activity (micro-credit loans to "Guinean Entrepreneurs, of whom 70% are women", (II, 27)) is the importance of planning for and managing the transition from a small, personal organization using consensus-based decision making to a larger, highly structured one based on well-defined rules and procedures» (II, 27). Through USAID work with the World Bank in agricultural development (II, 26), NPI foresees that a larger, more bureaucratized, donor-independent PRIDE will evolve into a new kind of credit union. Lessons, such as that of the Guinean experiment, will be studied for the Agency-wide rollout of NPI.

U.S. SOCIAL DEVELOPMENT POLICY AND ITS CONSEQUENCES IN THE UNITED STATES

Despite a US economy that the mainstream media and government officials describe as «robust», «booming» or even the «envy

of the world», **the average income of the poorest fifth of US families dropped again in 1996**, according to an analysis of the latest data from the US Bureau of Census. The Center on Budget and Policy Priorities reported that «[d]espite a drop in the unemployment rate in 1996 and real economic growth of 2.8 percent last year, the number and percentage of Americans [sic] living in poverty failed to decline in 1996. At 13.7 percent, the poverty rate for 1996 remains above the 13.1 percent rate for 1989», before the start of the recession of the early 1990s. According to a recent analysis of the Census data by the «Luxembourg Income Study», the income disparity between poor and affluent individuals was greater in the United States than in any of the other 14 industrialised countries studied.⁴

The United Nations Development Program's Human Development Report 1997, which is less stringent than the US government about defining who is poor, calculated that about 19% or some 50m of the US population lives in poverty. According to the report, the number of people living in poverty in the United States increased by three percent between 1974 and 1994, prior to US federal budget cuts to cash and food assistance for the poor. Noting that poverty has also worsened in Canada, France, Italy, Spain and Denmark, the report notes that «[g]lobalization is hurting poor people, not just poor countries.»⁵ The report suggests that basic social services and investment in pro-poor economic programmes could be provided for about 0.5% of the total world income and hence, concludes that «political commitment, not financial resources, is the real obstacle to poverty eradication.»⁶

Unfortunately, such political will for poverty eradication is absent from many present US government policies. Indeed, US fiscal policy suggests a discriminatory animus against the poor. In pursuing reduction of the US federal budget deficit, the US Congress during 1995–1996 concentrated most of the budget reductions in programmes that assisted poor people. In federal entitlement programmes, which mandate assistance to entire sectors of the population, more than 93% of budget reductions came from programmes for low-income people. Discretionary funding of programmes for low-income people suffered smaller, but still disproportionate, budget cuts.⁷

Due to tax cuts targeted to benefit the most affluent US citizens and corporations, the budget agreement signed by President Clinton in June 1997 will result in greater budget deficits and another round of «belt-tightening», most likely targeted at programmes serving low-income people. In fiscal year 1995 alone, tax breaks and uncollected taxes for corporations and the wealthy

4 Poverty Rate Fails to Decline as Income Growth in 1996 Favors the Affluent, (Washington, DC: Center on Budget and Policy Priorities, October 6, 1997), 1–6, and Jared Bernstein and Lawrence Mishel, Family Income Up over Past Year, but Still Fails to Regain Pre-Recession Level, (Washington, DC: Economic Policy Institute, September 29, 1997), 1–2.

5 U.N. report shows rise in poverty in U.S.: It says 50 million live below the line, WASHINGTON POST (rpt. STAR TRIBUNE, June 12, 1997) and Globalization Leaving Many Poor Countries Behind, United Nations Development Program, June 12, 1997.

6 Andrew Ball, UN sets \$80 billion as price of ending world poverty, FINANCIAL TIMES, June 12, 1997

7 Bearing Most of the Burden: How Deficit Reduction During the 104th Congress Concentrated on Programs for the Poor (Washington, DC: Center on Budget and Policy Priorities, December 3, 1996), 1–12. <<http://www.cbpp.org>>

amounted to about \$400 billion.⁸ While US Congressional leaders announced in 1997 that they would cut «corporate welfare», ie tax payer subsidies to for-profit entities, no cuts have been made nor are they contemplated in pending federal legislation.⁹ The budget «savings» from public assistance reductions is estimated to be about \$55 billion from 1997 to 2002.¹⁰ Of the budget agreement, a Washington Post editorialist wrote, «[I]ncrative tax cuts for the already well-off are what this agreement is fundamentally about; they are its driving force... This is a bad budget deal – a sellout – in fiscal and social terms alike, and it is hard to see how it can be retrieved.»¹¹

Meanwhile, all across the country, non-governmental organisations, for-profit firms, and sub-federal governments are attempting to implement, profit from and/or compensate for the provisions of the «Welfare Reform Act» signed into law by President Clinton on August 13, 1996. **While the number of people living in poverty has not diminished, the number of people receiving cash and food assistance has diminished dramatically.** Part of this dramatic decrease is due to the stipulations of the Welfare Reform Act, and part is due to mistakes made by the for-profit contractors employed to implement much of the bureaucratically complex Act.

In Milwaukee, Wisconsin, a city of some 617,000 people, the number of people in public assistance programmes declined 25% between May 1996 and May 1997, and about 1,800 people per month no longer receive public assistance. Part of Milwaukee's «reforms», carried out even in advance of the Welfare Reform Act, is to privatise assistance delivery. An average of 4,200 families of the city's 12,000 families enrolled in a publicly funded work programme lost part of their assistance for violating programme rules, which require recipients to prove that they are working. However, because of the complexity of the new system and the inexperience of the companies implementing it, about 36% of the assistance reductions were the result of company errors. While, income lost as a result of company errors was eventually restored, the temptation for companies to implement the new system as stringently as possible, to enhance profit, remains. In September, Wisconsin became the first state in the country to eliminate cash assistance for the poor.¹²

US Congressional Republicans are beginning a campaign to eliminate benefits, such as minimum wage and health insurance, for workers in publicly funded work programmes. Cutting such benefits would streamline «workfare» programmes, which have become such a logistical nightmare to administer that many states are abandoning them.¹³ Where «workfare» programmes have not

been abandoned, «workfare» trainees at sub-minimum wage have replaced low wage workers. For example, in Baltimore, Maryland, 209 public school «custodial trainees», making as little as \$1.50 an hour, have displaced contract workers who otherwise would have been required by city law to make a «living wage», ie about two dollars higher than the minimum wage of \$5.15 per hour. The Economic Policy Institute estimates that the entry of perhaps as many as 4m welfare recipients into «workfare» and low-wage jobs could depress current wage levels by as much as 12%.

The state of Texas is seeking bids to administer the welfare system to determine which applicants qualify for medical, food and cash assistance, and to computerise the assistance delivery system. Lockheed, Electronic Data Systems and Andersen Consulting are among the transnational corporations that have submitted bids for the \$2 billion multi-year contract. Perhaps as many as 5,000 public service employees will lose their jobs, once the contract is implemented. Although non-profit organisations can also bid for the contracts, both the requirements of the bidding process and the ability of for-profits to contribute to political campaigns (non-profit organisations, by law, cannot), all but guarantee that the contracts will go to the for-profit firms. According to public employee union officials, Lockheed sends 30 to 40 lobbyists a day to the Texas legislature, and now employs seven former top officials in the administration of Texas Governor George Bush (the son of the former US President), a fervent advocate of privatisation. In May, President Clinton ruled that Texas could not disburse parts of the federal bloc grants to private companies, a ruling that many opponents of privatisation expect Texas to ignore. In the meantime, federal legislators from Texas and lobbyists for the transnational corporations are trying to find a way of changing or avoiding the rule.¹⁴

Despite the vaunted «efficiencies» of privatisation, the record of the private service providers has been poor. The US Department of Health and Human Services determined that private service providers of child support systems failed to deliver promised services in 27 states. In May, a California newspaper reported that Lockheed's \$260 million computer system for tracking divorced parents owing child support payments in California was on «the verge of failure».¹⁵

And what about the beneficiaries of welfare reform? How are they doing? Wisconsin's Governor Tommy Thompson, who characterised the reduction of welfare benefit recipients «an amazing success story», says that he does not need follow-up stories to know that welfare reform has been a success. **Thompson killed a**

⁸ David Moberg, *Class axe*, IN THESE TIMES, February 20, 1995, 14.

⁹ William Roberts & Stephanie Nall, *Contesting 'corporate welfare' for trade*, JOURNAL OF COMMERCE, January 29, 1997.

¹⁰ David Super et al. *The New Welfare Law*, (Washington, DC: Center for Budget and Policy Priorities, August, 12, 1996), 1.

¹¹ *A Sellout Budget Deal*, THE WASHINGTON POST, June 2, 1997.

¹² Jason DeParle, *Cutting Welfare Rolls but Raising Questions*, THE NEW YORK TIMES, May 7, 1997, and Welfare, Inc. THE NATION, May 5, 1997.

¹³ Christopher Georges, *GOP Drive to Deny Workfare Benefits Sputters in States*, WALL STREET JOURNAL, October 7, 1997.

¹⁴ Adam Fifield, *Corporate Caseworkers*, IN THESE TIMES, June 16, 1997, 14–16.

¹⁵ Ibid.

programme to monitor what happened to those who no longer received benefits. The director of the Employment and Training Institute at the University of Wisconsin at Milwaukee says that the «*state doesn't want to know*» what happens to those who are cut from welfare. The Institute has attempted to gather follow-up data, but acknowledge their efforts have been insufficient.¹⁶

How are the citizens of Mississippi, historically the poorest state with the greatest incidence of poverty and the lowest average welfare benefits at \$2100 per family per year, faring under welfare reform? In the five poorest counties of Mississippi, one researcher estimated that there would be one new job for every 254 families who lost their food and cash assistance benefits. To encourage employers to hire former welfare recipients, businesses pay only \$1 per hour of the \$5.15 per hour minimum wage, with the state of Mississippi paying the remainder for the first six months of each worker's employment. Even so, **only 15 of 1269 participants in a publicly subsidised work programme in one county have managed to find and keep their jobs for six months.** To explain the poor results of the work programmes thus far, Donald R. Taylor, the official in charge of administering Mississippi's welfare programme, said that the result of the failure of past welfare assistance programmes was that «*the problems we have stem more from behavioural poverty than from material poverty.*»¹⁷

FOOD INSECURITY AND HUNGER

While the supporters of the Welfare Reform Act, including President Bill Clinton, are quick to cite a reduction in welfare assistance recipients as proof that the legislation is a success, the federal government has few benchmarks for measuring the impact of those reductions. Perhaps the most prominent benchmark is the US Department of Agriculture's first ever national survey on food insecurity and hunger, released on September 15th. The USDA, together with the US Bureau of Census, developed a questionnaire «*administered by the Census Bureau interviewers to nearly 45,000 nationally representative households in April 1995.*» The overall prevalence of food insecurity in the United States was estimated to be 11.9%, or about 11.94m households comprising some 34m people. **About 820,000 households or some 2m people are judged to be suffering severe hunger.** Although the USDA survey details the state of food insecurity and hunger on a state-by-state basis,¹⁸ it may be difficult to use this data as a benchmark for judging the impacts of food assistance cuts under welfare reform, due to the small survey samples in some

states. However, the survey does establish a benchmark to readily measure the national impact of food assistance cuts on food insecurity and hunger.

Non-governmental organisations that have tried to compensate for food assistance cuts have been clear about their inability to make up for the cuts, despite their best efforts and food donations from the private sector. *Second Harvest*, a national food bank network comprising 185 food banks, commissioned a study by Tufts University researchers to assess the impacts of the food assistance budget cuts on its *Second Harvest* programmes. **The study stated that *Second Harvest* would have to increase its food gathering, distributing and preparing by 425% to compensate for the \$27.1 billion loss in food buying power that will have resulted from food assistance budget cuts by the year 2002.** *Second Harvest* currently distributes about 778m pounds of food each year, with an annual increase of about 5% in pounds of food distributed.¹⁹ One typical *Second Harvest* programme, *From the Wholesaler to the Hungry*, collects unsold fruits and vegetables for redistribution to malnourished people in 52 US cities. *Second Harvest* is hoping to double the amount of produce redistributed by the year 2000.²⁰

The US Department of Agriculture, together with four non-profit anti-hunger groups, held a National Summit on Gleaning and Food Recovery on September 15–16. Chief among the Summit's goals is by the year 2000 to increase food recovery and distribution by 33% from the government's cafeterias, research farms, Department of Defence, and from public-private partnerships. If the Summit reaches its goal, about 450,000 people will be fed each day.²¹ If the various initiatives of this Summit are successful, they could reduce by about 22% the number of people judged by the USDA survey to be chronically hungry every day in the United States.

The Welfare Reform Act targets legal immigrants for deep cuts in all forms of social assistance. However, state governments have restored parts of some forms of assistance, including 13 of 50 states that will be providing some food buying assistance to legal immigrants. For example, the state of Illinois announced on October 23 that it would provide \$4.7m in food assistance in 1998 and would spend \$5.3m to help legal immigrants become US citizens.²²

TOWARDS REFORMING THE «REFORM»

Federal legislation to reduce hunger and restore federal food assistance cut by the Welfare Reform Act has been introduced in

16 Jason DeParle, *Cutting Welfare Rolls but Raising Questions*, «The New York Times», May 7, 1997, and Welfare, Inc. THE NATION, May 5, 1997.

17 Jason DeParle, *Welfare Law Weighs Heavily On Delta, Where Jobs Are Few*, «The New York Times», October 6, 1997.

18 Special Analysis: *USDA Hunger Data*, «Food Research and Action Center», September, 1997

19 Maria Douglas Reeve, *Study: Food stamp end bodes ills for hungry*, «St. Paul Pioneer Press», July 18, 1997.

20 Jody Shee, *Food bank redirects produce*, «The Packer», October 13, 1997

21 *National Summit on Gleaning and Food Recovery Announcements and Accomplishments*, Washington, DC: U.S. Department of Agriculture, press release N° 0315.97.

22 Press release from the Office of Governor Jim Edgar, State of Illinois, October 23, 1997.

the US House of Representatives. The 80 co-sponsors of the «*Hunger Has A Cure*» bill (HR-1507) sent a letter to President Clinton in October to urge restoration of cuts in several food assistance programmes and to oppose privatisation of food stamp and other social service delivery systems.²³ However, such restoration of budget cuts would conflict with House Speaker Newt Gingrich's priorities, announced to the House Budget Committee on October 23rd: «*to reduce the \$5.5 trillion accumulated national debt, provide annual cuts in taxes, boost spending for science and technology, and undertake a massive defence build-up to ensure continued US supremacy.*»²⁴

Given Speaker Gingrich's priorities, it seems unlikely that Congress will budget for legislation to improve the lives of the

poor and hungry in the United States any time soon. The ability of the US government to carry out commitments to national or international social development is hindered by the budget and tax cutting priorities of federal officials and their corporate benefactors. Likewise, the potential for economic development to result from US foreign aid programmes, such as NPI, seems slight in the near future.

- Institute for Agriculture and Trade Policy

²³ *Hunger Has A Cure Sponsors Weighing In*, «Federal Nutrition Programs Update», Food Research and Action Council, October 25, 1997

²⁴ Eric Pianin, *Gingrich Has Presumptive Plan for Budget Surpluses*, «Washington Post», October 24, 1997.