

Does The “Working Poor” Exist? Social experts, unions and the poverty question in the age of erosion of the union idea

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NELSON LICHTENSTEIN'S *State of the Union* is a major accomplishment: a piece of work that moves us closer to the understanding of the historical role of unions. This rich synthesis is both a story of American workers and an attempt to reinvigorate Labor History. The chapters dealing with the post-war decades provide a fresh and stimulating analysis. Above all, Lichtenstein parts ways with the theory of the “labor-management accord” after World War Two, and he reconsiders the efforts of liberals and labor reformers, notably in the 1950s and 1960s. While he debunks the idea that the working class had become submissive at that time, he also argues that liberal policymakers helped set up a system of industrial relations that the workers would not have obtained alone. Like any impressive book, *State of the Union* has areas where the analysis could have been stronger, notably to explain the decline of unions during the 1950s and 1960s.

In the second part of the book, Lichtenstein pays considerable attention to these two decades, one of the key periods of the 20th century. Indeed, the the main focus of the book revolves around the emergence of unions in the first decades of the century and the beginning of their decline

after the World War Two. To explain the slow erosion of the union idea, Lichtenstein singles out four main causes: the rise of Big Labor, which gave birth to political and judiciary backlash (141-148 and 162-166); radical and liberal disenchantment which led intellectuals to remain aloof from unions and the labor question (149-162); a generational trend with the emergence of the New Left (160-162) and the shift from a model of collective work rights to individual work rights (178-182). I would add one more reason: the unions' failure to encompass the "labor question" within a larger "social question."

At the beginning of his book, Lichtenstein argues that the tension between the "labor question" and the "social question" had been central during the progressive era, as Alan Dawley has clearly shown.¹ Above all, the Depression blurs the lines between the social question and the labor question with the key to recovery and economic stability depending on an increase in the workers' purchasing power. I would argue that this tension resurfaced in the 1950s and 1960s, two decades of tremendous economic prosperity. While the "labor question" seems to disappear from the mainstream of American politics, many liberals put the "social question" at the top of their political agenda. The labor movement failed, nevertheless, to participate in any of the changes that took place during the 1960s and 1970s, most notably what Lichtenstein refers to as the "rights revolution." Rather than being assertive in seeking constructive change for America's dispossessed (racial minorities, women and the poor), organized labor barely took notice of what was happening, other than to issue occasional ritualized statements of support.

Paradoxically, while the book tends to rehabilitate the impact of state policies and the work of liberals in the course of the twentieth century, Lichtenstein maintains a traditional critical tone towards the War on Poverty, launched by Presidents Kennedy and Johnson in the fall of 1963.

While *State of the Union* integrates the most recent literature on poverty, the poverty question is viewed in a rather traditional way (194-198). It is important to note that Lichtenstein clearly shows how the poverty question helped redefine the social question for New Left intellectuals such as Michael Harrington in his famous book, *The Other America*, published in 1962. One of the main arguments of Michael

¹ Alan Dawley, *Struggles for Justice: Social Responsibility and the Liberal State* (Cambridge: Harvard University Press, 1991).

Harrington was the poor's lack of political power. Hence, Lichtenstein quotes Harrington:

The dispossessed at the bottom of the society are unable to speak for themselves. The people of the other America do not, by far and large, belong to unions, to fraternal organizations, or to political parties. They are without lobbies of their own; they put forward no legislative program (*State of the Union*, 161).

Lichtenstein then makes a clear distinction between the empowerment strategy of the Johnson administration and the old-left wing liberal thinkers such as Leon Keyserling. He criticizes the War on Poverty for "blaming the victim," to quote William Ryan's famous book.² Lichtenstein's argument goes much further: as most historians contend, Johnson's social reforms focused more on the psychological components of poverty than on the social and economic aspects: Lichtenstein has far more evidence about the lack of structural reforms in the labor-market, often denounced by New Left historians.³ Indeed, it is a well-known fact that the Labor Department and his Secretary, Willard Wirtz, were strongly against the Community Action Programs.⁴ Instead, the Department pushed for intensified training, targeted economic development and substantial job creation initiatives.

Unions, on the other hand, cautiously endorsed the War on Poverty even though they had a long-standing interest in the poverty question. As early as February 1959, the AFL-CIO's Department of research refuted the contention that "there were no impoverished Americans any more" by citing the estimated number of persons in 1957 who were either members of families with incomes below \$3,000 or unrelated individuals with incomes below \$1,500.⁵ A somewhat expanded version of this information was incorporated into a resolution on "Aiding America's Lowest Income Families" at the September 1959 AFL-CIO Convention.⁶ Thus, when the

² William Ryan, *Blaming the Victim* (New York, Random House, 1976).

³ For recent insights on the lack of structural reforms, see Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton: Princeton University Press, 2001), 152-158 and Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton: Princeton University Press, 1992), 53-56.

⁴ On this specific topic, see Allen Matusow, *The Unraveling of America: A History of Liberalism in the 1960s* (New York: Harper Torchbooks, 1984).

⁵ "State and Local Tax Burdens Must Be Fairly Shared," *Labor's Economic Review*, vol. 4, n° 2 (February 1959).

⁶ "Aiding America's Lowest Income Families: Resolution n° 136", 22/09/1959, in American Federation of Labor and Congress of Industrial Organizations, *Proceedings of the Third Constitutional Convention of the AFL-CIO*, vol. 1, Daily Proceedings, 303-306.

War on Poverty was launched, unions remained skeptical towards the goals of the Community Action Programs and the Job Corps. One year after the launching of the War on Poverty, United Auto Workers decided to finance the Citizens Crusade Against Poverty, a grassroots movement whose main goal was to empower the poor⁷.

In *State of the Union*, Lichtenstein shares this traditional skepticism, taking for granted the antagonism between social experts and labor reformers. A labor historian by training, he naturally tends to emphasize exogenous factors such as technology or social strife that seem to shape the limits of social policy. There are several points in the book where the importance of labor reformers, not to say liberal policymakers in terms of shaping social policy, appears to be somewhat secondary in comparison to dramatic technological or social changes, especially for the 1950s and 1960s, which were not, Lichtenstein argues, devoid of social strife. It seems to me that from a historical standpoint, the book would have been stronger had it been more aware of the poverty debate within the poor community and looked more seriously at the diversity of reforms promoted by experts within the Federal Administration. In *State of the Union*, the bureaucracy remains a passive body that expands through inertia or in response to external forces.⁸ Therefore, it is easy to reduce the stakes of the War on Poverty to an alternative among psychological or work factors and a choice between job training or job programs.

While most historians still emphasize the differences between liberals and labor reformers, notably New Left historians in the 70s and 80s, I would like to demonstrate that each group shared a common analysis of the poverty question in focusing on the specific category of the “working poor.”⁹ Contrary to what many historians have generally assumed, federal bureaucracies and unions were not inherently in conflict as far as analysis of this question is concerned.¹⁰ Antagonism arose more from the social tools which were promoted than from the social diagnostic that has been

⁷ See Kevin Boyle, *The United Auto Workers and the Heyday of American Liberalism, 1945-1968* (Ithaca: Cornell University Press, 1995), 189-191.

⁸ This anti-bureaucracy bias is usual in many books dealing with the War on Poverty. See for instance Daniel Knapp and Kenneth Polk, *Scouting the War on Poverty: Social Reform Politics in the Kennedy Administration* (Lexington: DC Heath, 1974).

⁹ For further explanations see my dissertation: *Le Grand Dessein. Les experts sociaux et la construction de la guerre contre la pauvreté 1945-1972* (The Grand Design. Social experts and the Design of the War on Poverty), Paris, Ecole des hautes études en sciences sociales, 2003.

¹⁰ See notably James Patterson, *America's Struggle Against Poverty* (Cambridge: Harvard University Press, 1994).

made at the time. Indeed, a common analysis of the poverty question was made during the 1950s and developed further in the 1960s when the Federal Government promoted the poverty question as a central concern for the nation. In my opinion, one does not have to wait for the 1970s and Nixon's "working-poor" rhetoric to see poverty experts focusing on this specific group.¹¹

First and foremost, the economist Robert Lampman played a major role in shaping the limits of the "working poor" as a group. The "intellectual father" of the War on Poverty, in James Tobin's words, was the heir of the Wisconsin school tradition, even if he tried to reinvigorate the analysis of the Commons' generation.¹² Although Lampman's dissertation was straight out of the Wisconsin tradition, he began to shift from institutionalist theory to Keynes and neoclassical labor market theory during the 1950s. At that time, he challenged the "income revolution" theory heralded by economist Simon Kuznets,¹³ and showed that wealth holdings remained highly concentrated at the top of the income level. In 1959, he worked for Illinois Senator Paul Douglas and refuted Galbraith's famous thesis about poverty.¹⁴ Indeed, he debunked Galbraith's contention that the poor would not benefit from economic growth, becoming one of the leading experts of the country in the poverty field. Thus, his 1959 work for Senator Douglas drew the attention of Walter Heller when he became chairman of the Kennedy Council of Economic Advisers.¹⁵ As he entered Heller's Council for Economic Advisers,

¹¹ For such an analysis: Alice O'Connor, "The False Dawn of Poor-Law Reform: Nixon, Carter, and the Quest for a Guaranteed Income," *Journal of Policy History*, vol. 10, n° 1 (1998): 99-129.

¹² On the first Wisconsin Idea, see Clarence Wunderlin, *Visions of a New Industrial Order: Social Science and Labor Theory in America's Progressive Era* (New York: Columbia University Press, 1992). For this new Wisconsin idea, see Robert Lampman (ed.), *Economists at Wisconsin 1892-1992* (Madison: University of Wisconsin Press, 1993).

¹³ Simon Kuznets, "Economic Growth and Economic Inequality," *American Economic Review* n° 45 (1954): 1-28. For a critical appraisal of the Kuznets' theory, see Thomas Piketty, *Les Hauts revenus en France au XX^{ème} siècle: Inégalités et redistributions, 1901-1998* (Paris: Grasset, 2002), 516-522.

¹⁴ At that time, Senator Douglas sought fresh analysis on the social and economic trends of the country, one year before the presidential campaign. See Roger Biles, *Crusading Liberal: Paul H. Douglas of Illinois* (DeKalb, IL: Northern Illinois University Press, 2002).

¹⁵ Interview with Robert Lampman by Barbara Newell, June 16, 1965, Madison, Wisconsin, State Historical Society of Wisconsin and Robert Lampman Oral History 1981-1985, Oral History Project Interview, Poverty Institutes Series, Department of Economics, UW Madison Archives.

Lampman shaped a new definition of poverty, more concerned with the main category of poor people—the working poor. The typical “working poor” family was two-parent, male-headed, and white. According to Lampman, more than 90 percent of the “working poor” received no benefits at all. In some states, working families in some states made less from employment than Aid to Families with Dependent Children families made from being on “welfare.”

As he looked for means to reduce poverty, Lampman blamed the dual social security system: according to him, neither social insurance, nor welfare helped the poor. During the Task Force on Poverty of February 1964, the economist tried to promote this idea of focusing on the working poor. Nevertheless, he disagreed with the Labor Department’s experts about the creation of strong employment programs; he believed that reducing unemployment would not solve the poverty problem. To understand this specific standpoint, one has to know Lampman’s theory about poverty. During his years spent at the CEA, he distinguished the poverty rate and the “poverty income gap,” which was defined as “the aggregate amount by which the present poor population’s income falls short of \$3,000 per family or \$1,500 per unrelated individuals.”¹⁶ Indeed, job programs could improve the poverty rate but not reduce the poverty income gap. Therefore, he imagined an income-transfer program, which would reduce the poverty income gap (in 1963, this gap was about \$12 billion or 2% of GNP).

Nevertheless, Sargent Shriver and Lyndon Johnson decided to promote the empowerment strategy to help poor people, by launching both the Job Corps and the Community Action Programs. I would add here that for social experts such as Robert Lampman, the War on Poverty was a Pyrrhic victory since it was a weak reform, focusing only on the psychological aspects of poverty and promoting job training as the panacea to eradicating poverty. Contrary to what Nelson Lichtenstein contends, the War on Poverty was also a failure for many liberals within the Johnson administration.¹⁷

Paradoxically, left-wing thinker Leon Keyserling shared this analysis. As Nelson Lichtenstein argues, Keyserling remained the spokesman of

¹⁶ Robert Lampman, « Approaches to the Reduction of Poverty », *American Economic Review*, vol. 55, n° 1/2 (March 1965): 516-532.

¹⁷ In my dissertation, I offer compelling evidence that the War on Poverty was a Pyrrhic victory for middle-level bureaucrats in the Johnson Administration: *Le Grand Dessein*, 276-305.

many union members at the beginning of the Sixties.¹⁸ One of the last New Deal figures still involved in politics, he was deeply opposed to the growth strategy developed by the Eisenhower's CEA and by Walter Heller's CEA when he became chairman of Kennedy's CEA. During the 1950s, Keyserling created the Conference on Economic Progress (CEP), a left-wing organization whose aim was to rethink the liberal policy.¹⁹ In May 1957, the CEP published a study entitled *Consumption: Key to Full Prosperity*.²⁰ The staff work for the study was undertaken by Mary Dublin Keyserling and Philip Ritz, under the direction of Leon Keyserling. In a section on "Poverty-ridden Consumers," the CEP set \$4,000 as a "minimum adequate living standard" for families and \$3,000 for unrelated individuals. In 1962, the Conference on Economic Progress published another study in order to stress the growth of poor people, living below the poverty line.²¹ The pamphlet strongly criticized the tax cut promoted by Heller. Indeed, Keyserling refused to distinguish between unemployment and poverty, as he believed that slow growth and unemployment had put 40% of American households at "poverty" (below \$4,000) or "deprivation" (below \$6,000) levels. This distinction between "poverty" and "deprivation" was made to include the category of "working poor." Both for Keyserling and the CEP, the group of "working poor" was also at the core of the poverty question.

Yet, in spite of the common analysis relative to the extent of poverty, poverty experts and labor reformers disagreed on the ways and means to solve poverty.

For liberals such as Lampman, traditional methods of social reform, promoted by unions, were outdated in the 1950s and 1960s. In fact, in 1957, Bob Lampman blamed unions for their conservatism:

It is typically an exclusive movement aimed at giving preference to "regular" workers and those having seniority. It should be borne in mind that union members are, generally speaking, in the upper half of the income distribution"²².

¹⁸ Meg Jacobs, "The Politics of Purchasing Power: Political Economy, Consumption Politics and State Building 1909-1949", Ph.D. dissertation, University of Virginia, Department of History, 1998.

¹⁹ Leon Keyserling Oral History, 09/01/1969, LBJ Library

²⁰ Conference on Economic Progress, *Consumption: Key to Full Prosperity*, Washington, May 1957.

²¹ Conference on Economic Progress, *Poverty and Deprivation in the United States: The Plight of Two-Fifths of a Nation*, Washington, April 1962.

²² Robert Lampman, "The Effectiveness of Some Institutions in Changing the Distribution of Income," *American Economic Review*, vol. 47, n° 2 (May 1957): 519-528.

When Lampman became a full member of the CEA, he made countless speeches and comments in front of union members and felt deeply disappointed by their lack of reaction. In June 1963, both Lampman and Walter Heller addressed the annual convention of the Communication Workers of America. Thinking this was a supportive audience, Lampman tested the idea of a comprehensive assault on poverty. Although some union members were interested in the tax cut, Lampman lost his audience nonetheless when he spoke about poverty. Thanks to his links within the Federal Administration, Lampman used the many task forces on poverty and income distribution to push for a negative income tax, the best way to reduce the poverty income gap. According to him, the negative income tax had to replace the welfare side of the social security system, reputed to be ineffective. The idea was an easy one: people below the low-income bracket didn't pay taxes so they could not benefit from exemptions and deductions from the tax system. Thus the Federal Government had to give them a tax credit corresponding to exemptions and deductions through the negative income tax system.

During the 1960s, unions deeply opposed these kinds of universal income-transfer programs, even though, as Alan Derickson has shown, they had been strongly in favor, during the previous decade, of the same universal reforms.²³ Within the Kennedy and Johnson Administrations, their fierce opposition was used by top-level bureaucrats such as Wilbur Cohen to refuse to endorse a reform of the welfare side of the social security system.²⁴ Indeed, cooperation remained strong between union leaders and conservative liberals like Cohen as far as the social question was concerned. At the end of the decade, however, they decided to abandon the goal of protection for the entire population and strongly endorsed the “salami slicing” policy of the Kennedy and Johnson administrations, to use Wilbur Cohen's famous words. This strategy was based on the promotion of the insurance side of the social security system, which was made for middle-class and regular workers. Social policy therefore remained targeted on specific groups of the population, whereas unions continued to refuse new proposals for social engineering focused on the entire population, such as the negative income tax.

²³ Alan Derickson, “Health Security for All? Social Unionism and Universal Health Insurance, 1935-1958,” *Journal of American History*, vol. 80, n° 4 (March 1994): 1333-1356.

²⁴ On this central figure of the social security system, see Edward Berkowitz, *Mr. Social Security: The Life of Wilbur J. Cohen* (Lawrence, University Press of Kansas, 1995).

Seen from the perspective of poverty question, *State of the Union* remains a traditional account, which still postulates that post-war social policies collapsed from their own conservatism. For Lichtenstein, historical analyses revolve around social demand. My paper contends that it is worth treating the bureaucracy as a serious political force in its own right, particularly below the level of department secretaries. Perhaps the final stage of rehabilitation of liberal reformers during the New Deal Order is to reveal how appointed bureaucrats crafted agendas, sold their agencies and ultimately tried to convince elected officials and unions to move forward on programs they had designed. In focusing on the central role of middle-level bureaucrats such as Robert Lampman, Lichtenstein's analysis could have avoided the trap of claiming that the War on Poverty was only a psychological program shaped by conservative liberals. By claiming a reform of the American tax system, Lampman posited a new way of implementing social reforms only to encounter union apathy. It seems clear to me that these two decades were a "lost opportunity," since poverty experts and labor reformers shared the same analysis of the extent of poverty in the country.²⁵ Unable to find a common ground to combat poverty, they allowed the most conservative liberals within the Johnson administration to promote a consensual and inefficient approach to solving this social question.

Thus, it is no coincidence that Nixon should have used the "working poor" category as a way of consensus to redefine the social contract and endorse a sort of Negative Income Tax with the Family Assistance Plan. Under Nixon, the "working poor" entered the public arena and became a political category used for conservative reforms. Later, the Earned Income tax Credit (1976) was designed to help the specific category of the "working poor." It is one of the more complex failures of both labor reformers and experts during the 1950s and 1960s, that of designing a common ground to solve the burden of poor people in post-war America. In the 1970s, Nixon's anti-union rhetoric, based on the "working poor," could have become labor and liberal rhetoric for the development of social democracy in the country.

²⁵ Ira Katznelson, "Was the Great Society a Lost Opportunity?", in Steve Fraser and Gary Gerstle (eds.), *The Rise and Fall of the New Deal Order 1930-1980* (Princeton: Princeton University Press, 1989), 185-211.