

## Can We Talk About Social Protection?

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*Political rhetoric and the messages it sends to the public are no longer focused on the “morally resonant language of people, family and shared social concern” but on budgetary accounting (Marmor and Marshaw, 2011). Today people and their needs have disappeared. The conversation is focused on the federal budget and debt reduction, not on the moral dimensions of the real economy in which people live. Government is seen as a problem, not as an institution for the achievement of the country’s common goals, but an “alien presence that stands between us and the realization of individual ambitions. In the words of Marmor and Mashaw, “This is more than a superficial difference in rhetoric. It threatens to deprive us of the intellectual resources needed to address today’s problems.”<sup>1</sup>*

These are difficult times in the U.S. Vulnerable people in our society are plagued by unemployment, growing poverty, extreme poverty in some 1.4 million households,<sup>2</sup> hunger and food insecurity. The society is also witnessing a growing crisis of care-giving across the generations from child care to chronically ill and disabled care to elder care and the growing inequality both in levels of income and in access to services.

At the same time it seems public concern and political commitment to care for those most in need is diminishing. The will to ease the suffering of the most vulnerable through social welfare that was ushered in from the Great Depression through the 1970s has gone sour. Social welfare has changed from being considered a social good to being attacked as a negative burden supporting the “lazy and undeserving.” The concept of entitlement as a right or need has shifted to being seen as a privilege that many do not merit. And the responsibility of government “to promote the general welfare” as stated in the Constitution has



been degraded to accusations of intrusion by “big government.”

This change in attitude has many roots in our culture, from an extreme sense of individualism, to the ascent of economics as the prime political and social concern, to politics and ideology and to lack of information or misinformation. For example, contrary to the popular rhetoric of the “entitlement society,” “over nine-tenths of entitlement benefits go to the elderly, disabled, or working households” (Sherman, 2012).

### **Visible and Invisible Welfare Systems**

A major problem in addressing our welfare system is that the greater part of it is invisible to the public. The visible part of the welfare system, such as SNAP (food stamps), TANF (Temporary Assistance to Needy Families) and Medicaid are well known and among too many citizens, unpopular and thought of as overly generous. What is less well known and of much wider scope is the invisible welfare system which political scientist Professor Suzanne Mettler of Cornell University has named the “submerged state.” This system is invisible because it is embedded in the tax code and in tax expenditures. Many people who benefit from these tax benefits are not aware they are government subsidies.

To explore citizen awareness of the submerged state, Professor Mettler designed the “Social and Governmental Issues and Participation Study of 2008.” The survey polled a selected set of 1400 citizens. When asked if they had ever participated in a “government social program” 57% said they had not. When asked whether they had used any of 21 different federal policies, including social security, unemployment insurance, home-mortgage interest deductions or student loans, 94% who had denied using government programs had benefited from at least one; the average respondent had used four (Mettler, 2011).

These Americans weren’t lying; they simply did not recognize the role government was playing in society, even if they themselves benefitted from it. The government’s role had become invisible to them because benefits were delivered through special agencies, private enterprises or personal tax deductions; for example, through the huge tax breaks given to businesses to subsidize employee health insurance or the funneling of student loans through SLM Corporation, better known as Sallie Mae or from personal income tax deductibles such as Earned Income Tax Credits.

“Indirect social policies offer benefits that are comparable to direct social benefits both in their purposes and in their costs,” Mettler and Koch write. “Both are targeted to specific groups of people aimed to reward some kind of activity or some class of persons whom policymakers deem worthy of public support. From an accounting perspective, as well, both types have the same effect: they pose costs on the federal budget, whether incurred through fiscal obligations or lost revenues” (2011). And they reduce the costs of the beneficiaries – that is, they subsidize them.

These invisible tax expenditures and tax breaks are significant. Today they cost the federal government \$1 trillion annually—more than Medicare and Medicaid combined (Klein, 2012). When both the visible and invisible social welfare systems, direct spending and tax expenditures, are included, the U.S. has the largest welfare system in the world according to the OECD (Brooks, 2012).<sup>3</sup>

And this system is regressive. Although some features of it, notably, the Earned Income Tax Credit, mitigate inequality, on the whole the submerged state policies exacerbate inequality (Mettler, 2010, p. 806). Because of the way policies are implemented, the more affluent members of the country are able to access more benefits than the most needy. For example, “the Tax Policy Center estimates that eliminating all individual income tax expenditures would raise the taxes on the bottom 20 percent by \$931. For the top 1 percent, the tax increase would be almost \$280,000 (Klein, 2012). For both political and ideological reasons both the Democrats and the Republicans support this system of the submerged state.<sup>4</sup>

In addition to being unjust, this system of social welfare is problematic. It sends all the wrong signals to the people of America. Those citizens receiving the most benefits are not aware of that fact. They often

feel their taxes are too high and that they are not benefiting from the tax system. Those citizens with the greatest needs are underserved, constantly berated and threatened with more cuts in social support. In Washington the government remains gridlocked over debt reduction, tax reform, budget cuts and welfare policies.

### **From Safety Nets to Social Protection**

The current approach to social welfare in the U.S. is expensive, flawed, a patchwork of programs, both visible and invisible and it is not reaching many people in need of social protection due to government and market failures. Is it time to seek an alternative – simpler, more transparent universal system that serves the needs of all people and families? An alternative is a transformed social protection system that is concerned with preventing, managing and overcoming situations that adversely affect people's welfare or living standards, such as illness, natural disasters, financial disturbances, unemployment

Such a universal social protection system is built on three essentials: decent work, social insurance<sup>5</sup> and social assistance.<sup>6</sup>

Any social protection system would need to be developed primarily through a strong and resilient labor market which guarantees a minimum wage with benefits that allows for a decent life for all workers and their families. Social insurance would be built into all work situations not only for the employed but also for the self-employed, people in the informal sector and farm workers. It would eliminate discriminatory wage differences whether based on gender, race, ethnicity or age. It would also provide social provision for quality and accessible child care, elder care and chronic or disabled care, thereby providing a balance between unpaid reproductive work and paid labor.

The social environment would include accessible and affordable housing, sanitation, potable water, health care, education and security for all.

Social assistance would be available to those who are not supported through the labor market whether due to insufficient income, vulnerability due to youth, age, illness or other causes, financial or natural crisis and under-employment or unemployment. Public assistance would involve methods, such as cash outlays, vouchers or public work projects.

Such a system would need to be worked out within the political, economic and social context of the country. The question of a universal system versus a targeted system would have to be weighed. A universal system is easier and more straightforward to administer and regulate and is less prone to error. A targeted system is expensive and more complicated to implement, administer and regulate. It often does not cover all people in need or all the needs. The International Labor Organization advocates a Universal Social Protection Floor as a way to initiate the change from social safety nets to universal social protection.

Another question is the financing of such a system. The fact that the current visible and invisible parts of the welfare system in the U.S. add up to the largest welfare system in the world reveals that there is plenty of money in the system to meet the needs of a more just social protection system. The U.S. government would have to do a massive overhaul of its tax laws, eliminating the invisible and often regressive tax breaks, tax expenditures and corporate subsidies so that the wealth of the country would serve the common good of all. Then it would need to assume key responsibilities in terms of financing, administration and regulation.

The outcomes of such a universal social protection system would be reduced poverty and inequality along with an increase in the social solidarity that make our communities healthier and better places to live.

Fundamentally, the current U.S. culture of individualism would need to be transformed into a culture of care for all the citizens. We would need to rebuild a national consensus on the role of the state, the responsibility of the market, the society and the family structure in providing services to ensure social protection and well-

being for all.

Building such a consensus will not be easy especially in the current political environment. The Global Women's Project is pursuing the agenda of human and social well-being and will continue to research and advocate for alternatives to our current failing systems. Restructuring our social protection system is a potential alternative to our inadequate social welfare system.

### What Can You Do?

- Become informed on the "submerged state."
- See "Reconstituting the Submerged State: The Challenge of Social Policy Reform in the Obama Era" and share this information: [On line: [http://government.arts.cornell.edu/assets/faculty/docs/mettler/submergedstat\\_mettler.pdf](http://government.arts.cornell.edu/assets/faculty/docs/mettler/submergedstat_mettler.pdf)]
- Follow the political debate on the reform of the tax code and social welfare.
- Discuss the alternative views being put forth by the presidential candidates.
- Vote.

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### Endnotes

1 Maria Riley, 2012. "Shredding the Social Safety Net." Briefing Paper 12, Global Women's Project. Center of Concern.

2 The World Bank defines extreme poverty as a person living on two dollars per day.

3 The Organization for Economic Cooperation and Development includes the industrial nations.

4 For an in-depth analysis of political, economic and social impact of the submerged state, see Suzanne Mettler, *Reconstituting the Submerged State: The Challenge of Social Policy Reform in the Obama Era*. [On line: [http://government.arts.cornell.edu/assets/faculty/docs/mettler/submergedstat\\_mettler.pdf](http://government.arts.cornell.edu/assets/faculty/docs/mettler/submergedstat_mettler.pdf).

5 Social insurance refers to employment-related programs financed by contributions from employers and employees based on earnings. Social insurance programs tend to be accessed through formal employment.

6 Social assistance provides transfers to people who are unable to work and who are deemed eligible, whether on the basis of their income, their vulnerability status or their human rights.