

# ECONOMIC OPPORTUNITY ACT OF 1964

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## HEARINGS

BEFORE THE

SUBCOMMITTEE ON THE WAR ON POVERTY  
PROGRAM

OF THE

COMMITTEE ON EDUCATION AND LABOR  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

**H.R. 10440**

A BILL TO MOBILIZE THE HUMAN AND FINANCIAL RESOURCES  
OF THE NATION TO COMBAT POVERTY IN THE UNITED STATES

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**PART 3**

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HEARINGS HELD IN WASHINGTON, D.C., APRIL 22, 23, 24, 27,  
AND 28, 1964

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Printed for the use of the Committee on Education and Labor

ADAM C. POWELL, *Chairman*



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## SUBCOMMITTEE ON THE WAR ON POVERTY PROGRAM

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*No. 11. Financial practices that aid discrimination*

A classic example of federally supported racial discrimination or segregation is a recent decision of the U.S. Comptroller of the Currency, James J. Saxon, who ruled that national banks may underwrite and hold without limit \$15 million of the bonds of the Virginia Public School Authority.

The Comptroller's approval of the underwriting of this bond issue by national banks came at a time when banks were wary of doing so because of the stated intent of the Virginia Public School Authority to use the money raised by the bonds to build separate schools for Negro and white students.

This ruling by the Comptroller demonstrated indifference to the moral and constitutional issues involved and expanded the capacity of Virginia to build more segregated schools in contempt and violation of the U.S. Constitution; and be it

*Resolved*, That this convention hereby expresses its severe disapproval and public criticism of the Comptroller of the Currency for his action and calls upon him and other Government agencies that underwrite, supervise, lend, or insure public funds to assure that their said funds will not be made available to persons or governmental units that intend them for discriminatory purposes; and be it

*Further resolved*, That a copy of this resolution be sent to the President of the United States and to the Secretary of the Treasury.

*No. 15. Apprenticeship, vocational training, and Federal manpower services*

We call upon the Federal Government to eliminate discrimination in the operation of State employment services and to withhold moneys disbursed to the States under the Federal grants-in-aid program wherever discriminatory practices are not eliminated. We also call upon the U.S. Department of Labor and the Department of Health, Education, and Welfare to review the racial practices of training programs operating under the authority of the Manpower Development and Training Act and the Area Redevelopment Act and to withhold public funds wherever discriminatory practices are found. We especially call upon the Secretary of Labor to invoke his full authority in the matter of the racial policies of the Federal Bureau of Apprenticeship and Training which operates as a bastion of white supremacy and we call upon the Secretary of the Department of Health, Education, and Welfare to withhold Federal funds from the States for vocational training programs where such programs refuse to admit Negroes.

*No. 17. Youth Employment Act*

We support the Youth Employment Act, designed to provide useful jobs for unemployed young people along the lines of the former Civilian Conservation Corps, and to make useful work available for young people in the slums and other underprivileged areas of our country. This should be done, of course, with adequate administrative safeguards against segregation and to insure equal opportunity for Negro youth. Branches should urge Negro youths to apply for such work opportunities.

Mr. THOMPSON. Our next witness is Prof. Alfred DeGrazia of New York University.

You may proceed as you wish by reading your statement or summarizing it.

**STATEMENT OF ALFRED DeGRAZIA, PROFESSOR OF GOVERNMENT AND SOCIAL THEORY, NEW YORK UNIVERSITY, AND PUBLISHER OF THE AMERICAN BEHAVIORAL SCIENTIST**

Mr. DeGRAZIA. My name is Alfred DeGrazia. I am professor of government and social theory at New York University and publisher of the American Behavioral Scientist, a magazine that specializes in the study of methodology in the social sciences. I have taught at Brown University, the University of Minnesota, Stanford University, and presently am teaching at New York University.

My works include the "American Way of Government," "Public and Republic," "Apportionment and Representative Government," and

among the others, particularly in the welfare field, a work called "Grassroots, Private Welfare and American Welfare."

I was invited here to be a critic of a bill which, unfortunately, I have had only a short time to peruse. I should like to direct my verbal remarks at the bill, if I may, and answer any questions you may wish to ask of me. At the same time, if you wish, to put into the printed record of the hearings a partial manuscript of a work in progress on the subject of the principles of welfare.

Mr. THOMPSON. Would that relate to the legislation? Is it directed to the legislation?

Mr. DEGRAZIA. Insofar as it attempts to establish the number of handicapped persons, troubled persons, poor persons in America, insofar as it sets forth certain principles for dealing rightly and wrongly from the governmental standpoint with the problem of poverty in America, I think it may be relevant.

Mr. THOMPSON. Without objection, it may be entered.  
(The document referred to follows:)

#### THE PRINCIPLES OF WELFARE IN THE WAR AGAINST POVERTY

(Being the manuscript in part, of a work in progress)

(By Alfred de Grazia)

The search for the welfare state has been going on for many generations in America and the world. Nevertheless, "wars on poverty" are sometimes declared according to the rules of political strategy, and those who question whether such warfare is the best means of solving the problems of the poor are in danger of being criticized as slackers. We are all opposed to poverty, of course. But eliminating poverty is a task that requires not only strong resolve, it requires great skill and foresight. The magic word "welfare" does not produce the deed "welfare." Nor has it in the past. The average wealth per capita of the American people has increased only slightly in 35 years. This is true even when you throw into the pot the tremendous accumulations of wealth that have fallen into the hands of the Government. We still have the poor and plenty of them. Crime flourishes. More murders are committed annually in Dallas than in all of England. The mental health of one-fifth of the people is in a deplorable state. Concrete slums are replacing the open slums of old. People fight for the recreation they once took for granted. Half the families of the country have less than \$500 in liquid assets.

For all of this and more, the governments of this land of ours take away one-quarter of our income in taxes and truss us up in yards of regulations and redtape. We are told often to be thankful for all of this. We are even told that we are luckier than the rest of the world, where apparently the same so-called welfare policies have produced worse disasters.

Given these conditions, we must insist that any war against poverty must be for all Americans because welfare burdens are distributed throughout society. Furthermore, welfare cannot be divorced from politics and economics, and therefore the war must be conducted by rules that will permit the survival of the values which we respect.

#### THE SCOPE OF GOVERNMENT WELFARE

If we understand the American system well, we can see why the National Government has to be carefully limited in its activity. Every item of well-being, that is, of welfare, refers back to individual Americans in the final analysis. Every law has to be justified as helping individual persons. The broadest government is the National Government, since it draws its revenues and support from the whole Nation. It, therefore, should seek always to guide its legislation toward matters of the broadest interest. National defense and international affairs are examples of such. Tying the national transportation and communication network and industrial structure together is another great set of national interests. Providing a common set of basic rights of citizens, as stipulated in the Constitution, is yet another national legislative function.

Yet in all of these as well, no attempt should be made to destroy the equally important local and group activities of the American people.

Nor should national legislation mean centralization on the national level. There can and should exist national groupings of many types, nongovernmental as well as governmental, all of whose ideas as to what constitutes the national interest and the national welfare should be respected and whose counsel should be always necessary. To put this principle another way, when a general national concern exists, the solution of the problem causing that concern should represent a consensus of the policymaking institutions of the country. No man must be given the right to be a national oracle.

The National Government can engage in other activities as well. A second class of problems arises when some portion of the American people is suffering from some particular and severe disability. Some international event may have forced severe losses upon them; a disaster may have struck some areas of the land; or a technological change may have visited a depression upon some industry and people.

In these cases and others like them, the National Government should have a direct concern. But the concern should be planned from the beginning so as to have an end, and not so as to become permanent intervention.

The solutions attempted should rely first upon the resources remaining to the people, the localities, and the industries concerned, and thereafter upon the Government.

So far as possible the agencies set up or detailed to care after the solutions in the National Government should be composed of voluntary and local persons and groups.

It must be granted that this kind of help will sometimes be going to persons who, without the help, would still survive in their work and businesses. They would not be ruined without the help. But in order to accomplish an activity valuable to America as a whole, or prevent such an activity from extinction, the Federal action is required.

Almost every one of America's 185 million people and a good part of the population of the world is benefited to some extent by such policies of the American Government. However, it should be plain that there ought to be a severe limit to the exercise of governmental aid in all cases where immediate disaster does not threaten individuals. We have undertaken far too much in far too many ways in times past. We have recklessly plunged into domestic and international situations where sober and far-sighted calculations beforehand would have counseled restraint and a search for alternatives. Recklessness should never pass for decisiveness. When it does, we have all of the unfortunate consequences that have already been described.

Furthermore, we have been delinquent in cutting down, abolishing, decentralizing, privatizing, or voluntarizing programs that were originally emergency or short-term programs.

Besides following certain principles for restraining useless and dangerous Government intervention, we must establish certain principles in regards to the kinds of welfare in which governmental aid is beneficial. Generally speaking, problems of welfare fall into three broad classes, and the way in which Government should act in relation to each of the classes is different. First there are handicaps. Second there are troubles, and finally there are lacks of success.

A handicap is something severe and chronic. When a person is poor, sick, and unskilled, he is badly handicapped and needs a big helping hand.

A lot of people—in fact most people at one time or another in their lives—have troubles. They are troubled by the loss of a job when a machine takes their place. They are troubled by being refused employment because of their color or religion. They are troubled because their children have gotten into scrapes. They are troubled because their crops fail, or because of a long illness, or because they cannot find a decent place to live.

And then thirdly, and finally, there is failure in the sense of lack of success. All the reasons that cause one man, woman, or child to be different from another man, woman, or child in society are the same reasons that may lie behind the success or failure of a thousand different steps in life. One man is promoted, another not; one woman finds a good job, another a poor one; one makes a successful marriage, another not; one man profits, another's business fails. Everyone sometimes fails and sometimes succeeds in life; Abraham Lincoln had been called one of the greatest failures in American history be-

cause he had so many personal, business, and political difficulties; yet we know him as one of our greatest successes.

Government can do very little to make life a success or failure in individual cases without creating larger injustices; what it can do in this vast area of welfare is to adopt sane and good policies for the whole Nation. It can pass laws that are for the greatest good of the greatest number. And in doing so, it must avoid entering into complicated and gigantic operations in pursuit of the will-o'-the-wisp. One of the great mistakes of socialism—whether it is “creeping,” or admitted, or communistic—is that it tries to make people successes by incorporating their lives into the great state.

Government can do more with the troubles that beset people than it can with their unsuccessfulness. Where as it cannot guarantee people success in life, it can help out in cases of trouble. But here again, most people can get out of trouble by themselves. And we respect and honor people who have this capacity. To take this right to get out of their own troubles away from them is like telling an artist what to paint on his canvas. It is taking away what may in the final summing up be their greatest claim to fame, their greatest life achievement. Is it better for a father to say (and for a son to remember), “I went over to the playground and settled for the damage he did,” or “He got into some trouble; I think the authorities settled it somehow”? Is it better for a mother to say (and for a daughter to remember), “We mortgaged the house to pay for her schooling,” or “College was free; it was real easy”?

The welfare principle to apply in the case of trouble is still to give people every means to solve their own problems. Every great philosophy has said to us since the beginning of time: From suffering and disappointment comes the knowledge of happiness and enjoyment.

The great thing that Government can do in the face of human troubles is to prevent them from becoming handicaps. That is, the Government, in cooperation with all of the religious, welfare, business, and fraternal institutions of society, can plan and provide certain safeguards. These safeguards should with a minimum of restraint see to it that no recession becomes a depression, that no loss of job becomes permanent, that no real capacity for education goes unfulfilled, that no risk of great accident or trouble goes uninsured, and that no laws injure but some laws promote the individual's search for decent housing.

It must not occur, nor need it ever occur, that the number of Americans with handicaps increases. Wise laws, general laws, laws good for the whole people, laws that promote individual resourcefulness in the American tradition, laws that foster the free activities of free groups of individuals helping one another—such are the welfare laws that are needed for ordinary people; that is, all at one time or another in their lives find themselves in trouble.

Bad welfare laws are laws that begin by treating troubles as handicaps, and end by making handicaps out of trouble. If no pain hinges upon unemployment, unemployment will be promoted into a way of life. If a business is guaranteed against loss, business at a loss will become a way of life. If sickness is more comfortable than health, chronic illness is encouraged.

Such are the welfare principles that can be applied to the problems of 90 percent of the American people.

#### THE HANDICAPPED

The toughest welfare problems of our country—and the potential source of danger to the domestic tranquility and harmony of which the Constitution speaks—have to do with America's handicapped, who are a special part of the total picture of welfare.

By America's handicapped we mean those millions of our fellow countrymen who are reduced by fate or by accident, or even, to speak frankly, by bad gambles and personal mismanagement, to a deplorable condition. They are literally unable to feed themselves; they suffer chronic bad health; or they are without the skills necessary to produce a livelihood for themselves. They may be young or old; in many cases they are also in the prime of life. Their condition is usually chronic.

How many of these Americans are there? And how may they be helped? Today nearly a third of American families and unattached individuals have incomes of less than \$4,000 per year. Many of these same Americans consume more in the course of the year than they earn. That is, the total net income of this group after taxes is less than the total amount they are spending. The

difference is made up in a variety of special welfare programs, by their personal savings, and by the help given them by their relatives and charitable associations.

It is hard to visualize this large segment of the population, for it consists of greatly different types. Among them are a great many whose current incomes do not reveal several facts: they may be living comfortably off of accumulated savings; they may be getting aid from relatives; their responsibilities for others may be few, as in the case of a great many older citizens.

So the total figure of one-third of the household units—that is of families and unattached persons—probably boils down to somewhere in the nature of 18 million people who are severely disadvantaged, that is, have no visible way of picking themselves up, and have no one who is going to pick up the tab for their needs under the present scheme of things.

A large section of this grouping consists of very young people without reliable family support. Another very large portion consists of the oldest Americans, men and women who have left the work force because of age and who are therefore retired on small pensions and savings. Many consist of sick persons, mentally ill, or chronically ill. Finally another group consists of those persons who lack even the moderate working skill to fill a job under conditions of so-called full employment.

When today we speak of America's dependent poor, then, we should have in mind about 18 million persons, about 10 percent of the population, most of whom are quite young, or else elderly. And, of the part that cannot find jobs even while in the prime of life, perhaps a third are Negro. And of the remainder, who are sick and are unemployable for that reason, a certain portion are mentally ill or physically disabled.

We have to do some estimating about the situation. Despite millions of dollars spent by the Government in social statistics, and by foundations and universities, we do not have a complete national inventory of the many ways in which the various kinds of people who make up the poor and handicapped get along. A reputable survey organization, such as the Opinion Research Corp., of Princeton, or the Survey Research Center of Ann Arbor, ought to be hired to interview intensively a sample of the American people to discover how many Americans are handicapped.

Their support at the present time comes from a variety of sources:

1. Savings and income from savings, we do know, provide some of the income of some of the handicapped.

2. Contributory nongovernmental pensions and government service retirement systems bring income to some also. Some of this is forced savings, some voluntary. In the case of the handicapped, the money is not enough because the principal and interest from the savings, whether provided by the Government or the person or both, came out of a period of employment that was too short. Or the plan was not adequate. Or the fund was partially wiped out by inflation. Or heavy medical or other living expenses made the income inadequate.

3. Direct earnings bring income to some of the handicapped. The annals of social service reveal many a case in which persons seemingly hopelessly dependent manage to cover part of their expenses by finding work. It may be as a newsboy, or a seamstress, or a gardener, or a mother's helper, or a consultant, or a part-time laborer, or a guard.

4. Direct payments come to some from nongovernmental sources. Relatives contribute money or goods or housing. Neighbors help. Many institutions and voluntary societies give money on occasions.

5. The same nongovernmental people and groups often give care. Partially free or wholly free medical care, spiritual and mental counsel, transportation, gifts of food and clothing, recreational facilities, and many another service are provided by churches, unions, fraternal orders, neighborhood centers, and companies. Then come the various governmental sources which provide income to the handicapped.

6. Social security under the Federal system is important to many, both old and young. For this group of poorer persons, however, these funds, which seem to be insurance, are only partly such. Most of the funds paid out to the poorest part of the population and to the handicapped under social security are moneys taken from reserves collected from a vast number of other citizens. It is a hidden method of giving outright charitable payments.

7. More frankly recognized as donations are the noncontributory funds that are paid out in government pensions to the poor and aged, to the mothers of dependent children, and others who are severely handicapped.

8. Finally there is a wide range of government care made available to the handicapped. Medical, dental, child care, education, provision of stamps for food, housing, and a great many facilities which, while enjoyed by a much larger part of the population, were largely designed for and are partly used by the handicapped.

The last three categories of governmental aid have increased in recent years. Government noncontributory payments, services, and facilities have come to make up a considerable part of all governmental budgets, even while nongovernmental services and payments have increased.

These present the most difficult problems of political control and administrative management. They have caused the largest number of new agencies and have provided the most effective instrument for the undermining of free institutions and individual liberty throughout the world.

#### THE POOR AS A PERIL

The solutions attempted in modern times, and perhaps throughout history, for the problems of the poor, have not been fully successful. In America, thanks to God and the energies of the people, the poor and handicapped have been reduced to perhaps 10 percent of the whole people. To care for them, we must try new approaches blending what we know best from American experience with the best ideas that look into the future.

Our three major duties in respect to them are clear. First, we must prevent the poor from being used as a great lever by which the freedoms, occupations, and property of the great multitude of citizens is forced into inefficient, compulsory, and regimented patterns. Second, we must program a new system for their care and rehabilitation. Thirdly, we must keep our minds on the improvement of the total society. The great welfare machine which is the economic system is the best means that we have of strictly limiting the number of handicapped persons in society.

1. The undermining of American society by the problems of attending to the needs of the handicapped is a process that is often hidden by shortsightedness and propaganda. It occurs in a number of stages, which the experiences of the past generation in America and abroad have offered proof of.

1. The needs of the handicapped, met by compulsory governmental means, are defined upward and outward until they are said to include the needs of a great many people who are not handicapped. Whereas voluntary institutions cannot afford to expand, the government which is operating with compulsory tax and police powers, can expand. It therefore tends to define persons with less and less handicaps as being handicapped—physically, mentally, in housing, by race, by age and so on—until finally a very large part of the population is considered a ward of the state.

2. Forms of organization suited to the critical emergency needs of the poor and handicapped are extended to the rest of the population who are not in a state of emergency. Agencies set up to help poverty-stricken farmers are expanded, without change of organization, to help well-to-do farmers, for example. Methods of feeding the poor are used to feed people who can forage on their own.

The point that distinguishes this stage is that the simple babytending type of agency which is possibly necessary to administer a program for the handicapped is usually not the best form in which help should be extended to the nonhandicapped, even where some program for the troubled is needed.

3. Agencies and public officials, who are hired to treat the handicapped, have a natural and invariable desire to expand their practice to others as well. For example if, perhaps erroneously, juvenile delinquency is attributed to bad housing, then all those in housing defined as bad, they say, must be about to become delinquent and should be under governmental care too.

4. Publicity campaigns, designed to mobilize support for the poor, and perhaps justified for that purpose since the poor do not speak loudly enough when unorganized, exaggerate the extent of need and speak on behalf of an imagined group that gets larger and larger. What starts, for example, as a campaign to get public support for physically disabled persons, ends up as a campaign for general physical education, research programs, treatment, and rehabilitation for a large range of mental and physical disorders.

5. Many in the larger population come to envy the poor and seek to share in their programs. Waiting lists, unattended cases, and many vocal demands and complaints are all brought forward to prove that the need is vaster than originally

realized. Pressures mount continuously from those just over the line of admissible cases. There is no such animal as an uncrowded free public program.

Numerous officials and politicians then go to the Public Treasury in search of something called program adequacy.

6. The increase in welfare programs costs the larger population more. They actually begin to suffer real needs that they otherwise do not feel. In some cases, they may even move across the line into the handicapped range. Inflation, brought on by larger Government spending, hastens the impoverishment of the independent poor.

7. Resources become diverted from better ways of organizing welfare through voluntary and nongovernmental means, or even from local government instrumentalities, into worse ways. This happens because of the great momentum established by the simple centralized governmental way of doing things.

Future welfare workers are trained in the ways of big government and taught to respect the mammoth state. Universities institute programs that are paid for in part directly and in part indirectly by the governments to teach people to practice social service work. The atmosphere is almost never unfriendly to centralized welfare bureaucracy; other forms of doing the jobs of welfare are regarded as strange, uneconomical, and unprofessional as well as being doomed to disappear.

8. Emergency programs become permanent programs. The first stage in getting a new governmental welfare program adopted and paid for is to arouse a feeling of dire crisis. That is, the program is often thought of originally as an emergency program. Afterward, once the beachhead is established, the emergency is transformed into a permanent state of affairs.

9. Everybody in the population, including a thousand potential paid lobbyists, is tempted to ask the question: "If this program, why not this one of mine?" And many cannot reject the temptation to imagine and carry forward new programs.

10. The poor and handicapped become organized to increase their demands and have an easy instrumentality at hand. The Government can tax and command everybody to come to their aid. Of all parts of the population, too, they are least likely to believe in the principles of constitutional restraint, rule of law, and other abstractions that govern the American system.

Moreover, it is easier to run political campaigns with a single set of slogans. The slogans for the handicapped sound the best also. Thereupon politics becomes saturated with the preoccupations, the mentality, and the beliefs, doctrines, and programs of the centralized poor welfare state or of socialism. Other important problems of life and society, such as free culture, privacy, and personal liberty, are neglected.

Thus do vast centralizing and socialized pressures arise in a society from out of respectable and charitable concerns. And the people handicapped in the beginning are handicapped in new ways, and newly handicapped people are created by the Government.

We have pointed out that the number of handicapped poor in American society is around 18 million persons, 1 out of every 10 people. Alongside of these Americans stand another 20 million persons who are in the same income brackets and for whom life certainly is no bed of roses. But they are largely independent of direct institutional aid. Just next to these two categories of Americans is a very big category of people, numbering around 60 million persons, who manage to live in fair comfort so long as big trouble does not strike them and the economic system remains in decent shape.

Now the poor and handicapped group of 18 millions receives already enough aid to put them economically at the level of 20 millions of the independent poor. If we calculate their total costs to society as income to them, they would in fact be receiving many billions more. For a great part of all police and protective services, emergency health services, and personal donations of nonmonetary welfare services and goods goes to them.

Suppose, under such conditions, those voices who want evermore governmental welfare programs win out, and the income of the handicapped 18 million is raised measurably. This could be done as it has been done in the past by special health services, Government housing, more free food, larger unearned pensions and so on. What will be the result of this attempt even assuming its motives are purely humanitarian, to give the handicapped poor an average American standard of living through Government care and payments?

There would be first of all a massive unsettling of the standards on which American society is based. The most devastating blows would strike at the

might well

independent poor, those 20 millions of persons whose position in life and income is the same as the handicapped poor.

The existence of these independent poor—a term of which Americans used to be proud and should be proud—is critical to all welfare policy. Why is it that promoters of the welfare state have so often ignored their existence? ~~It should be carefully pondered by all persons who are concerned with the study of welfare why so little attention has been paid to them in the plans and schemes for a big government welfare society.~~ The centralizing planners in fact ridicule, much less praise, the part in America played by the typical American who gets along on little and is proud of it.

All too rare are those serious scholars such as Professors Sheldon and Eleanor Glueck of Harvard University, who have devoted a lifetime of study to juvenile delinquency. The Gluecks have shown that ~~very often~~ delinquent and non-delinquent families live in the same neighborhood, or the same house; they have the same background, and the same education and income. Yet one family will show delinquency, another none.

We do not say that the delinquent families deserve no care. Far from it. They do on grounds both of humanitarianism and of law and order. But the law abiding and self-reliant should be helped too and the best way they can be helped is by providing them constantly throughout life with the respect, consideration, and opportunities that the American society has always promised and in a large measure afforded them. It is a fatal error of social morality and public policy to foist upon more and more citizens the spirit of dependency. It is a grave error in the first place to encourage even the handicapped to lose confidence in their own personal and spiritual resources.

If first the blows to the American social structure are felt in the areas of society where poor Americans reside, their effects are almost immediately afterward felt in the other areas of society. The citizens of modest means, numbering some 60 millions, feel the shocks in two great waves.

First of all, they find themselves suddenly equalized by command of the Government. While they are expected to continue their search for independent lives, 38 million people just below them a little in income are being socialized. The strain is great, the loss of social morale is grave, and the results are clear. The kind of people who are the great stabilizing and conservative force in society must either move themselves toward socialism or resist the creation of a privileged economic class among the poor.

Thus far, unfortunately, the typical American has not been mobilized to resist. He has been lulled by Government benefits in advance of demanding them. His leaders have told him he is poor himself. The moves toward bureaucratic centralism have been made sweetly, cautiously; the term "creeping socialism" is exact in referring to the process.

An astonishing statistic of American economics is that the poor of the Nation pay out 28 percent of their income in taxes. The middle income group pays roughly the same. So even the poor find that the Government takes with one hand most of what it gives with the other.

But whereas the poor receive the largest share of the Government services paid for by taxes and borrowing, the middle income group finds itself taxed heavily with less Government services.

What more diabolic scheme could be figured out to ~~destroy and~~ socialize the ordinary American's way of life? On the one hand he is tempted to join the line of supplicants for dependency services. On the other hand he is being pushed into the line by the heavy hand of taxation.

The better off citizens suffer the same squeeze, but their situation is somewhat different in that they will now not be able to afford the way of life they used to afford. All the Government's activities sooner or later encroach upon spheres of liberty that they once enjoyed. At the same time, their incomes are bitten into heavily by taxation. They have less to spend and less to save. They no longer have financial independence; they have less money, and they must satisfy Government officials in every step of their personal and business finances.

Thus it is that the policies for treating the handicapped become dangerous not only for the handicapped themselves but for the 90 percent of the people who are, whatever their problems, not to be considered as the dependent poor. It is most certainly true that the average American of today enjoys far less freedom than his father of 40 years ago. (A notable exception is the average Negro American.) It is unlikely that the average person has received from Government anything that could conceivably compensate for the loss. Men have not learned to govern

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This is a question to

The Independent = poor

efficiency poorer

in a balanced way, taking into account intangible losses. Let us hope that the same fate will not be visited upon our children.

The most logical, indeed the vital, place to cut the knot that binds the cure of the handicapped to the oppression of the whole society, is where poorness leaves off and individual capacity begins. To approximate closely and carefully this point, while at the same time providing the poor all that is necessary for their relief and rehabilitation, are the highest tasks of domestic statesmanship in America in this century. Unless we can succeed in this, we shall very possibly find ourselves in the throes of that same bureaucratization and centralization of culture that heralds in many parts of the world today—as it has in history—the decline of creative civilization.

#### A PROGRAM OF WELFARE

Government should not be regarded as evil in itself. That would be anarchy, an impossible and unjust position. The people who work in and lead the government should in every sense be equal—in respect, regard, and compensation—to their fellow citizens.

They should be encouraged to be active citizens outside of their jobs, too. Some of the restrictive laws that prevent ordinary government workers from taking part in politics should be reconsidered. For at a time when millions of conscientious and skilled people work for the many governments of the country, we cannot afford to let perish so much potential political and civic know-how. We might end up soon enough in a situation where everyone who knows anything about what is going on in government is forbidden to do anything about it, while all the tasks of politics are left to those who are certified in advance as knowing little about what they are deciding. This same dilemma is related to the conflict-of-interest problems that keep plaguing American governments.

However, to assert the great value of a good and efficient government service, even one that is active in civic affairs, does not mean that the present forms and scope and level of government are good. Many things now being done by big centralized government can be delegated to nongovernmental bodies and, even better, to individuals themselves. The enlargement of government should be restrained by all principal means because of the dangers of bureaucracy and centralization and for efficiency considerations.

One persuasive argument for turning over as much of the welfare effort as possible to the single Central Government is that life will become less complicated. And no one could disagree with the feeling that modern life is excessively complicated. Why should not government guarantee, for example, a certain basic retirement pay to everyone in the society and dispense with all the lifelong nuisances of social security collections and records, tax deductions, huge reserves, and so forth? Most people will have almost identical pensions anyhow, sooner or later, after a lifetime of work and thousands of calculations, recalculations, and enormously wasteful recordkeeping.

This is true so far as it goes. However, under our democratic system of government, if each year the government had to decide what to give to the old, each year would see a tremendous political struggle. The older citizens would be placed under a great temptation to be selfish. Even the present system, which hides its pork-barrel side behind a complicated set of deductions, has had a history of continuous growth and expansion along sheerly political lines. Today we pay several hundred percent more each month for social security than we did when the system started 30 years ago.

The plain fact here, as in all governmental welfare programs, is ~~plain~~ that, wherever votes can win power to give money to those who have the vote and to take money from those who have less votes, there is a constant spiraling upward of costs toward financial lunacy. And in general social welfare, unlike other types of government activity, there is a no visible limit. As long as new needs can be imagined, and people can be persuaded that such needs are true needs that can be socialistically fulfilled, the process cannot be long delayed.

It is for these reasons that every force should be exerted to convert all welfare plans into voluntary plans, rather than tax-based compulsory plans, even when centralization, bureaucracy, and dictatorship are not imminent. For in the voluntary plans of social welfare, the limits to which resources are committed are naturally built-in according to the ratio of satisfaction to cost that any change would bring the voluntary participant. Aiding voluntary systems or devolving programs onto voluntary systems is a most important part of the fashioning of a healthy, free, welfare society.

*the field of*

We need not concern ourselves that we are going to limit excessively the role of the government. We need not shed a tear for those who say, "but what is wrong with government doing it? The government is the people, after all." The government is composed of some of the people, true. But the people are much more than the government. The government is to society like the letter "G" on the keyboard of a typewriter. It is a necessary part but only one of many parts that all together spell out a well-governed country.

A full and free welfare system can only be achieved by the reform of the system as we find it today in the United States and by the addition of new and original safeguards and plans to the system.

How one nation can propose to put itself in order, while it must stand guard for humanity against national and Communist socialism abroad is a concern not alone for this paper but for a great and continuing study and program of action. For we are not dealing with what in ordinary, everyday political campaigns are called political issues; those are arguments concerning who did what to whom this morning, which are read about and cast aside like toothpaste ads and racing charts. We are dealing with much deeper problems and appealing to a fundamentally more intelligent public.

1. The basic requisite for any program of action aimed at reform is the right kind of leadership. During the last generation in America, the responsibility for far too much public policy has been assumed by and conceded to the executive branch of government, of the National Government, to be precise. This is reflected in the excessive role accorded to the President in the proclaiming of policy. It is also and especially revealed in the framing and pursuing of policies by nonelective and uncontrolled officials in the bureaus. Although they are disciplined to work together, they are often not even known to or accountable to the President, much less to Congress.

Stemming from the civil service is a network of professional, educational, and press contacts. These can constitute a powerful machine for the propagation of a materialistic, socialized doctrine and organization of social welfare. This machine usually tries to avoid committing welfare questions, no matter how general, to the legislatures, to the business organizations, and to the voluntary societies of the country. In some cases, ever more numerous, these last groups are subservient in some ways, through funds or regulations or other means. At the same time, however, it should be acknowledged that many civil servants are aware of the danger inherent in these developments.

To put the matter as sharply as possible, a leadership is needed to bring back into action the other world of welfare, the voluntary and local groups of America.

This would require first of all strengthening the role of congressional research, initiative, and supervision in the farflung system of welfare policies and administration. Hasty legislation, though well intentioned, can do a great deal of damage to the American welfare system.

Secondly, it would require a thorough study of the whole welfare system to see everything for once in its proper perspective, to see who is doing what in welfare so as not to exaggerate and overwork one field or one approach to welfare.

We have advanced far in the knowledge of human organizations. There is no excuse to resort to primitive military methods of organizing welfare. Even the Army today has gone far beyond the close order drill and methods of blind obedience for carrying out its tasks. It has had to do so, or also forfeit its mission of being the most efficient military organization in the world.

In welfare, this means finding ways of using the tremendous potential of nongovernmental associations of all kinds.

We should not use the constitutional principle of separation of state and church to destroy the ability of the churches to perform a wide variety of welfare functions.

We should seek all opportunities to invest more welfare functions in local and State governments, and beyond them, in natural regional operations run by two or more States under the interstate compact clause of the Constitution.

We should encourage in every way possible the assumption of functions in the welfare field by business, labor, and fraternal groups, and should make every effort to increase the number of citizens who perform welfare services.

The nation that takes away from voluntary offers of service and free performance of welfare work in order to set up a slick monopolistic machine of welfare harms not only the recipients of the welfare. It also makes all those

who would lend their aid to beneficial projects something less than full human beings. Man is human insofar as he acts voluntarily.

2. It seems clear that a general reorganization of government in the welfare field should be contemplated. The most logical place to begin would be in the Presidency, where no office is responsible for watching over Executive responsibilities in the farflung welfare system. The Bureau of the Budget does not, but should, treat welfare programs as a whole in its annual and long-range planning. It should pay attention not only to the cost figures but to the whole matter of the appropriate organization of the welfare system in line with the principles that the Nation should be following.

It would appear proper that the Congress should simultaneously undertake a similar reorientation of roles through the creation of some overall policy machinery for welfare in the Congress itself. A reappraisal of and possibly an assignment to the General Accounting Office of functions in welfare planning are in order. A regrouping of welfare controls, possibly through a National Health Council resembling the National Security Council, may be a superior method.

3. Congress might well consider, and the President support, a general resolution setting forth the principles of American welfare as the basis for legislative press, Presidential, local government, and interest group orientation. As was indicated here, there is a vast confusion of principles in the social welfare field in America. *Behind* ~~Under~~ the screen of confusion, a particular ideology of centralized bureaucratic and socialistic welfare is being advanced. An authoritative declaration by Congress could do much to guide the citizens, groups, and officials of the Nation in their unremitting activities of welfare.

4. It may be good to consider an amendment to the Constitution for the purpose of assuring a thorough screening of governmental activities. It might bear the following wording:

"That no new activity or function not directly demanded by or practically inseparable from an existing activity or function shall be undertaken by the Federal Government unless—

"(a) Congress shall have first legislated the activity in noncompulsory form; and

"(b) Congress shall have specifically determined the inadequacy of the noncompulsory form of the activity and attested thereto in the following words that shall be appended to any legislation creating the new activity:

"Whereas the activity herein described has been determined to be impossible of execution by noncompulsory means, and such activity is declared to be required for the common good at the cost of compelling all of the people of the Nation, it is hereby enacted \* \* \*. (For the purposes of this enactment, the term "compulsory" refers to any legislation that uses the proceeds from taxation or requires the performance of an act by persons, groups, or any other nongovernmental agency without their formal consent.)"

The intent of this proposal is to restrain an unthinking resort to Government compulsory activity whenever a new welfare need is felt in the country.

5. It should be brought to the attention of Congress that machinery for the continuous and systematic devolution of Government is possible. The question should be studied and appropriate organization provided.

Granted the tendency of Government organizations to expand and to live beyond their usefulness, and considering the unavailability in or outside of the executive branch of any counteractive machinery for controlling this tendency, it is suggested that in every office of the Government there be established a congressionally controlled officer who should report each year on means for divesting the Federal Government of the office and its tasks, or reducing it. He shall be an advocate of devolution and divestment, just as the officers of the agency presently are almost invariably advocates of expansion.

Only with an instrument of this kind can Congress, a well-meaning President, and an active public acquire the controls over centralized bureaucracy and expansion of Government functions that they badly need.

6. Congress should gather together from the offices of the Government all powers that may cause inflation, and provide to itself the right of veto of any one or a combination of measures that are likely to cause inflation, giving precedence to such action whenever the occasion of its use arises. No policy influences more the total welfare of the country than the control of currency, credit, and related activities of a fiscal nature. Therefore this policy should be in the hands of or recapturable by Congress at all times.

Inflation is the greatest single factor in increasing rapidly the number of destitute in society and in overturning the social structure. Experience with the various noncongressional means of controlling inflation has shown that experts are constantly in conflict over the issue and that therefore the question is political and should be directly governable by Congress.

7. A thorough study of the core group of the poor and handicapped in America should be made. A reappraisal of all the governmental and nongovernmental means for their care and rehabilitation should follow. It may be necessary in consequence to set up a total national accounting system for the handicapped together with an annual budget, so that the whole problem within its strict limits will be brought to public and official attention. Only then can the full range of problems be surveyed, the appropriate policies debated and adopted, and the results measured over time.

8. An attack on the compulsory features of social welfare programs in the United States should be launched to convert them so far as possible to voluntary plans. The intent should be not to absolve the Government of responsibility for social welfare but to make that responsibility work in harmony with other objectives of the Government and to produce a more humane system of welfare, utilizing voluntary means.

As part of this operation, the possibilities of devolving as many programs of Government onto nongovernmental insurance systems should be examined.

9. With the general encouragement of Government, a much greater and more ramified system of family and personal planning counsel should be set up and developed. Inasmuch as many people turn to Government for lack of knowledge of their personal capacities and of the institutions of American society that might help them, a social counseling system would be of large importance in the establishment and guarantee of a voluntary social welfare system in America.

Elements of such a system are to be found in a number of welfare institutions even today. They should be tripled in extent. More important, ~~they~~ should undergo an intensified and reoriented education in the great importance and scope of the tasks to be performed. For they would constitute practically a new and vastly significant occupational group.

In order to insure a maximum of freedom in welfare, ordinary people have to be helped to make informed choices. It is hard to cross the gullies of ignorance that carry socialistic currents. A nongovernmental profession working in the public interest with individual clients could build a sturdy bridge.

10. In both governmental and nongovernmental welfare programs there are problems of compulsion and restraint. Various welfare programs help them toward one kind of security while possibly denying them others. All social security programs should be reviewed to see how the freedoms of Americans to change jobs, travel, acquire education, and use their political liberties are being affected by them.

11. The Armed Forces and the veterans' social welfare programs should be studied to determine to what extent socialism or at least social welfare programs not admissible in other ways may be being admitted through the back door. The process in question has been going on for some years, and has been dealt with in Hoover Commission reports, among other places.

Generally speaking these programs have been privileged owing to the special character of warfare and defense. Also in the days when many procedures for handling military and veterans' affairs were developed there was not a large Military Establishment, nor was there a grave set of problems concerning governmental activity. Today, however, the Military Establishment is large and the problems many, so an inquiry and possibly a set of laws and rules bringing these activities into line with the general welfare policies of the Government as a whole should be adopted.

12. Certain forms of Federal housing aid should be abandoned or reorganized. Next to food, housing is the human need whose management can lead either to regimentation or to freedom. The Federal Government is in the housing business in many ways. Some of them are possibly necessary and some are organized with a maximum of freedom to participants. Yet it is quite doubtful on the whole that the country is better housed today than it would have been without any Federal intervention in this area, considering not only the number of units, but the quality of housing, the design and fabrication of housing, the happiness of the people as affected by the types of housing fostered, and other criteria.

13. The solution of the problem of depressed areas does not lie in maintaining stagnant economic pools refreshed by socialistic or subsidized industry. Means

*counselors*

*people*

must be found for these troubled areas that will avoid setting up permanent compounds of welfare recipients.

In many cases, people are best left to enjoy their old ways of life under reduced circumstances or to choose to move to other environments. In other cases, education, vocational counseling, information on personal movement, and other auxiliary services can be arranged, both through nongovernmental and local governmental means, to facilitate adjustments.

14. The problem of automation in industry and a consequent technological unemployment is not new to America. In the long run, the country has grown and given all of its inhabitants many benefits on the basis of temporary technological unemployment of numerous kinds and in numerous industries.

However, the country may be in for an accelerated process of automation. A close watch over restrictions on the movement of people from one occupation to another should be maintained, for the unemployed must be able to move easily into other areas of work and often at wage rates lower than the prevailing. If labor unions put up artificial barriers to workers trying to find employment to substitute for their jobs that were automated out of existence, they will only promote the Government controls that they detest.

Some of the aids that are useful in depressed areas are equally useful in dealing with technological unemployment; that is, education, vocational counseling, information on opportunities, and so forth. However, in the end, the employment produced by automation may require some considerable changes in the economic system.

Earlier ages of ~~exit~~ <sup>entrance to</sup> and earlier ages of ~~entrance to~~ <sup>exit from</sup> occupations, plus less employment, mean that very heavy social costs will have to be assumed by someone. The present tendency is to appeal to the Government to supply the heavy costs of higher education and specialized training, of maintaining the young and the old, and of taking care of the unemployed. If this happens on a large scale, as is likely, the whole scheme of voluntary welfare will collapse.

The only alternative and one which will require great courage is to raise wages throughout the economy to unprecedented levels over a period of time so that breadwinners can make not only their current expenses during a rather short span of years but also save all that is necessary for bearing the greater weight of their own and their family's education, retirement, and periods of unemployment. If industry once appreciates the truly great benefits to be derived from such a voluntary system of coping with the problems of their workers, they will be inclined to cooperate fully in what would be one of the most magnificent accomplishments of any economic system in history.

Needless to say, a vigorous and complete counseling system for all occupational and regional needs has to be developed to assist the individual American in making the choices he must make and to plan the savings he must put aside for later needs.

15. The medical and dental professions and the drug manufacturers and distributors of America are by usual standards very well organized to conduct their activities ethically in conformity with the good of the American people. Still, they are under great pressure to subject themselves to National Government domination. This pressure must be resisted.

At the same time, and in keeping with such resistance, health activities should be subjected to the continuous scrutiny of watchdog committees. Probably the best means to obtain this critical supervision is through the ordinary congressional committees with great improvements in research and investigatory procedures.

As with other welfare areas, medical care should be extended by compulsory or governmentally covered means to less than 10 percent of the population.

16. Some 90 percent of elementary and high school expenditures are passed through public authorities, some 40 percent of higher education spending. The biggest problems of the giant welfare system of American education come in suiting the provision of education to the rapidly changing economy with its need for increased adult education, in providing additional funds for education at all levels, and in defining the role of the Federal Government both in these regards and in the support of research and development. Approximately \$3 billion is paid out by the Federal Government into the system which, as a whole, costs about \$23 billion.

All programs of school aid by the National Government should be aimed at promoting the skills of the teachers and the morale of the students. These are the foundations of good education. To what kinds of organization—public or private, religious or nonreligious, applied or pure—aid is given should be secondary questions. The diversification of initiative and operations should be

and would thereby be encouraged among the lower and higher schools of the country.

It should always be borne in mind in setting up programs of aid to education that it is easier to persuade local authorities to build buildings and add activities, than it is to choose better teachers and pay them well, and to discipline and encourage proper selective procedures among students. Therefore, any aid from afar for the latter purposes is more, not less, necessary, where aid is to be provided at all from afar.

The use of loans to students and, in the case of elementary education, gifts for the payment of their educational expenses should be greatly encouraged both for their direct and for their longrun effects on the student and public.

The Federal Government has begun to spend over \$10 billion each year for research and development. It is recommended that Federal spending in the fields of scientific research and development be carefully reexamined with a view toward containing them deliberately within the needs of the Federal agencies for applied science and that such spending of an applied nature as ensues be on a contractual basis. Any additional funds spent on research and education by the Federal Government should be disbursed in a ratio proportionate to the present level of the sought-for educational or research activity among those educational institutions performing the activity, without agencies of supervision or control but with periodic investigation through congressional agency. The precipitate course of the Federal Government toward the dictation of the paths of science and research, inside and outside of the schools, should be blocked and turned away.

17. Mental health consists basically of an ability of a person physically to adjust himself reasonably well to the way of life of the society in which he is a citizen. Any breakdown of this ability, whether it responds to organic or psychological treatment, constitutes mental illness. As many as 60 percent of the American people may have mental troubles; in a third of these cases there occur serious disruptions of the lives involved and decreases in the contribution that they can make to society. General law and order suffers, too, from the prevalence of certain types of mental disorders.

Even more than education, mental health is an area where definitions of adequacy and in adequacy can and do go haywire repeatedly. Furthermore, in mental illness, as in lack of education, the person being treated may undergo vastly expensive attention without favorable result. Under the circumstances, therefore, the pain of cure must fall, economically as well as physically, first upon the patient, then upon voluntary institutions, and only finally upon the Government. The Government, in turn, when it does provide aid, should seek narrow definitions of adequacy in the areas of treatment, and give generously to a wide variety of institutions performing research (and, incidentally, curative) functions.

18. Delinquency is both adult and juvenile, and is not only a problem of prevention and cure but also one of law and order. Stern and rigorous law enforcement are especially needed to protect the ordinary citizen in his life, liberty, family, and property.

Nothing oppresses the poor, for example, more than bad law enforcement. It is, therefore, highly questionable whether much money should be spent to understand and treat delinquency as an illness when a community of millions is suffering from the anxieties and threats of the delinquent behavior. Nothing hampers good race relations, ~~moreover~~ more than acts of crime of individual Negroes and acts of barbarism of individual white policemen against Negroes.

In the face of increasing crime rates throughout the Nation and of increasing racial disturbances, it is important for the National Government to concern itself with lending aid to the education, technical proficiency, information systems, and communication systems of local police throughout the Nation.

The research going on in the field of delinquency more and more suggests that the problems there will not surrender to easy solutions. They merge with the general problems of mental health, and the kind of welfare system we are providing the American people, including especially the poor and handicapped. Crash programs of juvenile delinquency treatment are therefore likely to crash themselves.

If Federal aid is to be given in this sector it should be to police science, detection and control procedures, and police operations and discipline. Again such aid, insofar as it will not come from voluntary and local institutions, or through the readjustment of the national tax structure to provide more resources for local use, should be transmitted as cleared as possible of Federal interfering agents, both human and structural, and employed in the operating jurisdictions directly on the problems as they arise.

19. Racial conflict is perhaps America's gravest welfare problem. It produces deep anxieties among many millions of the people and disrupts work and play, thought and action, domestic and foreign policy of all kinds. Unless the conflict is eased and over time a complete reconciliation of whites and Negroes is accomplished, the American voluntary community cannot be said to exist in full, and a centralized socialistic State is invited. There is no question but that the Constitution directly involves the Federal Government in some central aspects of the welfare of Negroes. Given these facts, the National Government can operate on the following set of principles:

(a) Wherever possible, seek to equalize white and Negro opportunities by laws that are applicable to persons regardless of race. If Negroes are singled out for special treatment too often, a dangerous reaction can be set up among whites. It should be remembered that whites outnumber Negroes by far among the handicapped and poor.

(b) Avoid forcing all Negroes into programs intended for the poorest or least educated Negroes. The middle class Negro is under great pressure to place himself under the yoke of the state in the name of racial equality. He deserves great sympathy. The individualistic Negro also needs protection from mob psychology and Muslimism.

(c) The Federal Government should seek to encourage racial equality through the medium of local governments and voluntary institutions. Otherwise, the Federal Government will appear first as a savior in this area, and then by implication in all areas, and a great many Negroes will be persuaded to accept uncritically all manner of Central Government activity.

The fact is that a free economy, as well as a free society, offers overall more rapid modes of advancement for a minority racial group than a Socialist or state-controlled one. Ghettos can be formed in Federal offices as easily as in public housing developments.

Those who hurt a Negro's pride, his self-respect, and his search for a vocation force him in a way to seek political power as a Negro and make him see Government first as the patron of these aspirations of his and therefore his patron in all things. So ultimately those who strike in blind prejudice at the Negroes or any other Americans help to imprison themselves as sub-humans in the future regimented society.

(d) Press forward the program of welfare as outlined generally here in order to reduce the tensions that cause racial conflict. If the greater part of the program put forward is realized, the problems of racial relations in America will be cut in half. Anxiety about jobs, about retraining, about housing, about education, and about law and order breed mistrust and fear between races.

20. All foreign policies should be reviewed to see that they are consonant with and executed in a manner helpful to domestic welfare policies. We are not helping the world if we recommend policies by them or support such policies with money and services, once we have concluded that such policies are useless and dangerous in principle. In only very rare cases abroad is the military emergency so great that we need to sacrifice moral and economic principle for the temporary power we might gain in relation to a certain government.

21. If the foregoing program is carried out to any great extent the Federal Government may have a revenue capacity in excess of its needs. If savings are made on armaments and foreign aid, in industrial and agricultural subsidies and in other areas, additional revenue capacity will be available. This surplus Federal capacity should be reduced by legislation that would gradually remove the Federal Government from the area of excise taxes and corporation taxes, and into a more proportional system of income taxation. It will then be up to the States and localities to use their new tax capacities as they see fit and as their citizens compel them to use them. An alternative policy, suited for the initial period, would be to release revenue capacity conditional upon the adoption of certain ongoing, but reorganized, programs by the States and localities, including the assumption of obligations to former Federal personnel.

The 21 and more proposals just made do not include all those that may be considered in the future nor do they deal with many important detailed sub-programs. Unquestionably the task of placing American society firmly on the basis of the other world of welfare, the free welfare system, requires an intellectual and planning effort of a massive kind. In some cases action will have to be postponed, because of the press of the vast program, or because of opposition, or because of lack of a rational way of accomplishing the project in practice. If meanwhile a number of its most important features are being realized, such occasional difficulties or even failures will not detract from the total effect of the program.

In the very beginning, it is imperative to conceive of the Government, especially the National Government, as a brain rather than a belly. If the National Government has thrust upon it all the yearnings that can accumulate in a vast population and is forced to swallow the means for their fulfillment, it will be strangled. The Government will suspire and with it the whole body of American society. Yet this is the way of welfare that is practiced and believed in by all too many people and politicians.

By contrast with this philosophy and method, we assert that the task of Government is to expedite the efforts of its component elements. It is to help a man or woman raise himself or herself from childhood, or from a later handicap, to a minimum takeoff point of physical and mental ability, and at the same time to prevent others, whether in the country or abroad, from suppressing or oppressing him.

The problems of welfare are amenable to intelligent and rational planning. But it is possible to have little planning and much socialism, and such we have had. It is also possible to have much planning and little socialism. That greater planning for freedom is what we intend. In such work there is room for the voluntary dedication of a new host of Americans.

#### A NOTE ON THE STATISTICAL BASIS OF THE PAPER

The statistics of American welfare are badly gathered and prepared, from the standpoint of the critic of welfare policies. This occurs despite the large public expenditures for statistical work and the large volume of such work. For example, one thoroughgoing sample survey of the American population, with an extended interview, would provide a much better basis for practically every major aspect of welfare policy than a thorough reworking of the published Federal and State statistics will provide, and would cost a great deal less.

In consequence, certain estimates have had to be made which could just as easily have been more exact if the system of fact gathering and reporting were efficient.

If any factual statement of the report is challenged, as being uncommon, the questioner may be referred to the latest edition of the annual Statistical Abstract of the United States. (U.S. Government Printing Office). Further clarification can come from going to the book by Alfred de Grazia and Ted R. Curr, American Welfare (New York University Press).

Some noteworthy facts not included in the paper :

1. Annual per capita income of Americans: disposable, \$1,987, personal income, \$2,267.

2. The wealth of the governments of America has at least doubled since 1930 but that of its citizens has barely increased. The figures usually given in current dollars are misleading. One has to consider the nearly 2.5 inflationary factor, and then also consider the increase in population from 123 to 185 million.

3. Old-age and survivor's insurance premiums have increased from 1 percent of the first \$3,000 of income in 1937-49 to 3 $\frac{5}{8}$  percent in 1963-65, to a planned 4 $\frac{5}{8}$  percent in 1968.

4. In 1960 33.5 percent of families and unattached individuals received under \$4,000 before taxes. After taxes, 35.4 percent were in this category.

5. In terms of 1960 prices, Government social welfare expenditures per capita rose 162 percent between 1935 and 1960. This is a conservative figure.

6. Education expenditures per capita rose from 15.33 to 97.32 per capita, a 195-percent rise.

7. Nearly half of the families of America have no equity in a home while slightly over half, as the paper indicates, have less than \$500 in liquid assets.

8. Government employment has grown twice as fast as other employment in the last generation. One out of five American workers is a Government employee. Contractors and others dependent on Government spending would raise this figure considerably.

9. The 18 million handicapped are estimated to contain :

Chronic unemployed.....	1, 000, 000
Those who fell under OASI but in reality are dependent.....	4, 000, 000
Veterans, fully disabled or partially and poor.....	1, 000, 000
Men, women, and children receiving public assistance.....	7, 000, 000
Mentally sick and disabled or hospitalized.....	3, 000, 000
State and Federal prisoners.....	200, 000
Chronically ill and receiving expensive Government care.....	2, 000, 000

They are, of course, taken care of at present, but, it is generally agreed, not adequately or constructively enough.

MR. DEGRAZIA. AS I examine the bill under consideration, my impression is I am afraid that of Congressman Curtis; that is, it seemed to me to cover a large number of fields which, despite our long experience in treating with poverty in America and our many thousands of employees in Federal Government engaged in the struggle against poverty in America already, are already underdeveloped from a research standpoint. We do not yet actually know the scope of the problem with which this bill is dealing. We do not know the number of people who should be the objectives in the massive assault against poverty. It is very difficult to locate these people. Though we may all be against poverty—I assume we all are—and many of us are indignant at the thought of it in a land so rich, we nevertheless must be baffled by the sheer administrative research problem in locating the people who deserve our help.

Turning more specifically to the bill and criticizing it section by section, I feel that the Job Corps is a risky business. The employability of youth and the preparation for the responsibilities of citizenship are tasks properly left to the home and to the schools, at least to local communities.

I doubt that a semi- or part-military establishment can accomplish the purpose.

I have the feeling as I read the responsibilities given over to the Director that these responsibilities might be converted into a simple grant form and that various schools and organizations, voluntary in nature for the most part, with long experience in handling groups of young people, might do a better job than the special establishment of the Federal Government.

I also feel that the standards for enrollment in the Corps requires more of a definition than the bill presently provides.

If we get the people we want into the Corps, we shall be faced with the problem of compulsion. If we allow anyone to come in who will do a good job, then we are probably taking people out of their pursuits in the country, including stints in the Armed Forces, who need good people.

I feel that the financial assistance requirements covered in section 113(a) are such as almost to guarantee a great deal of boondoggling in this program; that is, if you do not permit, just as an instance, young people to help build a church, which I can see as one of the most worthwhile tasks imaginable, but insist that they stay away from constructive religious activities, if you limit their competition so that they may not be in competition with existing business, so as to not disrupt the normal functioning of the economy, where do you find the task for them? And why is it that the schools cannot train people properly so that the director shall give priority to projects with high training potential? If the schools do not do so, then the problem is not perhaps poverty in America so much as it is the American school system.

We have a second large category of assistance here called work-study programs. I cannot see why the Federal Government should undertake this program, or the State government for that matter, since the responsibilities are, if they should be undertaken at all, pri-

marily local and certainly well within the scope of voluntary organizations.

Again, if the Federal Government must excite other agencies in society to act, the grant form with as few conditions as possible would seem to be advisable.

I am concerned that the bill means more Federal controls over education, indirect perhaps, so far as the academic programs of a university may be concerned, but the piling of more personnel upon the administrative staffs of the university in order to find work for students and to administer that work does not help an already acute system existing within universities where the administrative personnel has been rising rapidly in proportion to academic personnel.

I feel that the provisions of the bill that employment under the work-study program be furnished only to a student from a low-income family, and other criteria, may be undesirable; that is, coming from a low-income family is, in the first place, rather difficult to determine, it requires a lot of administration. Besides that, it identifies the student with his family and those occupying themselves with employment part time under the bill may acquire a certain stigma in the college community.

The bill, here again, says that its purpose is to create new work. I speak now of section 123(d) that seems intelligent at first glance; that is, the work paid for under this bill should be in addition to all other work presently being done by universities. There are those of us who say that the university is already doing a needlessly large amount of irrelevant work. We put aside the question of whether that irrelevant work is being increased here. But will that also create a creative dependency of the university upon the new work which is created?

We all know that college enrollments are increasing very rapidly. According to the provisions of the bill, new work will be entitled to Federal support. The new work is increasing rapidly. Ten years from now that work will still be presumably supported by the Federal Government but really that is just a natural increase in the normal work of a university to take care of increased enrollments. When and if such support were to be withdrawn, there would be a kind of massive protest from the colleges.

I turn now to the urban and rural community action programs. I have the feeling in section 203 here, as in many other parts of the bill, that we are conferring excessive patronage power upon the director of the proposed agency or office. The grants of authority here are very loose. I do not feel that Congress can maintain its position in American representative government so long as it give such broad undefined grants of power to officers of the Federal executive establishment.

Here again, parochial schools are discriminated against, it would seem to me. The idea of helping to school the poor is good, I believe. We know from many a study that no matter how hard you try, the poor get a rougher deal in education than the middle class or the well to do. That is because intelligence, as measured by IQ tests, education, formal education, wealth, resources and all of that, good social organization, for example, are concentrated in certain areas and the children who go to school in those areas get a great deal more

help than those who go to school in the poor areas of town. However, this section does not seem to tackle that problem appropriately because of the lack of definition, the vagueness of the whole thing. This problem has concerned educators for many years.

I would suggest that part of the program could just as well be done by the Office of Education if it is to be done at all.

We note again under the technical assistance provisions the very loose statements as to the powers and authority of the Director. A great deal of this bill has a very up-to-date, modern characteristic. It conceals large expenditures of funds under a heading called research, training, and the like. I have a feeling from a recent survey I have conducted of Federal social research that this is coming to be the style, that one way of accomplishing new programs and performing new expenditures that would not otherwise be possible is to spend money under the guise of research and development.

We turn to the special programs to combat poverty in rural areas and we note a radical method of financing in that we have outright grants to low-income rural families where, in the judgment of the Director, such grants have a reasonable possibility of effecting a permanent increase in the income of such families. It will help such families to buy real estate, operate farms, participate in associations, and finance nonagricultural enterprises—a very interesting term—which will enable such families to supplement their income.

Now, it may very well be said in all justice that this will be, in financing the poor through grants is something which has often been done in the past in our country in regard to the rich. The question I would have in my mind here is, Will these particular poor be discoverable, when discovered can they be relied upon to handle their problems of financing and purchasing and the like? Or will they not have to fall completely into the hands of such counselors as the Director may deign to provide? I don't know that the poor man is better off on his farm with the \$1,500 grant and the inevitable daily visit from the officer and then the inspector and then the final rally of all people of like kind who received \$1,500 and all that will come with the grant, in other words, that he might be at the present time suffering as he is and deserving of our sympathy.

The requirement that the Director can help family farm development corporations grow, in section 303(a), it seems to me, should not exclude the profit corporation. This again leads into other aspects of government which we cannot go into here where the profit corporation is consistently discriminated against and the government more and more throws its financial organizational power onto the side of so-called, allegedly nonprofit corporations. Nevertheless, there is a fine strain of invention in this family farm development corporation idea.

I point out to you, if no one else has done so thus far, that Arnold Merrimont and Victor De Grazia, in Illinois, have begun a corporation, not for profit, the Merrimont Foundation, which is engaged in rehabilitating urban areas and without dispossessing the occupants, buying up the grounds and buildings with the aid of low-interest-rate loans from the Federal Government, and renovating the properties, and turning them back to their original occupants, a promising development as a contrast to the concrete slum idea in public housing.

Merrimont

Kate Merrimont

This might work also and that experience might be fruitful in connection with this section.

The incentives for employment of long-term unemployed persons constitute part A of title IV. It seems to me that some of the ~~part~~ is taken out of the Small Business Administration program by some of the provisions of this part. I feel that the terms "long-term unemployed" and "members of low-income families" need definition, with intellectuals who earn very little, artists, musicians—I think the chairman will recognize their unstable income possibilities—would they be regarded as long-term unemployed? Again, there seems to be some discrimination against individuals on the ground that they may not be members of low-income families but yet be quite needy under the purpose of the act. I refer back again here to section 411(a), the last sentence. ~~The~~ provision that "The amount of any loan," et cetera— shall not exceed an amount equal to \$10,000 multiplied by the number of persons to be employed by the borrower as a result of the financial assistance— seems to me to be one of the most unusual formulas for providing capital to business that I have ever heard of. I ask you the question ~~whether~~, in my own mind, whether in lending money to the business or in providing capitalization for a business, even in the Government, any kind of absolute money ratio in terms of persons should be employed? Yet, certainly, there is an exception here; that is, the amount must not exceed \$10,000. But something in the way of redrafting this clause would be advisable, I think.

There are other remarks I could address to specific provisions of the act. I would prefer, however, to conclude with several more general remarks.

I notice there is no banning of racial discrimination and segregation in the provisions of this act. If this is a war on poverty, I should think that such a crippling social disease would be treated in the act. It could hardly be a just war without it. In fact, if the act were administered without such impartiality, I should fear that its ultimate result would be to compound the problems of poverty in America, so many of which problems are connected up with problems of racial discrimination.

~~In sum~~, we believe that there are several present agencies of the Government who are conducting programs almost identical in substance with some of those cited in the bill. If they are doing such but doing it badly, then perhaps the remedy is to go back to the source of the trouble in the existing agencies.

As already indicated, I think one of the problems is research in the Federal Government which is very inappropriately done for the purpose of this committee. Actually, if you will read the text of the paper by Dean Wilbur Cohen and Eugenia Sullivan, called "Poverty in the United States," which is at the end of the offprint of the committee called "Economic Opportunity Act of 1964," you will discover there is no definition of "poverty" which is suitable and no method of discovering in America who are the people whom we want to treat.

I believe a far better approach than that of complicating the present already overcomplicated administrative establishment of the Government would be to aim a large effort at locating, first, those people in America who do need care, who are handicapped, by a set of criteria which are relatively easy to agree upon and establish and to go after

a great counseling service to create a kind of class of social doctors who will be able to assist, as individuals and under the conditions of life in our free society, those persons who are handicapped for one or a combination of reasons.

Thank you.

Mr. THOMPSON. Thank you very much, Doctor, for your time and for your valuable assistance.

Mr. Frelinghuysen, do you have any questions?

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. I really have only one brief question inasmuch as I did not hear all the testimony of the professor. I take it from what you say that you feel that the problem of greater opportunity in the field of education is one of the basic problems in this area, that more needs to be done to provide better educational opportunities for all our people. Is that a fair statement?

Mr. DEGRAZIA. Yes; I believe there are a large number of the—

Mr. FRELINGHUYSEN. What I would like to know is your views as to what the Federal role in this might be. You are not, I assume, automatically objecting to an increased participation by the Federal Government in providing greater opportunity in the field of education, I assume?

Mr. DEGRAZIA. No; if the Federal Government can contribute to enlarging opportunities in education and increasing the quality of education in America, I am all for it, provided always that equally valuable principles of American society are not disrupted or destroyed in the process.

Mr. FRELINGHUYSEN. The reason I ask this is because title II of the bill, the community action program, presumably will provide what might well be substantial Federal aid to education but without any guidelines as to the types of projects which will be approved and which will result in perhaps substantial assistance going to aid certain areas of our educational system.

I assume from what you say about the lack of guidelines with respect to the possibility that education may be aided by the Federal Government that concerns you about this kind of approach?

Mr. DEGRAZIA. Yes; the lack of guidelines and the form of organization employed. I don't see a need for a new form of organization here. It seems to me that the present offices are quite capable of handling the problem.

I must say that if the President wishes to have someone on his staff who is in charge of coordinating welfare problems or war against poverty, there is nothing to keep him from appointing such a person; or, if something in the way of money is necessary, of requesting such funds. That does not mean that to that person has to be tied an enormous organization which straddles all of the departments in a way reminiscent of some of the more chaotic inventions of the New Deal period or wartime period.

Mr. FRELINGHUYSEN. You have an inconsistency in the approach. You said all we are looking for is better coordination and yet the new Director of this Office of Economic Opportunity is described as the President's commander in chief. I assume what we are really doing is establishing new authority, as you say, a man with considerable money to spend more or less as he sees fit.

I have no further questions.

Mr. DEGRAZIA. Yes, I would be losing sleep if I were in charge of the Department of Health, Education, and Welfare or the Office of Education or perhaps a couple of other organizations involved here.

Mr. FRELINHUYSEN. If they are losing sleep, they are hiding it very well from us.

Mr. THOMPSON. Mr. Roosevelt.

Mr. ROOSEVELT. Doctor, I was very much interested in what you have to say. I do not think if you had more time to read the bill over more carefully you would probably end up thinking any better of it, would you?

Mr. DEGRAZIA. I wish I could say so.

Mr. ROOSEVELT. I just want to say for the record that, of course, I think anybody who comes before the committee and says there are no jobs available, no work for something like the Job Corps, I do not believe you really honestly mean that, do you? You cannot tell me that you do not think there are tremendous opportunities, even though I gathered from the remark you made a few minutes ago, that you did not think much of the New Deal, and, of course, we part on that to some degree, I think that what the CCC did and the kind of work it did—I have never heard it attacked as not having been useful or lasting in its value to the country, and certainly you would not, I think, feel that there were not these kinds of opportunities still available, would you?

Mr. DEGRAZIA. No, sir, I would be the last to conceal the fact that I enjoyed working for 35 cents an hour as a National Youth Administration employee when I was a college student.

Mr. ROOSEVELT. Were you not rather lucky to be able to have that? Is it not possible you would not be a professor today if you had not had that opportunity?

Mr. DEGRAZIA. That is right.

Mr. ROOSEVELT. But it was a mess, was it not, just the same?

Mr. DEGRAZIA. It was.

Mr. GIBBONS. In this particular instance.

Mr. ROOSEVELT. I have no further questions.

Mr. DEGRAZIA. Remember, Congressman, that there is a slight difference between America today and America in the depths of the depression of the 1930's.

Mr. THOMPSON. I know I am a lot better off today.

Mr. Quie?

Mr. QUIE. I yield to Mr. Martin.

Mr. MARTIN. I have no questions.

Mr. THOMPSON. Mr. Gibbons?

Mr. GIBBONS. No questions.

Mr. THOMPSON. Mr. Gill?

Mr. GILL. Who are these social doctors you are going to let loose on us, Doctor?

Mr. DEGRAZIA. That is just a term I coined here to refer to what might be a very large kind of profession in the future, including better trained social workers.

Mr. GILL. What are you talking about? Who is going to pay them? Where are they going to get their sustenance from? What do they do?

Mr. DEGRAZIA. I mentioned something of this group, a counseling program in the statement which the chairman has kindly consented to have reproduced in the record so that perhaps I need not go too far into it here. But it is not easy to cure a person who has a combination of difficulties that this bill aims at getting at. Sometimes it does seem rather silly to sit around and deny that any man's troubles can be cured with a bigger dose of money or by creating some center for jobs through public works in the area. But, in fact, the problems do tend to persist, as I think Dean Cohen mentioned in an otherwise favorable report here in your offprint. The major achievement in the raising of incomes and decline of poor in America has been owing to the workings of a free economy.

Mr. GILL. Do you think that will solve everything?

Mr. DEGRAZIA. No, it will not solve everything because we have too many problems that are mental, too many chronic disabilities.

Mr. GILL. In other words, many people who are not affluent today are that way because there is something wrong with their head or they have some psychological problem which is causing them to be poor, is that it?

Mr. DEGRAZIA. Yes, I think that is true. On the other hand, a lot of people who are affluent have something wrong with their heads, too, but they can afford to get help or their affluency depended upon inheritance or in some way they have managed to stay with their money and managed with their difficulty.

Mr. GILL. In other words, the system has managed to winnow out the unfit and those are the ones we have a hard time doing anything about, is that it?

Mr. DEGRAZIA. No, that was not my point. I was saying that you have fit and unfit at all levels of society.

Mr. GILL. I am not arguing with your social doctrine or theory, I think you are getting at a point that makes sense, but I have noted a little bit about social doctors, if they are psychiatrists they are paid by people who have the money to pay them. If they are social workers, they probably are not paid at all except through certain rather underfinanced segments of our society at present.

If you are proposing something here in the way of a skilled craft that would work in this area, I do not think you are too far off from some of the basic thinking which has gone into this bill. What I want to find out is how are we going to do it and how do you suggest we approach it?

Mr. DEGRAZIA. I think through large-scale educational programs that are aimed at stepping up the ability to train social workers of all kinds. I believe the voluntary institutions can be strengthened by certain wise tax laws.

Mr. GILL. Do you think the voluntary institutions and those who hire social workers now would be strengthened by some of the activities under title II?

Mr. DEGRAZIA. I believe they would be.

Mr. GILL. That is the idea, is it not?

Mr. DEGRAZIA. I think a good feature of this bill is its verbal service to the voluntary organizations of the country. Statements are made there. I am a little suspicious that the end result will bear out this verbal emphasis upon voluntary means.

not

Mr. THOMPSON. The time of the gentleman has expired.

Thank you very much, Doctor.

Mr. DEGRAZIA. Thank you, sir.

Mr. THOMPSON. Our next witnesses: E. Russell Bartley and Gordon Strachan, of the Illinois Manufacturers Association.

Gentlemen, we have your statement. It can be entered into the record as read and summarized by you, or would you prefer to read it?

**STATEMENT OF E. RUSSELL BARTLEY, DIRECTOR, INDUSTRIAL RELATIONS, ACCOMPANIED BY GORDON STRACHAN, DIRECTOR, PUBLIC RELATIONS, ILLINOIS MANUFACTURERS' ASSOCIATION, CHICAGO, ILL.**

Mr. BARTLEY. I planned to read it.

Mr. THOMPSON. All right.

Mr. PUCINSKI. We have all read it.

Mr. THOMPSON. Well, the witness would prefer to read his statement, so I think the Chair will allow him to read it.

Please proceed as you wish, gentlemen.

Mr. BARTLEY. Mr. Chairman and gentlemen, my name is E. Russell Bartley. I am industrial relations director for the Illinois Manufacturers' Association, Chicago. Accompanying me today is Gordon Strachan, director of public relations for our association. We appreciate the opportunity of appearing before your subcommittee to present the views of the IAM regarding the Economic Opportunity Act of 1964 (H.R. 10440).

The Illinois Manufacturers' Association embraces in its membership 5,000 manufacturing firms in Illinois—large, small, and medium sized—engaged in a wide variety of industrial production and providing jobs for more than 1 million persons.

Our association believes the Economic Opportunity Act of 1964, masquerading under the high-sounding name of a "war on poverty," is an impractical, costly, highly dangerous political scheme to force through Congress many old, discredited programs and several new extreme plans for a welfare state.

If enacted, this "new dole" would:

Open the floodgates of unrestricted Federal spending which could run as high as \$15 billion per year.

Create a huge, new Federal bureaucracy and add thousands of new political patronage jobs to the burgeoning Federal payroll.

Regiment hundreds of thousands of Americans under a new Government overseer.

Expand Federal interference further into the fields of education, agriculture, and business.

And lead to more deficit spending and cheapening of the dollar, thereby making the so-called poor poorer than ever.

The American public already is being taxed at the rate of \$44 billion a year to support welfare-type plans including relief, pensions, health-care programs, veterans' benefits, vocational training, et cetera.

This new scheme would add approximately another billion dollars in 1965 and would hand a new Government agency a blank check thereafter.

It is conservatively estimated that if this program should be adopted, the cost would be at least \$15 billion a year in peak operation.

If such a gigantic sum of money is required to finance this scheme in a year when the economy of the country is exceptionally good, one can imagine what staggering outlays of the public's money would be needed to finance it if the Nation should experience a depression, or even a period of mild recession.

In addition to setting up a political patronage army, ironically called Volunteers for America, this act seeks to regiment up to 100,000 young Americans into a Job Corps patterned after the Civilian Conservation Corps of depression days, up to 200,000 young persons in a work-training program for State and local welfare projects and a first year total of 140,000 persons of college age in a work-study program which bears earmarks of the old New Deal National Youth Administration.

There are already in operation under the Manpower Development and Training Act, the Vocational Education Act of 1963, and similar legislation, numerous federally supported programs aimed at providing vocational training, retraining, and rehabilitation covering hundreds of thousands of persons.

Instead of adding costly new services which would duplicate many of the activities of these existing projects, we would suggest a complete examination be made of the training programs now in effect to determine whether they are doing, or can do, the jobs intended for them.

In addition to setting up a new bureaucracy, this act would extend its economic tinkering into the business community through so-called investment and employment incentives totaling \$25 million for loans to be administered by the Area Redevelopment Administration, whose ever-expanding bids for spending authority were thwarted by the last Congress.

This "make-work" scheme allowing employers loans up to \$10,000 for each new employee hired, provided a majority of the new employees hired are from "long-term unemployed or low-income families" is planned economy of the most extreme nature and would put big government in direct competition with the private investor.

When drawing up the President's "poverty" message, the man who has been designated to head the program consulted with various "planners," including Harvard economist, John Kenneth Galbraith.

Galbraith recently wrote an article which gives a clue to what the "planners" think the Federal Government should do when it moves into the field of education at all levels under the guise of aiding the poor.

In this article, entitled "Let Us Begin: An Invitation To Action on Poverty," Galbraith states:

To the best of knowledge there is no place in the world where a well-educated population is really poor. If so, let us here in the United States select, beginning next year, the hundred lowest income counties (or, in the case of urban slums, more limited areas of substantial population and special need) and designate them as special educational districts. These would be equipped (or reequipped) with a truly excellent and comprehensive school plant, including both primary and secondary schools, transportation, and the best in recreational facilities. The employment on construction in this part of the task would be well adjusted to the areas of unemployment.