This interdisciplinary conference was intended to make employment service personnel in two Appalachian states more aware of the social and psychological aspects of poverty and the training and employment needs of the poor. Papers are included by Robert J. Lampman, Frank H. Cassell, Louis A. Ferman, Charles C. Killingsworth, Robert C. Couthorn, and Gerald Gurin. Although the conference deliberately included divergent views on the solutions to poverty problems, all the authors share the belief that both institutions and the poor must change, and that a healthy economy is vital to the war on poverty. (RH)
The Poor and the Hard-Core Unemployed
Recommendations for New Approaches

Edited by
Wil J. Smith

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Preface

The papers included in this publication are the proceedings of the Hard-Core Unemployment Conference held at West Virginia University, October 24-25, 1968. This conference, cosponsored by the West Virginia and Pennsylvania chapters, IAPES, and the Office of Research and Development of West Virginia University, was in essence a follow-up to a similar conference for the West Virginia Department of Employment Security personnel held on May 4 of the preceding year. It differed from the prior conference primarily in its use of the interdisciplinary approach to the problems of unemployment and poverty. Also, a higher level of sophistication was used in the analyses of the major problems and in the presentation of the latest findings in the fields of poverty and hard-core unemployment.

The goal of the conference, as stated more fully in the Introduction, was to provide the Employment Security personnel with the most significant and up-to-date information on the hard-core unemployment and poverty problems. It was hoped that in this way they would then become more cognizant of the social-psychological dimensions of the poverty problem and the complex needs of the poor in such areas as job training and job development.


Among those who made important contributions to the conference were Clement R. Bassett, Commissioner, West Virginia Department of Employment Security, William C. Diosey, Deputy Secretary for Employment Security, Pennsylvania Bureau of Employment Security, T. Edward Burns,
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Acting Administrator—Region III, Bureau of Employment Security, and Oscar A. Duff, Vice-Chairman, International Institute Committee, IAPES, who was the moderator for the conference. The conference was coordinated by Wil J. Smith. Frederick A. Zeller originated the idea of the conference and initiated conference planning. The Appalachian Center provided the financial support to make the conference possible.

We feel that each of the papers in this collection provides new and significant insights into the problems of hard-core unemployment and poverty. With an increasingly important role being played by Employment Security in the areas of manpower policy, it is crucial that Employment Security personnel understand more fully the social and human dimensions of the hard-core unemployment and poverty problems.

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Introduction

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Our concerns in this collection of papers are poverty and hard-core unemployment, the policies developed to deal with these problems, and the programs established to implement these policies among the poor themselves.

Serious unemployment as a regional phenomenon was first recognized in those areas of the United States where rapidly changing technology, changes in consumer demand, natural resource depletion, and lack of developing alternative job opportunities were most pronounced. Hence the first special legislation in this area was regionally and structurally oriented, in such acts as the Area Redevelopment Act and the Accelerated Public Works program in 1961 and 1962 following the extended debate in Congress and twin vetoes by the Eisenhower Administration during the 1950s. Shortly thereafter serious unemployment was also recognized as an occupational phenomenon. Occupational unemployment was found to be somewhat more national in scope and impacting most heavily not only on certain regions that had historically experienced inordinately high levels of unemployment, but also in certain of the semiskilled and unskilled occupations, especially those where rapidly changing technology was a factor. The recognition of the poverty/unemployment problem as a far-reaching malady affecting millions of persons in all parts of the nation gave rise to broader legislation and the establishment of more of the necessary machinery and institutions to effectuate change and to intervene in the vicious circle of poverty among communities and families.

The war on poverty was born and baptized amid controversy and into a turbulent world torn by conflicting
concerns with the individual and his rights and opportunities in a rapidly changing, technologically oriented, post-industrial society. Few would deny that something has been accomplished in the effort to improve the future for the very poor and hard-core unemployed. How much has been accomplished that will have lasting and far-reaching consequences for this and other generations and how much rests on sound principles of community and human development only further assessment and critical analysis will determine. But a commitment has been made by the government and the people, albeit one at least partially forced by circumstances and less than impressive, enthusiastic, or innovative, to provide a decent life for the poor and unemployed through both an improved system of income maintenance and new and improved education, job training, and job development programs.

The papers in this collection are the proceedings of a conference on hard-core unemployment and poverty held at the West Virginia University in the fall of 1968. This, the second of two conferences on poverty conducted by the Appalachian Center as a type of in-service training for State Employment Service personnel, was co-sponsored by the West Virginia and Pennsylvania chapters of the International Association of Personnel in Employment Security (IAPES) and the Office of Research and Development of West Virginia University.

The general purpose of this conference was to bring together a group of the nation's most outstanding authorities on the problems of poverty and hard-core unemployment to present the latest research findings in these areas. A key feature of this conference was the interdisciplinary nature of the approach and the deliberate attempt to include principal speakers holding divergent views on the solutions of the hard-core employment and poverty problems. The goal of the conference was, perhaps, somewhat overly optimistic. It was hoped that the information presented by the principal speakers would have a significant impact on the employment service personnel in two Appalachian states by making them more cognizant of the social and psychological dimensions of the poverty problem and the extensive and complex needs of the poor in such areas as job training and job
It was thought that this was an excellent way to reach a large number of people who would be playing an increasingly important role in the development and implementation of human resources and job development programs. Indeed, the ultimate success or failure of all programs concerned with manpower training and job opportunities for the poor and hard-core unemployed (in fact all potentially employable) is now or might soon be determined by the effectiveness of the State Employment Security Services. If the conference was successful, the sensitivity and awareness of the poor would be translated into concrete programs which were relevant to the needs of the poor, involving them in meaningful ways in seeking solutions to their own problems.

Professor Lampman presents convincing evidence which indicates that we have been quite successful in reducing the level and rate of poverty in the United States. This rather dramatic reduction in the percentage of the poverty population, he points out, has been primarily associated with the high and continually expanding levels of employment and general prosperity and not through any particular poverty or manpower program established to deal with the special needs of the poor. Although he doesn't believe the rate of poverty will continue to fall as rapidly or as dramatically as in recent years, due to the hard-core or residual nature of much of the remaining poor population, he does feel that there is still room for substantial reduction of the poverty population that could be brought about primarily by general economic prosperity. Lampman feels that the best poverty program is a prosperous and healthy national economy.

It can be concluded then that Professor Lampman is not of structuralist leanings. He states that the structuralists were never able to present a convincing case in Congress or with the Administration and suggests that this approach is neither very valid nor very helpful in attacking the real problems of the poor.

How then would Lampman deal with the hard-core unemployed, the residual poor which general economic growth can hardly expect to completely reach? While deeply concerned about the cost and benefits of certain
projects and relative payoffs from several of the poverty programs such as headstart, community action, and legal aid, and the priorities of other programs, he is convinced that any permanent solution must ultimately involve the poor themselves in some substantial and meaningful capacity. While critical of community action, especially the administration of these programs, he feels it is a necessary and valuable ingredient in the formula to abolish poverty, but believes it can only go so far until it confronts strong institutional barriers. He admits that community action programs have enabled the poor to gain access to community services which might otherwise have continued to be denied them.

As far as long term solutions are concerned, he holds that both guaranteed employment and guaranteed annual income programs have serious conceptual and administration problems which must be resolved, not to mention the cost of such programs which in the extreme form are almost prohibitively expensive. He argues that there is a need to start small and to resolve many of the important questions surrounding both of these programs before making any long-term, massive commitment to either program. Meanwhile, we should place our emphasis where there has been the greatest short-term payoffs to date—the maintenance of sound monetary and fiscal policy to assure a growing, prosperous general economy, while at the same time improving our income maintenance programs and expanding those poverty programs which have the greatest relative payoff such as headstart, legal aid and the various manpower and job development programs.

He contends that there has been and continues to be strong, healthy, and heated debate over the most desirable programs and the form these programs should take, primarily because it is extremely difficult to predict which approach to the poverty problem will have the largest payoff. He notes that in many cases the size of the payoff is not closely related to the expenditure of a particular program, illustrated best by the legal aid program, which has had a small budget but an impressive record of success in providing sorely needed legal services for the poor.
Introduction

So while pleased with the overall reduction in the poverty population over the last five years, Lampman feels that any permanent long-range solution to the question of poverty and unemployment, especially for the hard-core unemployed, must involve the people who are poor in a most intimate, direct, and meaningful way. Effective community action is a necessary condition for the full and final resolution of the problem.

In the second paper in this collection Professor Cassell takes a broad, rather eclectic look at American manpower needs, the anticipated population growth, and the changing structure of occupations. He concludes that not only should we eliminate poverty and the high incidence of hard-core unemployment, but we can and must if we are to assure the continued and rapid growth of the economy and the outpouring of quality goods and services without the disruptive bottlenecks caused by labor shortages in the basic industries and occupations. In Cassell's opinion, the prospects for the future are bright if we make certain adjustments in the machinery of our war on poverty.

The first step would be to recognize that today the problem is one of selective, hard-core unemployment and that general economic prosperity is not likely to be sufficient to solve their problems alone. Individual attention must be given those who are poor or qualify as hard-core unemployed. In addition, special programs must be designed that consider the needs of each individual. Cassell feels that exceptional results can be achieved if individualized instruction and personalized attention are coupled with adequate money resources and a national commitment to solve this pressing domestic problem.

Professor Cassell cites several positive factors in the war on poverty and the attempt to solve the problem of hard-core unemployment. For example, he views with some satisfaction the enlarged role being played by private industry. He commends the State Employment Services for their willingness to re-educate themselves toward becoming more productive in improving the conditions of the poor and upgrading the skills of the hard-core unemployed. But he is quite critical of the overall success of the United States Employment Service and other
organizations and individuals that profess a deep concern for the poor. He contends that the apparent inability of social planners, the policy-makers, and the politicians to involve the community (the "grassroots") and to understand the full implication of the poor's desire for self-determination and self-improvement has retarded the development of effective manpower policies and the fullest implementation of most manpower programs. The attitude of many groups concerned with the poor has been that there is nothing to be gained from listening to or involving them. Professor Cassell would place greater power in the hands of the poor and the "grassroots" population, even to the extent of recognizing their authority to remove programs that do not administer effectively to their needs as they see them.

The Employment Service should become a true servant of the people community-based and community-service oriented. To be effective, says Cassell, the Employment Service must go to the people, determine their most pressing needs and desires and then work intimately with the poor and hard-core unemployed toward the full resolution of these problems. This organization must "tool up" to perform a multiplicity of functions, providing relevant manpower and job development services for the poor in both rural and urban areas, new towns, and regional growth centers.

In summary, then, how would Cassell solve the problems of hard-core poverty and unemployment? By listening to the poor and catching up with their thinking on this matter of their future in the world of work. This would mean that the manpower administration and especially the State Employment Services must become community-based and community-service oriented, involving the poor as full-fledged board members in decisions affecting employment policy, education, job training, and job development—decisions that affect their very lives. The policy makers and all those concerned with the poor must come to understand the desire of the poor for self-improvement and self-determination and incorporate this desire into their programs for the poor and hard-core unemployed.

Here, as in Lampman's paper, a necessary condition to assure concrete, long-range improvement in the con-
ditions in which the poor live is the integral role played by the poor themselves. Without this ingredient, any progress is destined to be short-lived and largely illusory.

The paper by Professor Ferman is concerned almost exclusively with the failure of the larger, nonpoor society to deal effectively with what he sees as the continuing and worsening phenomenon of hard-core unemployment.

According to Ferman, the failure to commit substantial resources to resolve the hard-core unemployment problem is traceable to several attitudes of middle class society: (1) the failure to admit that hard-core unemployment is a continuing, pervasive problem and neither a recession nor a high employment phenomenon; (2) the lack of detailed reliable data on hard-core or long-term unemployment which has resulted in the development of programs that treat this group as being composed of largely homogeneous individuals; (3) the unchecked myths and stereotypes about the poor and hard-core unemployed; (4) the more-than-slightly warped value system in the United States which stresses work efficiency, profit, and price stability rather than human growth, development, and happiness and the uplifting of the human spirit; (5) the unnecessary and unreasonable emphasis on the worth and desirability of a credentials system and a system which stresses the legitimacy of knowledge.

Hitting hard at the role of national values and group stereotypes, which he believes has resulted in the perpetuation rather than the diminution and resolution of the hard-core unemployment problem, Ferman sets forth three policy recommendations which he feels should prove helpful in developing realistic programs. First, policy criteria should be structure-centered rather than person-centered; second, there must be substantial flexibility in the use of efficiency criteria. Finally, the images of the productive worker and the credentials system must be reexamined.

Ferman concludes that the voices of the poor must be heard. Serious efforts must be made to incorporate their suggestions into programs developed for them. In essence, then, the programs for the poor must involve the poor in a most direct and integral manner so that such programs become in reality by the poor and for the poor.
A leading proponent of the structuralist theory of unemployment, Professor Killingsworth is certainly not one of those who feels that the benefits of general prosperity and an increasingly affluent social and economic system will eventually and automatically “trickle down” evenly or at all to those persons and groups in our society who need help most desperately. Despite the rather low rates of unemployment prevailing during most of the 1960s, he does not believe for a moment that full employment has been achieved in the United States. He urges those who hold such opinions to examine more closely the data which point up most vividly the unevenness in the distribution of the benefits of the present economic expansion among the labor force and the general population.

Killingsworth does not feel that high levels of aggregate demand or general prosperity can lead to the final resolution of the poverty and hard-core unemployment problems, essential though it may be. In fact, says Dr. Killingsworth, the condition of widespread prosperity (especially the present, largely war-induced and supported prosperity) often distorts the true nature of the problem, understates its seriousness, and postpones any lasting improvement in the conditions of the poor for several years.

The Killingsworth scheme for solving the problems of the hard-core unemployed is not especially new nor radical. Unlike the Lampman plan, however, it would not include a guaranteed annual income component, which in Killingsworth’s opinion, has little or nothing to recommend it relative to other equally far-reaching alternatives. He would recommend, instead, some program of guaranteed annual employment with government acting as employers of last resort if necessary, where “useful work would be made available for all those who are willing to meet some reasonable standards of behavior and performance.

Basically, according to Killingsworth, we need to continue the programs now in operation. But we must intensify our efforts and extend these programs to include everyone potentially employable. He would probably place more emphasis on government, especially the federal government, as “employer of last resort” as well as job training and the creation of millions of new jobs in the service industries. He cites research which in-
dicates that over five million new service jobs could be developed in the public sector alone in such areas as health, education, and welfare without the stigma of make-work. Professor Killingsworth urges that new programs and new approaches directed at the problems of hard-core unemployment and poverty complement rather than replace older programs and approaches. Specifically, he urges that the institutional approach to vocational education and manpower retraining be expanded, not cut back, as on-the-job training becomes more accepted and favored by the policy-makers and program planners.

The unique feature of the paper by Professor Cauthorn is its use of the systems approach to present many revealing insights into the fundamental nature of hard-core unemployment and the nation's lack of success to date in devising a workable solution for it. To Cauthorn, our failure to resolve the problems of poverty and hard-core unemployment can be explained almost solely in terms of our inability to recognize and admit that hard-core unemployment is a system contained by the larger system and existing in dual relationship to it. Unwilling to recognize hard-core unemployment as a systems phenomenon composed of individuals who often relate to their environment in ways which differ systematically from the ways of the larger social system, the dominant and legally empowered system has blithely proceeded with new programs based on the same fallacious assumptions responsible for past failures. Newer, more rational and insightful approaches are lost in the scramble to do something for the poor.

According to Professor Cauthorn, the problem of hard-core unemployment persists not because of its insolubility, but rather as a function of the shortsightedness, the narrowmindedness, the institutional inflexibilities, and the array of barriers erected by the dominant system under the guise of progress and the perpetuation of an orderly society. The culprit, if one reads Cauthorn correctly, is the impersonal industrial system with its emphasis on production, efficiency, and profit where individual worth is measured by the presence or absence of marketable skills, and programs for the poor live or die on the basis of measurable marketplace cost and returns.

If we are to solve the problems of poverty and hard-core
unemployment says Cauthorn, we must scrap most of our assumptions about the hard-core poor, the work process, and the place of work in our lives—indeed, all those assumptions spawned and nurtured by a dominant system out of touch with the realities of the hard-core unemployment situation. We must recognize that much that is applicable in dealing with conventional problems of unemployment may not be helpful (and might even be a hindrance) in meeting the needs of the hard-core unemployed.

Cauthorn discusses several factors which seem to impede greater progress in dealing with hard-core unemployment. First, we do not have a theory of the employment process sufficient to the task of eliminating hard-core unemployment. Second, we do not have in operation a satisfactory understanding of the social-psychological meaning of work. Third, in a field so heavily dependent upon training for results, we do not have an adequate theory of vocational schools or other learning environments devoted to "readiness building." Finally, and perhaps most important, we do not understand as well as we should the interplay of all these factors on our problem material. Given this appalling ignorance about what is needed to integrate the hard-core system with the larger system, it is more than unfair to insist that decisive and meaningful action on behalf of the poor await the hard-core system's adoption of the attitudes and values of the larger society.

In the opinion of Professor Cauthorn there has been too much telling the poor what they must do and how they must act; what skills they must have and how they must acquire them; what jobs to perform and how to perform them. There has been too little listening to and learning what the poor and hard-core unemployed want and need to become effective, productive, and happier members of a progressive and increasingly complex society. His recommendations are quite simple and clear: We must start now to listen to the poor and begin now to redesign many of our jobs to fit the capabilities of the hard-core unemployed, as we have done, for example, for the physically handicapped. Our basic theories of work and notions about the place of work in our lives and the lives of the hard-core unemployed are, admittedly, in a state of flux and must be re-examined. Biases must
be eliminated and outmoded theories scrapped. If the effort to make work more rewarding and humane requires increased government participation and expenditures, there can be no higher purpose for such expenditures.

The paper by Professor Gurin is an analysis of the psychological, motivational, and expectancy characteristics of the poor and the hard-core unemployed. In first briefly considering the earlier manpower training and development programs, he finds that the nature of the programs reflected the prevailing attitudes toward the poor at that time. Training programs were concerned with providing the participants with new social skills and work skills so they could re-enter the competitive job market. The poor were somehow different from the nonpoor and those who were employed—different in terms of general attitudes, educational background, and work skills. Consequently it was thought they must receive therapeutic treatment to enable them to make the proper adjustment to the real world outside the training setting. Gurin contends that the preoccupation with the provision of social skills in the earlier institutionally oriented training programs often interfered with the real objective of job training and providing skill competence for trainees. To the extent that the socialization process precluded the trainees from acquiring a skill competence that was marketable, the motivation and expectancies of the people were not enhanced but further retarded. With the recent major shift to the on-the-job training approach and with major changes in the institutional retraining programs, this is no longer as serious a problem as it once was.

Citing several studies concerning psychological, motivational, and expectancy issues among the hard-core unemployed and the lower socioeconomic groups, including his own recent study of hard-core unemployment in a large metropolitan area, Gurin concludes that effective programs of job training and job development must be reality or situationally oriented if they are to have a lasting impact. The recurring message throughout this paper is that whether the concern is the internal-external control attitudes, the expectancies, the psychological motivation of the hard-core unemployed, or the generalizability of success experiences from the project setting to the real
world, the most desirable approach to job training is a program that reflects the realities of the work place and the real world, including rewards and frustrations. The major task is to so design the program as to enable the trainee to see that his successes are usually closely related to his own efforts and that there are indeed chance factors, over which he has little or no control, which are unrelated to his own preparation and abilities and strivings. This is crucially important, says Gurin, not only for the proper adjustment of the hard-core unemployed in terms of job performance, but also for the longer term, general psychological and motivational growth and development of the hard-core unemployed. To be successful in the long run, training programs must enable the poor who are participants in job training programs to generalize their experiences of success to new tasks, to new situations, and to new nonwork-related problems which they confront.

There are several common threads which run through all these papers. All are saying: Listen to the poor. Don't ask them to do all the changing, our institutions must also change if the poor are to be fully assimilated by the larger system. Dismiss stereotypes. Involve the poor. We need them and their ideas. A growing, healthy, prosperous economy is a prerequisite in any solution to the problems of the poor and unemployed, but this leaves at least a large hard-core residual. Killingsworth infers that the conditions of prosperity even worsens the problem of hard-core unemployment by distorting the nature and scope of the problem and postponing lasting solutions. Cauthorn feels that we must meet the poor half way. In his opinion, the hard-core system will remain and become more intractable until the channels of communication are opened. And finally, we must acknowledge the similarity of the poor with the remaining nonpoor population and that any differences are probably attributable to the powerlessness and lack of choice among the poor rather than being genetic or cultural. We must listen to their ideas and learn from them, admitting that what they have to say is worthy of our consideration. The nature and success of the programs developed for the poor
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will reflect just how well we listened to and learned from them.

These papers and other recent research of similar nature point up the tragic truth about contemporary American society: that it is too white, too materialistic, and too tied to the doctrines of Adam Smith. By insisting that the natural urge of selfishness, working through the great industrial-capitalistic-profit system, will result in the greatest mutual benefit for all members of society, it has made it impossible to generate any genuine enthusiasm and dedication to the development of programs concerned with people as just people, unimpeded by the need to justify programs by cost-benefit analysis and considerations of alternative priority areas.

The growing internal strife and the decay of our cities and countrysides are depressing and urgent reminders of the terrible price we are paying for our failure to recognize the need for massive programs to prepare man for constructive life on earth. The preservation of man on earth may soon require that our system of values be transformed to reflect man as paramount and not his inventions: his machines and institutions.
The Shifting Debate on Poverty

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THE EFFICACY OF ECONOMIC GROWTH IN REDUCING POVERTY

The current debate on poverty may be said to have started in 1958 with the appearance of John Kenneth Galbraith's The Affluent Society. It is a curiosity of our culture that many books are misunderstood because of their titles. For example, many people think The Ugly American to be about a villain of some sort. Actually, it is about a great hero; he was ugly, but he was a hero. The Affluent Society, many think, is about how rich we are and the problems of richness. Galbraith himself says the book is essentially about poverty. As of 1958 poverty in the United States, he claimed, was no longer a matter of general poverty but rather of poverty of two very specific kinds, "case poverty," the poverty of the individual person who is sick or in need of some special help, and the "island poverty" of a group of people living in some pocket or slum and unable to get out of it. He suggested that neither of these kinds of poverty would yield to general economic prosperity and economic growth. So he said, let's forget about economic growth as a principal way to get rid of poverty and divert our attention to deal with these special problems.

I was asked by Senator Paul Douglas, at that time Chairman of the Congressional Joint Economic Committee, to review Galbraith's book and, in particular, to take up this thesis about whether economic growth really was related to the poverty problem. In my response, published as The Low Income Population and Economic Growth, I argued that economic growth would still be very beneficial to the low-income people in this country. In fact, it seemed to me that Mr. Galbraith was quite wrong. While it was true that there was some case poverty and some island poverty, there was also still a lot of what we might refer to as general poverty.
Shifting Debate on Poverty

There were a lot of people who were poor at that time who were neither sick nor living in what you could call pockets of poverty.

That particular debate has continued and is still apparently a lively one among various people. Some say, "Well, Galbraith was right but his timing was a little wrong. The next ten years maybe are going to be like that." If we review the ten years following 1958, we see quite clearly that economic growth and general prosperity, to the degree we have had them, have been associated with a quite rapid reduction of poverty. In the years from mid-1959 to mid-1963 we had very slow economic growth. Unemployment was high and there was a lot of discussion about structural unemployment versus aggregative demand unemployment and so on. And the rate of poverty reduction in those four years was about 1 million persons per year. However, in the period 1963-1967, the unemployment rate at first gradually and later rather rapidly fell, and real family income rose much more rapidly than it had earlier, and the rate of poverty reduction stepped up to 2 million persons a year or a little more. So this has been a period of time in which the number of people in poverty has fallen quite dramatically and the percentage of the population in poverty has fallen. In 1959, 22 percent of the total American population was poor. In 1963 the number had dropped to 19 percent, and by 1967, the latest year for which data are available, the proportion of Americans who were poor had sunk to 13 percent. The rate of reduction in poverty seems to be quite responsive to change in the rate of overall economic growth and to the general level of unemployment.

There is still a lot of debate about whether poverty is essentially a matter of health of the general economy or whether it is a problem of specific groups who are somehow left out of the mainstream of the economy. It is true that as we look ahead this debate becomes a little narrower and the area for disagreement becomes somewhat less. The degree to which the poverty population differs from the rest of the country is increasing. A few decades ago the low income population in the United States, as defined by the 1963 poverty lines of $3315 for a family of four in a nonfarm setting, could be said to be only a slight distortion of a cross-section of the total population. This is less and
Shifting Debate on Poverty

less true as the percentage of the total population that is left in poverty is reduced, it now beigel about 13 percent. It is true that about half of the people who are in poverty are in some regard quite unusual and quite different from the total population. That is, they are old or they are disabled or they are women heading families with small children in them, or they are people who suffer from the very real handicap in this country of being black. But the most common characteristic that identifies the poverty population is lack of education. Over two thirds of the heads of families in the poverty situation have less than eight years of education. However, it is still true that at least half of the people who are in poverty are in many regards not notably different from the rest of us, and so we could say very often in talking about poor people that there but for the grace of God go I.

Generally, then, there has been a debate about the characteristics of people in poverty and how they relate to the general growth of the economy. Over the last ten years there has continued to be a responsiveness of the poverty rate to improved economic conditions. The current situation is somewhat different than it was ten years ago when the foundations of the Johnson campaign against poverty were being discussed in Congress and among people writing books in this general area.

STRUCTURAL VS. AGGREGATE DEMAND THEORIES

During this period Mr. Humphrey was asserting that there was a problem of poverty in depressed areas. He urged this very strongly on his opponent in that campaign. John Kennedy was receptive, after he became President, to a continuation of the discussion of the general problem of poverty. He had been impressed by these problems during his visits to West Virginia and other parts of Appalachia during the 1960 election. It was not, however, until after it appeared quite likely that the tax cut of 1963-1964 was going to pass that his Administration began to look at special problems of poverty. There had been much discussion about structural problems in the economy, and there were two schools of thought in Washington. One was that the high rates of unemployment were due simply to lack of
total demand. Another school thought it was due to automation, the changing nature of industrial production, and inappropriateness of workers' background and experience to the demands that employers had for them. The latter can be called a structural argument. The tax cut was Mr. Kennedy's way of responding to the lack of total demand, and once it began to seem that it was going to pass, he looked around for ways to deal with the problems of those who might have been thought to be in structural difficulties.

There were many criticisms of what the Kennedy Administration had been up to up until that time. It was pointed out that the tax cut itself was not going to do anything directly for the poor. The tax cut was in some rather fair description a rich man's tax bill; in fact, if you had a low income you got no tax reduction at all. If you were not paying income tax to begin with, then you received no tax benefit. Similarly, some of the reforms did not reach the poor very well. For example, in its beginnings the Manpower Development and Training Administration reached rather high into the labor scale. It tended to get people with high school educations or even better; it tended to get people who had favorable employment records, were eager for training, and were likely to be selected by administrators who wanted to make a good record of placement of the applicants. This and other parts of the manpower program were not really reaching out to the people who needed it most.

Kennedy was responsive to suggestions by Walter Heller, his Chairman of the Council of Economic Advisors, that there should be a special kind of program to reach out to the poor. During the early stages of the planning of the Kennedy campaign for reelection that was to be in 1964, this was put on the agenda as one of the possible themes. As it turned out, of course, the planning for this campaign was most tragically interrupted. But Mr. Heller was in a position to present to the new President on the first day he was in office a proposal for some kind of coordinated proposal for some kind of a coordinated program against the general problems of poverty.
There was general agreement within the Johnson Administration that it was necessary to reach out to people who were not being touched directly by some of the earlier programs of the Kennedy Administration. The discussions that were taking place fostered another debate, between economists and sociologists, concerning the definition of poverty. For economists, the matter was quite easy. Poverty is lack of income, lack of purchasing power, lack of the ability to sustain a reasonable standard of living. Sociologists within the Administration stressed that it was not only money, but also some other things, among them exclusion from various types of participation in society. To be poor, they said, means to be left out. It means to be ignored. It means to be just a kind of cipher in the total society. It is possible to imagine that even if we eliminated the poverty income gap, there could still be something which could be called poverty. At least in the first round the economists won, and the President in his opening statement about poverty in the State of the Union message did say poverty means low income, an income for a four person family of less than $3000 in 1962 prices.

People are still very much perturbed about defining such a difficult concept as poverty. There are many who resent the fact that the nation, through its President, refers to them as poor if they happen to have a low income. There are others who are concerned that they have an income above $3000 yet are not thought of as poor, though they often certainly are. They feel discriminated against because they are mostly left out of poverty programs. Perhaps it was unfortunate to suggest that $3000 is a real dividing line. The original notion about the economic definition of poverty was to quantify something. Then it can be said that this is the size and the rough nature of the problem in quantitative terms, and one can tell if progress is being made.

This definition of poverty allowed us to measure it on a national basis, and perhaps gave us the idea that we could achieve something if we reduced that rate 1 percent or more a year. Unfortunately, the President never got around to saying what rate of reduction of poverty would be
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 desirable, or any other quantitative aspects of it in terms of calendar time. We are still in the stage of developing this goal in sociological and political, as well as economic, terms, and it has still not been refined to the point where we can say that we have a timetable.

SPECIAL PROGRAMS AGAINST POVERTY

The first big front in a war on poverty is the one on general economic growth. The second is the spending of federal, state, and local funds to help the poor in one way or another. One easily envisioned stream of money of this kind is that going out in the form of social insurance and public assistance. Between 1964 and 1967 the total payments from this source grew from $33 billion to $46 billion. There has been, in other words, a rapid maturing of some of our welfare programs, most particularly in old age, survivors, disability and now hospital insurance—the Medicare feature of the social security program. Not all of these funds, of course, have gone to the poor. In addition to these social insurance and public assistance funds, educational, health and other service programs have received increased funds. Total cash payments to the poor plus the value of actual services flowing to the poor plus the value of actual services flowing to the poor from federal, state, and local governments, rose from $34 billion in 1964 to about $40 billion in 1967. The Office of Economic Opportunity budget of under $2 billion a year is clearly only a small part of this increase. Large parts come from Medicare and Medicaid funds, federal aid to low income school districts, vocational education, and job training. Increased voluntary efforts have also been made by churches, associations of professional business leaders, and the poor themselves.

How well have these service programs worked? One broad type of effort has been simply to equalize the access to general community services. The police, the courts, the schools, welfare administrators, churches, libraries, hospitals, and many others have learned that there is much they can do to improve the quality of service to the poorest and least demanding of their clients. This learning process has been led by a new crop of specialists in the several
professions on the problems of the poor. They have learned to work with previously unidentified leaders of the poor. They have established new rights, new ways to enforce old rights, and have spread knowledge of such rights. There can be no doubt that this campaign to equalize community services has improved the prospects for some poor persons to seize opportunities to escape from poverty. There seems to be no necessary clear correlation, however, between the amount of money we spend on some of these programs and the benefits that flow from them. For example, the Office of Economic Opportunity budget for legal services for the poor has been very small, but the benefits appear to have been substantial. In various states, these legal aid helpers have found access to services on a wide scale; they have established new rights all the way to the Supreme Court with new interpretations of the Constitution.

Another type of service can be classified as not just equal treatment, but remedial or compensatory programs to overcome deficiencies of historic origin. If a child from a poor background is to be ready for school he may need special Head Start training, special health care, and even food. Some youngsters need a way to finance completion of high school or special training. The Neighborhood Youth Corps, Job Corps, and on-the-job training programs point the way. If real equality of opportunity for higher education is to be assured, those from poor families need the outreaching services of an Upward Bound program. We have learned that such compensatory programs do assist many youngsters to achieve more in school than they otherwise might. It is, of course, too early to know whether they will result in a significant change in the rate of poverty reduction overall for the country. But some early indications are that we can expect relatively low benefits along this line from each dollar that we spend on such programs.

It is still too early to tell about many of these programs. In the case of Head Start it is a long way off before we will know how the actual results come out. Moreover, the push for equal and specialized services to the poor has produced a political and general social backlash. The new alliance between experts and the poor themselves has rubbed hard against many of the lower middle class. Many of the
programs are of short duration and limited in scope. They were, indeed, intended to be so by being only pilot programs, experiments, or demonstrations in selected communities across the country, which has caused bitterness among those dropped from the program and those left out altogether. The mere promise to spend more for the poorest than for those not quite so poor has aroused resentments of its own.

PARTICIPATION BY THE POOR

The most controversial of all the antipoverty activities during the last four years, and about which there has been more public debate than any other, is that effort called for by the Economic Opportunity Act to achieve "maximum feasible participation of the poor" in what is known as "community action." This aspect of the OEO program was brought into being by a group from the Attorney General's office who had been working in juvenile delinquency, and it was furthered by some experiments that had been conducted in the New Haven area with Ford Foundation grants. Community action then was a special effort to introduce the concepts of the poor themselves, to get them involved, and to have them feel a part of the community in which they lived.

Patrick Moynihan points out that it is destructive to teach the poor that their salvation is assured if they will only organize to knock down the walls that bar them from opportunity. We also have learned that organization of the poor has not always been directed to the attainment of the equal and special rights referred to above. In certain instances such organization has drawn the poor into a general struggle against city hall or against the system without any assurance that it will advance their cause. Some who advocate organization of the poor are indeed less concerned with poverty than with exploiting the energies of the poor in visionary efforts to transform the larger society and usher in a new social order. Yet community action has been responsible for numerous advances in many specific areas. The fact that the poor have been involved in planning community efforts has been important in getting the kinds of things that were most wanted and
often did the most to help people in their struggle to get out of poverty. The debate over community organization continues, but I think there would be agreement on this point that participation by an organized poor community may be a necessary condition to a successful prosecution of the poverty war. It is not, however, a sufficient condition for rapid progress against poverty. It can take the poor only so far.

Those who have been involved in community action projects across the country, and in diverse projects running all the way from recreation to housing, medical care, legal services, preschool training, job training, and special on-the-job training efforts, are coming toward a common understanding that while poverty has many facets and special problems, it does have a central core—job opportunity and income. Perhaps it was not unpredictable that the specialists on the various problems of the poor would become advocates of general as well as specific remedies, since the problems in one field, for example, in schools, often relate to problems in other fields, for example, housing or health. These problems stem in turn from basic matter of income, which can come only from jobs or income maintenance programs. There has been a gradual recognition by community actionists that, as Michael Harrington put it, “There is no simple nor even bloody way to abolish poverty.” The poor lack the power to force the passage of any sweeping federal legislation. That will require a new political majority.

**LARGE-SCALE PLANS FOR JOBS AND INCOMES**

Out of this debate about a large number of special projects in various local situations, there have been several calls in the war on poverty for ultimate weapons. It is interesting, in looking back at the 1964 statements by President Johnson, that he said nothing about jobs or about income maintenance. Those were, of course, the two slogans that were much in evidence in June 1968 when the Poor Peoples March on Washington was held—“government as employer of last resort” and “guaranteed minimum income.” Even a partial response to either demand would represent a significant escalation of the war on poverty.
In the discussion about jobs, income, and these ultimate weapons approaches, it is very unfortunate that there has been a terrible misunderstanding or miscalculation about the size of the effort that is required. Spokesmen for one cause or another have said, for example, that we could wipe out poverty for $10 billion. They reason that that is the size of the so-called poverty income gap, and that if we just somehow write a check for $10 billion, that would be the end of it. This is a miscalculation, and I think the cost would be at least $30 billion.

For example, how much would job creation by government, with the government serving as employer of last resort, cost as a way to solve the poverty problem? Most of the poor aside from the aged, disabled, and women with small children at home are in families with a head employed most of the time—most of the poor are in families where employment is the common situation. At the same time, most of the people who are unemployed at any one time are not poor. In other words, if you just take a cross section of unemployment, most of the people who are unemployed at the moment are not poor on an annual income basis. Thus there is likely to be a serious discrepancy between the number of hard-core unemployed who are poor, and those who would like to have a government job with regular employment at the minimum wage rate. There would be a lot more people than those counted as unemployed who would apply for a government job if it were made available to them. But if a limited number of such jobs were carefully rationed out to those with the poorest employment prospects, then we would create a gross inequity between those who get such jobs and the 10 million who would continue on their present jobs at less than the minimum wage.

Senator Eugene McCarthy, when he was running for the nomination for president in 1968, was talking about 5 million jobs to be created. Other people have talked about several million, being a little less certain of the number. But who would get those jobs? How would you get them to the people who actually need them, and how would you then reconcile yourself to the possible inequity that some people who have not been employed and have been working steadily all the time at below minimum wage rates would not be
eligible for such jobs? To avoid such inequities and to really strike a major blow at poverty, this approach would have to be on the scale of several million jobs. Suppose it costs $4000 a job. Even 2 million jobs would then cost $8 billion a year, and only a small part of the total number of people would have been touched. There are as of now something like 26 million people who are poor, in about 6.5 million families. Of course, one can ask what would be the possibilities for maintaining high morale with such an operation with these especially created jobs by the government as employer of last resort? And what would we do about the fact that a flat annual wage might exceed the poverty line for a small family, but fall short of it for a large family?

The latter consideration points toward a guaranteed minimum income with a guarantee equal to the poverty line for each family size. But such a straightforward plan to fill each family’s poverty income gap would surely cost much more than the existing nationwide gap of $10 billion. It is open to the possible abuse that many of those with earnings and property income of less than the poverty line, and some of those just above the line, would find it not worth their time to strive for earned income if it is to be completely offset by a reduction in their guaranteed income. This means that the plan would cost at least $20 billion a year, in addition to what we are now spending on assistance.

It is worth repeating that most of the poor are in families where there is a person working most of the time. This strongly indicates that any guaranteed income plan must build in some incentives to work and save. The person who adds to his earned income must be assured that he will not have that addition fully offset by a reduction in his benefit. But such a feature adds to the cost by making many more people eligible for benefits of some size and would cost about $25 billion. There are proposals for guaranteed income or negative tax plans that would have a guarantee of the poverty line and then a 33 percent rate of offset. This would reach up to $9,945 of family income for four-person families, and that would include well over half the total population. Some people are seriously talking, in the scholarly community at least, about programs of that kind. Such a program would cost about $50 billion a year.
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We are talking in impossible terms, I believe, when speaking of programs of that scale. One way to avoid such huge costs is to cut the level of the guarantee. But to cut it very much will not only take it below the poverty line but also below assistance levels in many of our high income states. In New York, the assistance level for a family of four is now around $3000, whereas in Mississippi it is about $500. We have great variations among the states, but we would have a problem if we cut this guaranteed income level down much below $3,000 in talking about a state like New York.

Suppose we were to set aside the idea that we are really going to replace public assistance with the guaranteed income and adopt the idea that we are going to do something else with it. Now here I am talking about my part in the current debate, my own proposal. At the present time out of 26 million people who are poor, a little less than 9 million are on public assistance. In other words, 17 million people who are poor are not on public assistance. They are not, most of them, easily reached by any of the categorical programs, Old Age Assistance, Aid to Dependent Children, Aid to the Disabled, and Aid to the Blind. Maybe a negative income tax or guaranteed income plan of some kind could be devised that would fit the needs of these people—"the working poor."

What would it be like and what would it do for them? We could do a great deal at relatively low cost without inviting the working poor to stop work by setting a low guarantee, say $750 for a family of four, and allowing the family to keep this without any offset for the first $1500 of earnings. This could be described as a "set aside" plan; that is, you set aside the first $1500 of earnings and let people keep their allowance or guarantee or supplement, or whatever you want to call it, undiminished by those earnings. The benefit would then be diminished by 50 cents for each dollar of additional earnings, until the benefit equals zero at $3000. Such a plan would fill half the poverty income gap for most working poor families and would do so at a total cost of about $4 billion.

One alternative to the particular plans I have been mentioning is government subsidy to private jobs. President Nixon has suggested he has a preference for this kind of
idea, giving private employers a special advantage if they will hire hard-core unemployed people from poor families in poor locations, train them, and bring them into the economic mainstream by that means. Another alternative is that of children's allowances of the kind that we find in Canada and England and in most European countries. We could have increased benefits and easier eligibility under existing social insurances, for example unemployment compensation. It is an ironic fact that most of the unemployment compensation paid out goes to people who would not be poor in the absence of unemployment compensation. A great many of the poor are not eligible for unemployment compensation in many states, or they get small amounts if they are eligible. Therefore, some people have urged that we revise OASDI and revise unemployment compensation some way to reach the poorest families better.

There is no apparent consensus today as to which plan should have priority or how new money should be allocated. If $20 billion were to suddenly become available, there would not likely be ready agreement among all the economists, sociologists, and employment service people as to which things we ought to do first.

CONCLUSION

We have had a number of items up for debate concerning the question of poverty in the 1960s. A number of them have diminished in importance, but some are very lively. There is clearly a lot of interest across the country in this matter of poverty. The Nixon Administration will have a hard time making up a budget for continuation or modification of the concern that has been expressed by earlier budgets. Throughout all this debate we as a nation have learned much about the general issue of poverty. We know that economic growth, full employment, and improved income maintenance are weapons with the greatest short-run payoff in a war to reduce the number of people in poverty. We have learned that poverty, which still touches almost 20 million people in varied circumstances, has many causes and needs many remedies. Among these are new access to general community services, including the employment service, and the introduction of new remedial
and compensatory services, including special kinds of job training and special kinds of health care. Community action by the poor, it seems to me, is a hazardous and an uncertain route to the reduction of poverty. In any event, it is not sufficient. We have had numerous studies and much debate among the experts and among some political figures concerning new proposals for the creation of special jobs for the poor and variations of guaranteed income. But we have not had any consensus yet, and I would argue that it is not simply a lack of national will that stands between us and some new steps in dealing with poverty. There is a matter of substantial, uncertain costs coupled with a lack of agreement concerning the best way to proceed. We have, however, made some progress in at least getting these calculations and considerations on the national agenda.

In the meantime, it is very important to maintain the momentum of the last several years on the health, education, welfare, housing, labor and other fronts, because all of these are essential to victory over poverty.
The Public Employment Service and the Special Problems of the Hard-Core Unemployed and Other Disadvantaged

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It is difficult at best to look ahead when a nation is so preoccupied with its problems, problems which escape quick and easy solution. But it is at such times that the need for a vision of the future is greater than ever. People need to lift their sights and to rearrange their priorities. Looking ahead, however limited in time, can reawaken in a people a new sense of purpose.

A dominant tenor of our time seems to be a desperate desire to stop the clock and turn it back. But we will not turn the clock back. Nor, if we really thought about it, would we want to return to the past, not if we look ahead at the prospects in just one field, employment.

Given any reasonable economic policy, the prospect for the future is not less jobs, a robot society, mass unemployment or enforced leisure, but greater employment to produce the goods, and especially the services, we must provide as our population reaches nearly 400 million by the end of the century.

The opportunity exists to put into the job market, into full-time productive work, not only those “able, willing, and seeking to work,” but those who are not “able” for some reason, but “willing”—the underemployed, the unemployed, the disadvantaged, and the discouraged. Not only do they need and are entitled to jobs and income, but we also need them.

GOALS FOR THE FUTURE

Vigorous pursuit of the nation’s goals in the 1970s will be a major factor in generating the economic growth needed
to sustain high levels of employment. We are not about to turn our backs on our people, any of them. There will be more and better educational opportunities and employment for all. We shall need the resources of the disadvantaged groups, as they will add significantly to our capacity to achieve the national goals by reducing manpower bottlenecks.

Reducing the backlog in rebuilding cities, providing facilities for health and education, improving our environment, and expanding the frontiers of technology will both serve social values and create jobs at all levels. As we devote more of our resources to our priorities, we increase requirements for physicians and nurses, for social workers and teachers, for craftsmen and construction workers, for scientists, engineers, and technicians. Bottlenecks in critical occupations can frustrate efforts to reach these important goals. A recent study by the National Planning Association reported that if we were to achieve the relatively conservative goals laid down by President Eisenhower's Commission on National Goals, we would be 14 million workers short of what this country is expected to have in its labor force by 1975. Implementation of the recommendations of the Kerner Report in the areas of education, housing, job creation, and social welfare alone would create 3.3 million jobs.

The accomplishment of these national goals together with normal occupational shifts arising out of economic and technological change has as the decade of the 1970s begins resulted in:

- more than two out of every three workers producing services rather than goods
- more than one in six workers engaged in some government enterprise, mostly at the state and local level, predominantly in education
- less than 5 percent of all workers producing all of the agricultural products
- more than one out of every five workers earning a living by selling (trade)
- less than 9 percent of all workers being unskilled

In the short run the picture is no less optimistic. A transfer of resources from Vietnam to the domestic econ-
Public Employment Service

Economy would in industries affected by cutback reduce employment by 72,000 for each $1 billion cutback in production. But industries which would increase their output because of offsetting programs would add 88,000 workers for each $1 billion increase in production (National Planning Association projections in 1969 dollars). A $20 billion cut in defense expenditures would, because of offsetting programs, create a net total of 325,000 more job openings than jobs lost as a result of cutbacks in defense orders.

As various interests compete for money freed by military deescalation, what employment implications arise? The $20 billion released by the transition from war to peace will not be available instantaneously, but an annual increase of from $2 billion to $3 billion in resources would not only result in a substantial increase in jobs, but would provide the time needed to retrain people for work in the domestic economy. From the standpoint of the nation's internal strength and stability, this shift in resources is clearly imperative. No token effort will do; adjustment of imbalances in employment and unemployment will have to be supported by a national will.

Furthermore, those concerned with reducing unemployment must be aware that other interests, the military establishment, those who want lower taxes, and others will be competing for these savings; and there are those who see our world prestige more in terms of escalation of nuclear power than in terms of our capacity to build a strong and healthy society. I would like to think that our leadership is committed to the national goals which place in first priority solution of our domestic problems as the way to ensure our leadership in the world. This is the premise upon which I proceed.

We have come a long way since 1946, when the Employment Act undertook to create conditions of maximum employment. That legislation was a product of the experiences of the Great Depression and World War II. Its objective was to reduce mass unemployment, an unemployment which was no respecter of skills. At that time, federal policy was colored by Depression philosophy—jobs, any old jobs, make-work, for the millions who needed it and who were "able, willing, and seeking to work," as the Act declared.