Background information on the underlying issues of the 1973-74 National High School Debate Resolutions, which were designed to explore the necessity for and the feasibility of developing new federal programs to curb poverty, is contained in this handbook. Part 1 examines the problem of poverty in the United States—definitions, dimensions, causes, and effects. Part 2 describes current local, state, and federal antipoverty programs. Part 3 considers some of the pros and cons of attempting to control poverty through such approaches as a guaranteed minimum income, public work for those living in poverty, and comprehensive welfare. An annotated bibliography, including a number of documents available through the ERIC system, concludes the book. (See CS 500 194 for related document containing primary resources for the topic.)
ERIC First Analysis:
1973-74 National High School Debate Resolutions

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Copies of this book may be ordered from the Speech Communication Association for $2.25 per book for individual orders and $.15 per book for orders of 10 or more. Payment must accompany orders.
Preface

In preparing the *ERIC First Analysis*, the authors have not attempted to write a typical debate handbook containing affirmative and negative casing approaches and evidence files. Rather, they have been concerned with supplying the reader with background information which points out and illuminates the underlying issues of the 1973-74 National High School Debate Resolutions. Of course, the complex subject of poverty in America cannot be encompassed in detail in a study of this limited magnitude. However, if it stimulates thought and motivates further research, then the study will have succeeded in meeting its goals. In order to facilitate additional research, an extensive annotated bibliography accompanies the study.

Primary research materials assembled by the authors are also available on microfiche. These can be obtained by writing to the Speech Communication Association, Statler Hilton Hotel, New York, New York 10001 ($3.50 prepaid).

The authors wish to express their deep appreciation to Dr. Patrick Kennicott, Associate Executive Secretary for Research of the Speech Communication Association, without whose assistance the project could not have been completed. We would also like to acknowledge a debt of gratitude to our Research Assistants, Howard Beales and Char Reiter, and to our patient typist, Julie Bernst.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>v</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Poverty: Definitions, Dimensions, Causes, and Effects</td>
<td>2</td>
</tr>
<tr>
<td>Current Government Programs to Aid the Poor</td>
<td>19</td>
</tr>
<tr>
<td>Alternative Approaches for Solving Poverty:</td>
<td></td>
</tr>
<tr>
<td>The 1973-74 Resolutions</td>
<td>35</td>
</tr>
<tr>
<td>Notes</td>
<td>49</td>
</tr>
<tr>
<td>Bibliography</td>
<td>55</td>
</tr>
</tbody>
</table>
Introduction

In 1969 the President's Commission on Income Maintenance Programs grimly concluded its report, *Poverty Amid Plenty: The American Paradox*, as follows:

In the course of our investigations ... we found severe poverty and its effects throughout the nation and among all ethnic groups. This poverty is not only relative to rising American-living standards, but is often stark and absolute. There are too many American families with inadequate shelter, inadequate clothing, absolute hunger, and unhealthy living conditions. Millions of persons in our society do not have a sufficient share of America's affluence to live decently. They eke out a bare existence under deplorable conditions.

In addition to the current poor, we have been concerned with others who easily could become poor. Most persons who depend on earnings for their incomes face the risk of losing that access to prosperity through accident, disability, loss of a breadwinner, or obsolescence of skills. Few Americans are wholly free from the economic vicissitudes of life.

We have found that existing governmental mechanisms and institutions are simply inadequate for alleviating existing poverty and protecting the nonpoor against the risks that they are incapable of dealing with themselves. We have found that there is no overall system of economic security.1

Since the issuance of the Commission's report, the problems of poverty, fueled by mounting rates of unemployment and inflation, have increased both in intensity and in scope. Today, as in 1969, a wall of want surrounds and isolates a significant portion of American society. It is against this backdrop that the 1973-74 National High School Debate Resolutions invite us to explore the necessity for and the feasibility of developing new federal programs to curb poverty.

This study will be divided into three parts. Part 1 will examine the problem of poverty in America, its definitions, dimensions, causes, and effects. Part 2 will describe current local, state, and federal antipoverty programs. Part 3 will consider some of the pros and cons of attempting to control poverty through such approaches as a guaranteed minimum income, public work for those living in poverty, and programs providing for comprehensive welfare.
Authorities disagree sharply in their estimates of the extent and severity of the nation's poverty problem. These disagreements arise because investigators base their estimates on different definitions and assumptions concerning poverty. Poverty may be defined in absolute terms, which attempt to describe conditions of actual physical want and deprivation, or in relative terms, which express the degree to which individuals are able to share in the nation's affluence.

**Absolute definition of poverty.** Ordinarily, poverty is defined in absolute terms through the use of a poverty index. A poverty index attempts to determine the level of income which is required by individuals or families of varying sizes in order to enjoy an adequate standard of living. Families or individuals whose annual income (both cash and nonmoney income) falls below this level are classified as poor; families whose annual income exceeds this level are classified as nonpoor. It should be apparent that assumptions about what constitutes an adequate standard of living and what income is required to achieve that standard involve highly subjective judgments. Is one's standard of living adequate when his income barely permits him to survive, or does an adequate standard of living demand higher consumption standards? To the extent that one researcher's judgments reflect greater expectations than another's, he will set the poverty index at a higher level, and his investigations will show more people living in poverty. How much variation may we expect? A study prepared for the Joint Economic Committee of Congress in 1965 revealed differences as great as 25 percent, ranging from poverty estimates as low as 9 percent of the population to estimates that placed 36 percent of the American people in poverty.

The most commonly used poverty index today is one developed by the Social Security Administration in 1965 and accepted with slight revisions by the Federal Interagency Commission in 1969. The Interagency's Poverty Index draws the poverty line at a point which represents a survival income adequate to buy the bare necessities of life. Since it is assumed that food accounts for approximately one-third of a family's annual expenditures, the Index sets the line by estimating what it costs a farm and nonfarm families of varying size to purchase a low-budget, nutritionally adequate diet and multiplying this figure by three. In determining the cost of the food budget, the Index follows guidelines established in the Department of Agriculture's
food plan. The Index is adjusted according to changes in the Consumer Price Index. In 1968 the Index stood at $3,553 a year for a nonfarm family of four or approximately $2.43 per day per family member; for a farm family of four it was $3,054 per annum or $2.07 a day per person. Because of inflationary pressures in the economy—pressures which are reflected in a 19.6 percent increase in the Consumer Price Index—today the Poverty Index stands at $4,249 for a nonfarm family of four or approximately $2.91 per day per individual, and $3,601 per year for comparable farm families or $2.17 per day per family member.

The official Poverty Index has been challenged on a number of counts. Much of this criticism comes from individuals and groups who maintain that the Index is wholly unrealistic in terms of meeting the actual needs of the poor. One criticism voiced frequently is that the Department of Agriculture’s food plan does not provide a nutritionally adequate diet. Not only, it is claimed, does the plan force the poor to consume more foods heavy in starches and fewer products rich in protein, but it also requires a degree of skill in meal planning and buying which is beyond the capabilities of most families living in poverty. As the President’s Commission on Income Maintenance Programs expressed the problem, “the Department’s plan assumes the shopper will buy in economical quantities and will take advantage of special bargains, but this is particularly difficult for the poor family with inadequate storage and refrigeration [and frequently without means of transportation].” In addition, the food plan makes no allowance for eating outside the home, yet such expenditures may be necessary for working members of the family and for school-age children.

A second criticism questions the point at which the Index draws the poverty line. As currently set, the poverty line requires poor families to go without many things which are commonly thought to be necessities in today’s society—adequate transportation, medical care, insurance, home fixtures and furnishings, school books and supplies, to mention only a few. Empirical evidence appears to support his criticism. In 1967 the Bureau of Labor Statistics compared the monthly budgets of typical families living in poverty (yearly incomes of $3,410) with moderate income families (yearly incomes of $7,836). The results are presented in Table 1. The ramifications of these figures will be described later when we discuss the effects of poverty.

Finally, the Index is criticized for failing to consider regional cost of living differentials. An annual income of $4,229 might adequately meet
the needs of a family of four in Winfield, Kansas, yet it would be wholly insufficient to meet the requirements of a similar family in New York City.

At the opposite extreme, some critics charge that the Index gives an inflated and misleading picture of the extent and scope of poverty. In filling tax forms and completing welfare application forms, the poor may underestimate their cash incomes by as much as 15 percent. Moreover, many families living below the poverty line own their own homes and/or supplement their cash incomes with forms of nonmoney income. This position appears to be creditable when the poor are measured by their possessions and consumption of consumer goods and services. According to a Task Force Report of the United States Chamber of Commerce issued in 1965, 79 percent of all families with incomes of less than $3,000 a year own a television set, 51 percent have both a television set and a telephone, 73 percent own a washing machine, 19 percent own a home freezer, 65 percent live in dwellings that are not dilapidated, with running hot water and a toilet, both for the exclusive use of the family, and 14 percent purchased an automobile in that year. The 1970 Census Bureau Report indicates that consumption patterns for the poor have not changed appreciably since the Task Force report was made.

Relative definition of poverty. Implicit in any absolute definition of poverty is the assumption that the poor share proportionately in the eco-
omic growth of the nation and will continue to do so in the future. Thus, it is commonly accepted that as the general living standard increases, more and more poor families will be pulled across the poverty line and, once across the line, will continue to make steady gains. Studies of income distribution, however, raise serious doubts about the validity of this assumption. While the total number of poor people, as measured by the official Index, has declined appreciably since 1959, not only has the rate of decrease slowed, but those at the lower end of the income scale have not shared equally in America's growing prosperity. From 1959 through 1968, as is shown in Table 2, the median income increased by 57 percent while the poverty line increased by only 20 percent.

Table 2. Increases in the Median Income and the Poverty Line from 1959 through 1968

<table>
<thead>
<tr>
<th></th>
<th>1959</th>
<th>1968</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median income</td>
<td>$6,355</td>
<td>$9,948</td>
<td>57%</td>
</tr>
<tr>
<td>Poverty line</td>
<td>$2,973</td>
<td>$3,553</td>
<td>20%</td>
</tr>
<tr>
<td>Poverty line as % of median income</td>
<td>47%</td>
<td>36%</td>
<td></td>
</tr>
</tbody>
</table>

These statistics indicate a growing gap between the living standards of the poor and those of the more affluent members of our society. This led the President's Commission on Income Maintenance Programs to state:

"[The gap] is a significant social fact. As the general American standard of living improves, the poor will become progressively worse off by comparison with some norm. The poor--defined by an unchanging scale--will be struggling for social survival even after the problem of physical survival has been solved."

Until we devise new definitions of poverty relative to norms concerned with the social problems of poverty, the Commission concludes, we may not be able to evaluate the plight of the poor in any meaningful way.

Why may the poor face "a fight for social survival"? The stark fact is that the affluent members of our society set consumption standards which require constantly higher levels of income for one to exist. The Commis-
city housing codes will be upgraded, and the poor will have to improve their homes, or pay more rent for their better buildings. When most of the community owns automobiles or moves to the suburbs, public transportation will probably deteriorate, leaving the poor with either inadequate or more expensive transportation. The city will enrich the public school curriculum, and poor students will have to pay for special assembly programs and field trips; or buy gym suits instead of just tennis shoes, or wear white shirts and neck ties instead of simpler clothing, or buy uniforms in order to belong to clubs; children in families unable to provide money for higher education will fall farther behind.10

Much the same argument can be made with respect to every aspect of the quality of life. If the poor cannot catch up, they will become increasingly isolated and estranged from the general society. We will have developed, in short, two Americas—one rich and one poor. For the poor, equality of opportunity will cease to be a fact as fluid class lines disappear and society grows more stratified. Our nation is already experiencing some of the results produced by social division in the urban unrest that manifests itself in many of our major cities. According to some observers, these dangers can only deepen as the gap between the poor and the affluent widens.

Those who advocate this view call for a fundamental reappraisal of current definitions of poverty. Some would establish the poverty line at the median family income; others would use norms and standards based on economic growth; still others would formulate definitions in terms of what income is required to preserve equality of opportunity. Whatever the precise formulation, the new definitions would measure poverty in relative terms rather than by the fixed, absolute scales now employed in the official Index.

Dimensions of Poverty

As you will discover when you begin your research, most of the statistical data summarizing the dimensions of poverty comes from Bureau of the Census reports and is expressed in the absolute standards of the official Index. Hence, these statistics must be reinterpreted if relative definitions of poverty are employed. But more, it is important to realize that these
statistical summaries may give a misleading impression of the intensity of the poverty problem, since they do not show the extent to which many poor families fall short of the Poverty Index. According to John F. Bauman, in 1970, 10 million American families reported annual incomes of less than $3,000 a year, an amount nearly $600 on the average below the poverty line. In rural areas, 70 percent of the poor had incomes under $2,000 a year, and 52.5 percent lived on less than $1,000 a year.11

Between 1960 and 1969, poverty declined sharply in the United States, from 39,851,000 people to 24,147,000. However, after 1969, the number living in poverty inched back up until, in 1971, it stood at 25,559,000. Of these, approximately 17,780,000, or 68.6 percent, were white and 7,780,000, or 30.4 percent, were black. The remaining 1 percent were Indians and Mexican-Americans. In terms of total population, one out of every eight Americans lived in poverty in 1971.12

Analysis of current poverty statistics leads to two important conclusions. First, we may have encountered a problem of hard core poverty that will not be solved easily in the foreseeable future. The rapid rate of decline experienced in the 1960s is probably atypical, since it occurred during a period of extraordinary economic growth and especially low unemployment. In 1968 economists predicted that the Gross National Product (GNP) had to grow in real terms at an annual rate of about 4 percent in order to reduce the number of people living in poverty to 17 million by 1974.13 From 1970 forward, we have not only failed to achieve this rate of growth, but mounting unemployment has erased some of the gains which we have made. As a consequence, if these trends continue, fewer families will cross the poverty line, or a significant number will actually fall back into poverty.

Second, the statistics indicate that the composition of the poor is changing; pockets of poverty are beginning to appear whose members gain only marginally from increases in the GNP. These pockets most often include the aged, racial minorities, female-headed families, and large families. Moreover, these poverty pockets seem to concentrate in particular rural regions and in particular sections of our large cities.

Poverty is especially acute among our senior citizens. In 1967, the last date for which statistics are available, 3.1 million aged people, or 36 percent of the population 65 years or older, were poor. This included 34 percent of all white retirees and 50 percent of all blacks over 65.11 The incidence of poverty among the aged is likely to increase in the years ahead because inflation has eroded incomes from pension plans, savings, and Social
Security benefits which were once thought to be adequate. In addition, the aged poor are finding it increasingly difficult to find employment upon retirement.

Households headed by women also account for significant clusters of poverty. In 1971 approximately 50 percent of all the poor lived in households headed by women.\(^{15}\) Forty-five percent of all poor children lived in such households, as did 65 percent of the aged.\(^{16}\) In 1970 the median income for families headed by females was $5,095 per year, less than half of the median income of households with male heads. Forty-three percent of these women and their dependents lived below the poverty line (for households headed by black females, the figure runs to 57 percent).\(^{17}\)

In addition, the poor tend to concentrate among the non-white segments in our population. Thirty percent of all the poor are black, an incidence of poverty better than three times the rate for white persons. Their median income is less than 60 percent of the median income of white families, and the story is even more tragic for other non-white minorities. It is estimated that 50 percent of all American Indians live in poverty. A study of incomes of Mexican-Americans living in Texas reveals that nearly 50 percent exist below the poverty line. Nearly all American Eskimos are poor.\(^{18}\)

Finally, poverty is concentrated in families of large size. The President's Commission on Income Maintenance Programs singled out family size as one of the chief factors explaining poverty.\(^{19}\) Social Security analyst Mollie Orshansky reported in the April 1966 Social Security Bulletin that "one half of the families with six children were below the poverty line; this compares with 12.5 percent of families with only one child."\(^{20}\)

Irrespective of its composition—aged, non-whites, female-headed households, or large families—poverty is especially keen in identifiable rural areas and urban centers. Rural poverty is most likely to be found in the Appalachian region, in the southern counties of Illinois, Indiana, and Ohio, in the depleted mining and timber areas of the Great Lakes, and in Spanish speaking areas of the Southwest. In 1971, 20 percent of all farm families, some 500,000, were classified as poor. These rural families account for 44 percent of the poverty in the United States. The problem is particularly severe among black rural workers in the South and among migrant workers in the farming regions of the Southwest and the Far West. Urban poverty concentrates in the slums and ghettos of the large cities. Fifty-six percent of the poor reside in the Standard Metropolitan Statistical Areas (SMSA) of the nation. Some 33.6 percent live in the inner city; another 22.4 percent
are found in the suburbs. It is estimated that 31 percent of all black families in metropolitan areas are poor.\(^{21}\)

In attempting to summarize the dimensions of poverty in America, we would be wise to heed the words of the President's Commission on Income Maintenance Programs. It observes:

Thousands of pages of statistics about the poor have been tabulated and published. The poor have been measured, surveyed, and sorted into numerous categories. . . . But in the end, the diversity of the poor overwhelms any simple attempt to describe them with statistics. What may be said is simply that millions of our fellow citizens are living in severe poverty, with few prospects for a better life, and often with little hope for the future.

To the poor, poverty is no statistical or sociological matter. Their conditions exist as a daily fight for survival. This Commission has found their deprivation to be real, not a trick of rhetoric or statistics. And for the poor, their poverty is not a temporary situation, but an enduring fact of life.\(^{22}\)

**Causes of Poverty**

It has been said that the causes of poverty are nearly as numerous as the number of poor people. However, for purposes of analysis, these causes can be classified under the headings of unemployment and underemployment, inadequate education, racial discrimination, unemployables, and family size.\(^{23}\) Seldom, however, can a given instance of poverty be explained solely in terms of a single causal factor. Most poor people have several handicaps. They lack education, for example, as well as coming from large families; or they have physical disabilities which hinder their efforts to find work, in addition to being a member of a racial minority. It must also be added that poverty is a cause of poverty. Once a family is locked into poverty, its condition is likely to set into motion events that tend to perpetuate the situation. Children drop out of school, the family is unable to pay adequate attention to personal hygiene, medical care, and proper diet, or the family members succumb to pessimism and despair, further undermining confidence in their ability to help themselves.

**Unemployment and underemployment.** Of all the groups in our economy, those under the poverty line experience the highest rates of unemployment and underemployment. Low income family heads are the last to be hired in periods of full employment and the first to be laid off or fired.
during periods of low employment. Moreover, they are the people most likely to be forced into part-time work. A study completed in 1966 by the United States Census Bureau for the Office of Economic Opportunity showed:

Of the 4.5 million heads of families living under the poverty line, 3.3 million or 73 percent worked for some period of time; 1.2 million did not work at all. Of the 3.3 million who worked, nearly 60 percent worked full time. The rest worked either less than 40 weeks a year or less than 35 hours a week, because of illness, family responsibility, inability to find sufficient work, or other reasons. . . . Less than 50,000 did not work at all.

The full results of the study are given in Table 3:

Table 3, Work Experience of Poor Nonaged Family Heads and Unrelated Individuals by Sex. 1966 (in millions)21

<table>
<thead>
<tr>
<th>Work experience</th>
<th>Families</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
<td>2.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Worked in 1966</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 weeks or more</td>
<td>1.8</td>
<td>.4</td>
</tr>
<tr>
<td>Full time</td>
<td>1.6</td>
<td>.3</td>
</tr>
<tr>
<td>Part time</td>
<td>.2</td>
<td>.1</td>
</tr>
<tr>
<td>Less than 40 weeks</td>
<td>.6</td>
<td>.4</td>
</tr>
<tr>
<td>Full time</td>
<td>.5</td>
<td>.3</td>
</tr>
<tr>
<td>Part time</td>
<td>.2</td>
<td>.2</td>
</tr>
<tr>
<td>Did not work in 1966</td>
<td>.5</td>
<td>.7</td>
</tr>
<tr>
<td>Ill, disabled</td>
<td>.3</td>
<td>.1</td>
</tr>
<tr>
<td>Couldn't find work</td>
<td>(Less than 50,000)</td>
<td></td>
</tr>
<tr>
<td>Other reasons</td>
<td>.2</td>
<td>.6</td>
</tr>
<tr>
<td>School</td>
<td>.1</td>
<td>.6</td>
</tr>
<tr>
<td>Housekeeping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All others</td>
<td>.1</td>
<td></td>
</tr>
</tbody>
</table>
Unemployment and underemployment among the poor do not occur because they are lazy and shiftless. Leonard Goodwin detects "no difference in attitudes toward work among young males on relief and comparable males in the work force." Aside from a measurable lack of confidence in their ability to land jobs, blacks displayed about the same attitudes as whites. Goodwin also found that upward of 70 percent of the women receiving Aid to Families with Dependent Children (AFDC) expressed a desire to work.\(^{29}\) Another study, by Harvey J. Hilaski, reaches very nearly the same conclusions. Sampling attitudes toward work in poverty areas of six United States cities, Hilaski discovered that "the proportion of poverty area nonparticipants in the labor force wanting jobs was higher than the comparable proportion nationwide." Most often the poor gave ill health as their reason for not working. Hilaski's findings are summarized in Table 4.

### Table 4. Reasons for Not Working Given by Nonparticipants in the Labor Force from Poverty Area\(^ {29}\)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired</td>
<td>10.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Attending school</td>
<td>33.1%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Family responsibilities</td>
<td>0.04%</td>
<td>36.4%</td>
</tr>
<tr>
<td>Health</td>
<td>40.4%</td>
<td>27.0%</td>
</tr>
<tr>
<td>Could not find work</td>
<td>3.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Lack of skill</td>
<td>7.3%</td>
<td>12.2%</td>
</tr>
<tr>
<td>Others</td>
<td>5.8%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

The experiences in the labor market since 1966 hold out little promise of gains for the poor through greater employment opportunities. Since 1966 low income families have most suffered from the economic trade-offs that have been made to control inflation, especially the government's acceptance of high rates of unemployment. In 1969 unemployment stood at 3.9 percent of the labor force; in 1970 the percent of unemployment rose to 5.4 percent; it climbed again in 1971 to 6.4 percent and leveled out in 1972 at 5.8 percent, where it remains today. In actual numbers, unemployment among white members of the labor force rose from 2.3
millin in 1969 to 5.9 million in 1972; black unemployment increased in the same period from 570,000 to 838,000.27 The current unemployment profile reveals a growing incidence of hard core, long term unemployment, a kind of unemployment particularly destructive to the poor. This trend is illustrated in the following table:

Table 5. Weeks of Unemployment by Percentages

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>without work</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For 4 weeks</td>
<td>57.5</td>
<td>52.3</td>
<td>49.7</td>
<td>39.9</td>
</tr>
<tr>
<td>For 5-10 weeks</td>
<td>22.1</td>
<td>23.4</td>
<td>22.9</td>
<td>18.3</td>
</tr>
<tr>
<td>For 11-14 weeks</td>
<td>27.1</td>
<td>8.1</td>
<td>8.7</td>
<td>9.2</td>
</tr>
<tr>
<td>For 15-26 weeks</td>
<td>8.5</td>
<td>10.4</td>
<td>13.3</td>
<td>16.5</td>
</tr>
<tr>
<td>For more than 26 weeks</td>
<td>4.7</td>
<td>5.8</td>
<td>10.4</td>
<td>16.1</td>
</tr>
<tr>
<td>Average number of weeks unemployed</td>
<td>7.9</td>
<td>8.8</td>
<td>11.4</td>
<td>14.3</td>
</tr>
</tbody>
</table>

Not only is the total number of unemployed increasing, then, but the length of time between jobs is also increasing. This means that a growing number of the poor face protracted debilitating periods of unemployment.

But chronic unemployment and underemployment is only one aspect of the problem. Even when work is available, for the poor holding a job is no guarantee of escaping from poverty. Characteristically, the poor worker is unskilled or semiskilled. Among those officially classified as poor, only two out of every ten are also classified as skilled workers. Because they lack skills, the poor must accept employment in low paying industries such as agriculture, retail trades, and service (janitors, waiters, busboys, hospital orderlies, etc.). Of all farm laborers 73.3 percent earn less than $100 a week and 32.8 percent make less than $60 a week; 30.3 percent of the inner city poor families receive less than the $80 a week which is necessary to keep a family of four above the poverty line. In addition, few of the poor are able to find full-time employment. In 1971, 50 percent of the poor family heads worked, but only 20 percent worked forty weeks or more during the year. The total situation is summarized as follows by MIT Professor Michael J. Piare:
The poor can expect low wages, no job security, no advancement, meager working conditions, no fringe benefits, and harsh suppression. In the employer’s eyes, one worker is readily substitutable for another.

Many workers, especially in rural areas, are not entitled to unemployment compensation during periods when they are not working; many others exhaust their benefits because of protracted unemployment.

Finally, some of the nation’s poor cannot land and hold jobs because they lack the transportation to get from their homes to the business or industrial location. Industry and business have followed the migration of white citizens from the urban inner city to the suburbs. This migration has left in its wake a number of poor people in the inner city for whom public transportation is virtually nonexistent and who lack the resources to purchase cars. Jobs may await them in suburban industrial parks, but they lack the means to get from the city center to the factory.

**Inadequate education.** There is a close connection between poverty and education. Paul O. Flaim and Nicholas J. Pellers point out that there is a high correlation between income level and educational achievement; individuals who terminate their formal education at an early age are much more likely to be at the lower end of the income distribution scale. In 1971, 50 percent of poor heads of households had an eighth grade education or less; 20.7 percent had not completed high school; 20.4 percent had earned a high school diploma; and only 8.9 percent were college graduates. Lack of education particularly penalizes the poor in competition for jobs. First, most employers prefer to fill positions with the best educated workers that the salary offered can command. Second, lack of formal education significantly impairs a worker’s ability to undergo retraining in the event that he is laid off through plant closure or technological displacement. Finally, for those with a substandard education, the task of applying for a job is difficult. They may fail to land a job because they are embarrassed to speak, or because they fail to follow instructions in filling out employment forms.

**Racial discrimination.** As we noticed above, poverty among non-whites is more than triple the rate for whites. A significant portion of the differential can be attributed to direct and indirect forms of discrimination. Employers and labor unions continue to discriminate openly against non-whites by refusing to hire them, by prohibiting them from joining unions, or by shuttling them into low paying jobs of the most menial nature. Even
those non-whites who do not experience overt discrimination are often at a disadvantage in the labor market because of indirect forms of discrimination that have short-changed them with inferior educations and training or that have crippled them psychologically and physically by forcing them to live in disease ridden, rat infested slums and ghettos. In his searching study, Poverty and Discrimination, Lester C. Thurow sees discrimination as an extremely important factor, if not the principal factor, underlying black poverty:

The distribution of human capital, physical capital, and employment opportunities [has] important effects on both Negro and white poverty. Quantitatively their effects seem similar, but the factor of racial discrimination affects only Negro poverty and not white. Everything else being equal, poverty is greater for Negroes. Thus white and Negro poverty are not identical. The income redistribution goals of the war on poverty must be color blind, but policy instruments must be color conscious. The package of programs that will cure white poverty will not cure Negro poverty. Something extra is needed.

Discrimination further complicates the analysis of poverty, since it is not just another independent factor which can be added to the analysis. It may have independent effects, but primarily it works through other causes of poverty.

Thus programs which would eliminate all white poverty would only partially eliminate Negro poverty. Specific programs must be designed to eliminate discrimination oriented to Negro poverty, not white.\textsuperscript{36}

Unemployables. Some of the poor are poor simply because they cannot work. In addition to millions of our senior citizens, this group includes (1970 estimates) some 81,000 blind individuals and approximately 935,000 individuals who are partially or totally disabled. The bulk of this group is made up, however, of nonaged female heads of households and their dependents. Between 1960 and 1971, the number of recipients receiving Aid to Families with Dependent Children (AFDC) more than tripled, from approximately 3 million to nearly 10 million. Better than 90 percent of these recipients live in families headed by females. Many of these women must choose between working and fulfilling their responsibilities to their families. For those who elect to work, the course is often arduous. Day care provisions may be impossible to make, or may be impossibly expensive. Jobs for which most female heads of households qualify are generally low
paying, typically in the service sector. Sar A. Levitan and David Marwick observe that "public assistance offers a more secure existence (for the home headed by a woman). Most mothers receiving Aid to Families with Dependent Children cannot earn as much money by working as they receive in assistance payments."37

**Family size.** Having too many children can throw a family into poverty. Using the official Index as a guideline, a nonfarm family of seven members (two adults and five children) requires an annual income of approximately $7,024 to maintain even a basic standard of living. The family head working full time would have to earn over $3.00 per hour to raise this amount. As we have seen, few poor workers can command wages at this level, and few have any guarantee of full employment.

### Effects of Poverty

The effects of poverty are most discernible, of course, in the poor themselves. They are products that attend being "ill-fed, ill-clothed, and ill-housed," going without adequate medical care, and living without hope in a society where for them the doors to opportunity seem closed. Poverty also creates a myriad of social problems. It breeds crime and civil disorder, it is a major item in the governmental budgets at every level, and it often stands as an impenetrable barrier to urban renewal and attempts to prevent rural blight.

**Poverty and the individual.** A significant number of poor families are ill-fed. In 1965 a Food Consumption Survey conducted by the Department of Agriculture estimated that as high as 63 percent of all families may be living on incomes of less than $3,000 a year.38 Since income distribution patterns have remained constant since that period, we may accept the survey's findings as being roughly true today.39 The effects of poor nutrition can be quite objectively determined. Medical research indicates that dietary deficiencies during pregnancy not only stunt fetal brain development but also cause premature births. In early childhood, protein shortages may cause mental retardation together with weakening resistance to disease and producing physical deformities. Youngsters on substandard diets seldom perform well in school, a circumstance which is also true of adult workers on substandard diets.40

Many of the poor are also ill-housed. Using partial or complete lack of
plumbing facilities as an index of inadequate housing, the United States Census Bureau Housing Report showed that in 1971, 10.5 percent of all rental housing units in metropolitan areas and 32.9 percent of the rental units in the rural areas could be considered substandard. These percentages translate into 3,521,000 urban units and 6,257,000 rural units. Moreover, the Report indicated that .05 percent of all American homes were dilapidated. Because of their relatively lower rents, the poor are most likely to occupy these dwellings. In 1967 the President's Commission on Rural Poverty described rural housing in the following terms:

Displaced farm people and haggard ex-miners . . . loll in noisome tar-papered shacks. Government surveyors reported an epidemic of sickness and disease: scurvy, rickets, anemia and kwashiorkor; primitive outhouse facilities and neglected wells and common spigots invite a host of parasites.

Housing conditions for the urban poor are little better. The President's Commission on Income Maintenance Programs observes:

The barrenness of the housing of the urban poor sometimes is hidden behind the facade of ordinary looking row houses. Yet the interiors may reveal serious decay—falling plaster, holes in the walls, gaps in the window frames, rats and roaches, and deteriorated plumbing.

Frequently overcrowded, containing toilet facilities which must be shared by several families, and, more often than not, filthy from neglect, the substandard housing of the poor presents a hazard to health.

The inability to purchase adequate clothing is still another effect of poverty. This problem is especially severe for the school-age members of the poor family. Lack of clothing is one of the most frequently stated reasons for non-school attendance. Moreover, the fact that the poor often must wear the same clothing for extended periods of time without washing because they do not have enough clothes contributes further to illness and disease.

As seen above, insufficient diets, substandard housing, and clothing shortages all undermine the health of the poor. Yet, despite the fact that the poor have the greatest medical needs, they receive the least amount of medical care. The budgets of poor families seldom provide for medical expenses and few poor families are covered by private health insurance. A surprising number of poor families are not covered by Medicaid and
other programs of public assistance for the medically indigent. Even when free medical services are available, the poor often experience long delays in getting to see a physician or dentist, or they forgo treatment because they cannot find transportation to get to the clinic. As a consequence, the poor are most likely to neglect health care. This neglect, in turn, is reflected in their educational achievement and ability to secure and hold jobs.45

Of all the effects of poverty on the individual, isolation from the mainstream of American life is perhaps the most debilitating and destructive. Because they lack money, families at the poverty line cannot participate in activities that not only enrich life, but open the door to future opportunities. For youngsters in poor families, this deprivation may take the form of not being able to join the boy scouts or being excluded from school activities. For the breadwinner, it may mean accepting a menial, low paying job near his home because there is no public transportation to higher paying jobs further away and because he cannot scrape together the down payment for a used car. For the housewife, it may entail limiting her shopping to those stores that give credit, even though their products are overpriced and inferior in quality. Ultimately, this isolation destroys all ambition and the poor become poor in spirit as well as in material goods.46

Poverty and society. The direct social costs of poverty are staggering. The 1964 Report of the Council of Economic Advisers notes that "we pay twice for poverty: once for production lost in wasted human potential, again in diverting resources to cope with poverty's social by-products." In 1971 the cost for public assistance cash and in-kind transfer programs reached $20 billion a year, or $266 on the average for each of the nation's 75 million taxpayers.47

To this amount must be added the indirect costs of poverty—costs to society of controlling poverty-related crime, delinquency, immorality, and indifference. According to most experts, crime and poverty go hand in hand. Incidences for every category of criminal activity (except automobile theft) run much higher in slum areas than in other neighborhoods. Rates for serious crimes—murder, armed robbery, rape, and burglary—are nearly double the national average. In addition, alcoholism and hard drug addiction are much more prevalent in poverty areas.48

Finally, poverty contributes to urban blight. Crime, decaying tenement buildings, garbage-strewn streets, and drug addicts accelerate the migration of affluent citizens from the inner city to the suburbs. With the flight of these members of the community, the tax revenues decline, leaving the inner
city with insufficient funds to provide adequate public services—schools, police and fire protection, sanitation, and parks and recreational areas. As this vicious cycle gains momentum, it thwarts efforts to renew and revitalize the inner city.40
Current Government Programs to Aid the Poor

Governmental efforts to aid the poor presently take three forms: (1) programs that are designed to stimulate work opportunities; (2) programs that attempt to cushion the worker and his family against a loss of income resulting from temporary unemployment, retirement, disability, and death; and (3) programs that give public assistance to individuals and family heads who are unable to enter the employment market.

Before we examine these programs in detail, it is important to point out that, at this writing, the Administration is seeking extensive reforms in the welfare system. The 1974 executive budget (effective July 1, 1973) would discontinue long-standing projects such as the Model Cities program, urban renewal, and the Office of Economic Opportunity and, in addition, would declare a year’s moratorium on federal spending for public housing. Many of the specific programs now funded by agencies which will be discontinued have already been, or will shortly be, transferred to other governmental departments; others, including the Community Action Agency, various training and technical assistance projects, the national summer program of youth sports, and programs for supplying emergency food and medical services, will be dismantled. In attempting to justify the reforms, President Nixon said in a nationwide radio broadcast on February 24, 1973:

The intention of those ambitious social programs launched in the 1960s was laudable. But the results, in case after case, amounted to dismal failure. The money which left Washington in a seemingly inexhaustible flood was reduced to a mere trickle by the time it had filtered through all the layers of bureaucrats, consultants, and social workers and finally reached those it was supposed to help. Those who made a profession out of poverty got fat, the taxpayer got stuck with the bill, and the disadvantaged themselves got little but broken promises. Too much money has been going to those who were supposed to help the needy and too little to the needy themselves.

It is charged that our budget cuts show a lack of compassion for the disadvantaged. The best answer is to look at the facts. We are budgeting 66 percent more to help the poor next year than was the case four years ago, 67 percent more to help the sick, 71 percent more to help older Americans, and 242 percent more to help the hungry and undernourished.

[We have merely switched] our spending priorities from programs which give us a bad return on the dollar to programs that pay off. . .

Depending upon the response of Congress to the proposed budget, the shape and nature of poverty programs could change dramatically in the weeks and months ahead.
Current Government Programs to Aid the Poor

Employment Programs

Job creation through economic stimulation. On several occasions in the past, noticeably in the 1930s and early 1960s, attempts were made to open up work opportunities for the poor by governmental stimulation of the economy. The theory behind the practice is this. Jobs are created when aggregate demand in the economy rises. Demand can be increased by the government either through direct outlays of public funds or through tax cuts which permit greater private spending and the flow of more money into the economy. Through a multiplier effect, this demand generates substantial numbers of new jobs. The tax cut of 1964 had this precise effect; unemployment fell nearly 1.5 percentage points in a nine month period.51

At the present time, this method of creating jobs for the poor is questionable for several reasons. First, as seen above, we may be dealing with hard core poverty which cannot be reduced appreciably by economic growth. The relatively greater percentage of aged, disabled, female-headed families, and unskilled workers in today's poverty ranks gives credence to this view.52

Second, the approach would almost certainly intensify the current problem of inflation. Economic stimulation was thought to be an appropriate instrument for creating jobs in the early 1960s because the economy was generally depressed. The demand for goods and services lagged far behind available supply; thus, aggregate demand could be expanded by injecting new sources of capital into the economy without fear of unleashing inflationary forces.53

Given the overheated state of the economy at the present time, however, general stimulation in the form of a 1964-type tax cut or massive increases in government spending would have the effect of adding fuel to the fire. It would produce additional demand for goods and services at a time when aggregate demand is assumed to have already far outstripped supply. This could only result in a new round of inflationary wage and price increases.54

It is important that we understand why general economic stimulation as a mechanism for creating jobs generates inflationary pressures. Our experience in the 1960s confirmed the fact that long before the effects of the tax cut (and the same would have been true for any form of stimulation) trickled down to create employment for unskilled and semiskilled workers (the status of most of the poor), serious bottlenecks began appearing in key areas of the economy, bottlenecks caused when the supply of goods and services failed to keep pace with demand. As a consequence, the price of these goods and services was bid up. Since these price hikes affected produc-
tion costs in related industries, these industries were also forced to increase prices. Soon the effect was transmitted throughout the economy. Meanwhile, a closely related phenomenon was manifesting itself in the labor market in the form of acute shortages of skilled laborers. Immediately, these shortages tended to drive up labor costs in the industries where they occurred, costs which were passed on to the consumer. The long-term effect of these shortages on prices was, however, less apparent. When laborers are in short supply, there is a general overall upgrading of workers in the labor market. Jobs which normally command only highly skilled workers must be filled by less skilled ones; the jobs of the less skilled, in turn, must be filled by semi-skilled employees; and so the process continues until even marginally qualified workers must be hired. As employers are forced more and more to use unskilled labor, their production costs rise, since these workers are less productive. High production costs, generally speaking, produce higher prices, which may trigger inflation. Because of this phenomenon, some economists hold that inflation will become a serious problem anytime unemployment falls below 4 percent.

Job creation through public work programs. The limitations of general economic stimulation described above have caused government officials to search for alternative means of opening up employment opportunities for the poor. One alternative is found in programs of public work. This approach is considered to be superior to economic stimulation in several important respects. Unlike economic stimulation, the effects of which are general, programs of public work can be aimed at specific pockets of unemployment. They are more effective, therefore, in attacking hard core unemployment. Moreover, since they can be applied locally, they are less likely to be inflationary.

Programs of public work take two forms: one attempts to create jobs for the poor through the construction of public projects and selective stimulation of the private sector; the other hires the poor directly for work in public services. Both forms have been used extensively in recent years.

In the early 1960s, Congress enacted the Public Work Acceleration Act. This legislation was superseded in 1965 by the Public Work and Development Act, which provides funds for the construction of public projects—roads, bridges, public buildings and parks, to mention a few—in depressed, high unemployment areas. These projects, it is felt, will not only give employment to the poor directly, but will indirectly create jobs in the areas where they reside by building the infrastructure necessary to attract industry
Current Government Programs to Aid the Poor

and business. This is the rationale behind the Appalachian Regional Development program and many urban renewal projects funded through the Public Work and Development Act. In addition, the Act offers grants, loans, and technical assistance to private business and industries in the target areas in an attempt to open up more jobs in the private sector. In recent years, the Office of Economic Opportunity has supplied funds, principally to slum area businessmen, for the same purpose.

The Public Work and Development Act has not achieved its goal of creating massive employment opportunities for the poor. Most of the projects sanctioned by the Act call for highly skilled labor; hence, few of the poor can qualify. In addition, labor unions control hiring and often discriminate in favor of their regular members. Finally, since the areas which receive grants under these acts suffer from high unemployment, a sufficient labor shortage seldom develops to drive up wages. As a consequence, the poor, even if they find employment, receive salaries which are often below the poverty line.

The Emergency Employment Act of 1971 "is the first large scale public employment effort since the New Deal." The Act grants some $1 billion to state and local governments for the hiring of public service workers, an amount sufficient to employ approximately 140,000 individuals. The measure specifies that priority must be given in hiring to Vietnam veterans, unemployed and underemployed workers, and the disadvantaged. No one can be employed whose present salary is above the poverty line. By March 1972, 89 percent of those employed through the Act were unskilled or semiskilled, 90 percent were unemployed, 10 percent were underemployed, 36 percent were disadvantaged, and 11 percent were receiving public assistance.

Although it is estimated that the Emergency Employment Act has produced a .02 percent overall decline in unemployment, some authorities question its effectiveness in meeting the problems of the poor. Sar A. Levitan and Robert Taggart, for example, observe that most of the jobs are being filled by Vietnam veterans and high school graduates, many of whom are not underprivileged; relatively few from hard core pockets of poverty have been helped.

Job creation through retraining programs. As has been seen, many of the poor cannot find jobs, or cannot find well paying jobs, because they lack technical skills. In nearly every sector of our economy, automation is rapidly destroying the need for unskilled and semiskilled workers. More than this, automation is changing the profile of the labor force. Where, several dec-
ides ago, most jobs were found in the construction, industrial, and agricultural sectors of the economy, today's employment opportunities concentrate more and more in the service sector—in sales, health care, counseling, and the like. These trends suggest a compelling need to upgrade the labor force.62

Varying kinds of retraining programs have been developed in response to this need, including the following:

- The Head Start and Follow Through programs for disadvantaged youngsters. These programs do not aim at retraining per se, but at preventing educational liabilities which may require retraining later.
- The Manpower Development and Training Act (MDTA) for youths who cannot obtain full-time jobs. The training is restricted to instruction in vocational schools.
- The Vocational Education Act for youths between 15 and 21. The Act funds work-study programs.
- The Work Incentive program (WIN) for people on welfare.
- The Job-Optional program (JOP), which provides on-the-job training. (Originally funded through MDTA, JOP has been transferred to the Labor Department.)
- The Job Opportunities in the Business Sector program.
- The Public Service Careers program.
- Operation Mainstream, which provides work and supportive services for people working on environmental beautification projects.
- The Neighborhood Youth Corps, a work-study project for disadvantaged youths.
- The Job Corps, which removes disadvantaged youths from their neighborhoods for work-study in conservation camps and special training centers.
- The Vista program and the Peace Corps (now combined into a group known as ACTION).

In addition to these programs, the Social Security Act and Title V of the Economic Opportunity Act provide limited funds for retraining the parents of dependent children.

At the present time, approximately 1 million people are enrolled in re-
training programs, exclusive of Head Start and Follow Through. Two-thirds of these are in their teens or early twenties; the remainder are adults, many of whom have been chronically unemployed. Forty percent of the participants in Operation Mainstream, for example, are over 55 and have experienced protracted periods of unemployment. According to Sylvia S. Small, retraining programs drew 400,000 into the work force in 1971; they reduced unemployment by 200,000 or approximately 3 percent.61

On the minus side, some authorities believe that retraining programs have only marginally affected the majority of people living in poverty. First, since they aim primarily at retraining youth, they have overlooked adults whose need is more desperate since they are family heads.62 Second, it can be argued that middle class youths have profited more from retraining programs than poor ones. Few employers have been willing to hire youths from poorer backgrounds in the MDTA program, and the cost of training the poor in vocational institutions has discouraged many schools from continuing programs.63 Third, grave doubts exist that jobs will be available for the retrainee, especially if programs are expanded. Automation and the employment profile are changing so rapidly that skills acquired through retraining may be obsolete before the course is completed.64 Fourth, retraining presupposes a degree of mobility which those at the poverty line do not possess. Jobs open to retrainees may require their moving hundreds of miles, a decision that the poor may be reluctant to make or cannot make for financial reasons. Fifth, job information may not be available to the retrainee. He may not be able to learn where openings exist for his particular skills.65 And, finally, many underprivileged individuals have proved to be not retrainable. They are too old, sick, physically disabled, or mentally and psychologically handicapped.66

Income Protection Programs

This form of income maintenance is designed to protect workers and their families against the vicissitudes of retirement, temporary unemployment, disability, and death. It includes such programs as Social Security (Old Age, Survivors, and Disability Insurance—OASDI), Railroad Retirement, Unemployment Compensation, Disability Compensation, Veterans Compensation, and various state disability plans. In 1968, $32.6 billion in transfer payments were made to recipients through these programs. The following table indicates the amount for each program:
These programs were supplemented by private and government retirement plans in the amount of \$1 billion dollars. In addition, Medicare (OASDI) contributed \$5.1 billion toward the medical costs of social security recipients over 65 years. Social security benefits, which have been raised only tokenly since 1968, will increase 20 percent in fiscal year 1974 to a possible total of \$8 billion, and Medicare payments are expected to rise to \$12.1 billion.

While a detailed analysis is beyond the scope of this study, we will profit by an examination of the leading provisions of the programs. In general, the programs are not designed to benefit the poor, primarily or exclusively—approximately 92 percent of all people reaching age 65 receive social security benefits. Nor can the programs be redesigned to serve antipoverty needs. Not only do they assume labor force participation, but this assumption is reflected in the actuarial principles that underlie them. As a consequence, several million poor households either will be excluded completely or will receive minimal benefits from OASDI when they retire at age 65.

In addition to the fact that these programs exclude many of the poor, benefits are often not sufficient to keep individuals and families from falling into poverty. Despite the fact that OASDI weights lower earnings more heavily than higher ones (workers who pay the maximum payroll tax contribute eight times as much as workers who pay in the minimum amount, yet they receive only three times as much) on the grounds that workers with lower earnings need relatively more benefits upon retirement than...
workers who have earned more, some 3 million social security beneficiaries are classified as poor. By the same token, unemployment compensation provides inadequate coverage. Not only, as was pointed out above, are an increasing number of workers out of work for longer than 26 weeks (the point at which their benefits end), but benefits in 1971, for the nation as a whole, equaled only about 53 percent of the average weekly wage earned before termination of employment.

Some authorities have advocated increasing benefits paid to lower income workers in OASDI and unemployment compensation. While this proposal would certainly remove some families from poverty, it has the drawback of raising the incomes of the nonneedy as well and greatly expanding the cost of the programs. Furthermore, a 50 percent increase in benefits, it is pointed out, would remove less than half of the poor from poverty.

The story with private pension plans is much the same. Peter Hemple estimates that between 75 and 85 percent of retirees retire at levels substantially lower than previous income. On paper, private pension plans, especially those which work in tandem with OASDI, provide adequate retirement security. However, since pension rights are normally lost when a worker changes employer (and most workers hold several jobs in the course of their careers) and since many workers are not covered by pension plans, the existing system of private pension plans is generally conceded to be inadequate for meeting the needs of the generality of workers.

The role of social insurance programs in meeting the problems of poverty is well summarized by the President's Commission on Income Maintenance Programs when it reports:

While social insurance has been effective for dealing with transitory poverty and in preventing poverty, it has not helped chronically poor households to escape from their poverty, nor can it do so. As long as most benefits are related to contributions based on earnings—no matter how tenuously—those who have no earnings or who have very low earnings are left uncovered or inadequately protected by the programs. Social insurance programs do not alter society's basic income distribution mechanisms. Consequently, the same factors that result in many persons having very low earnings and spotty employment records will leave many of the same people and their dependents with low incomes upon retirement, disability, death, or unemployment.
Public Assistance Programs

Public assistance programs may be classified into two broad categories: programs that aid the poor through cash income support and programs that assist through payments-in-kind. Nearly all these programs are financed jointly by the local, state, and federal governments (General Assistance programs are wholly state financed and operated); they are administered at the state and local level.

Cash transfer payments. Programs that make cash transfer payments include Old Age Assistance (OAA)—payments made to individuals over 65 who do not qualify for OASDI benefits, Aid to the Blind (AB), Aid to the Permanently and Totally Disabled (APTD), Aid to Families with Dependent Children (AFDC), and state General Assistance programs. Payments made through the combined programs in 1971 reached a total of 14.4 million people at a cost of nearly $10 billion. Seven percent of the population of the United States received some form of public assistance in 1971. The number of recipients runs to 10 percent of the population in our 26 largest cities; in New York City, Boston, and Baltimore, the number exceeds 15 percent. Of the various public assistance programs, AFDC is the largest by far. Enrolling over 10 million recipients (an increase of nearly 8 million since 1960), AFDC claims 60 percent of all welfare dollars (over $12 billion in transfer payments of all kinds in 1971). Indeed, the program may have grown beyond the capabilities of many states to support it. A survey conducted in 1971 indicated that twenty states, including California, New York, Illinois, New Jersey, Pennsylvania, and Texas, were considering cuts in funds.78

Despite the rather large number of recipients, less than 40 percent of the poor receive cash transfer payments. And for those who do receive money aid, the amount is seldom enough to remove the family from poverty. Both of these problems appear to be inherent in the structure of public assistance.

State cash public assistance programs vary widely from state to state with respect to both benefits and eligibility requirements. Indeed, it has been said that there are over 300 separate programs receiving federal grants-in-aid, with different requirements, autonomously administered, and virtually uncoordinated. While technically federal agencies are empowered to reject state plans and to cut off grants-in-aid when they do not meet federal specifications, this option is never exercised, not only because federal standards are loosely drawn, but because federal administrators are loath to
deny the poor any assistance at all. Attempts were made in the late 1960s to tighten federal standards and enforce them more stringently. There is little evidence that these efforts have been successful.29

Benefits are uniformly low. In 1971 average grants for AFDC recipients ranged from $14 per month in Mississippi to $78 in New York; the average for the country is $50. Only a handful of states set minimum AFDC benefits high enough to bring a family of four to the poverty line.30 Studies reveal that 58 percent of the families receiving aid reported having unmet needs. A survey for the Department of Health, Education, and Welfare showed that 11.2 percent lacked private use of a kitchen, 24 percent lacked hot and cold running water, 22.5 percent lacked a flush toilet, 22.4 percent lacked a private bathroom, 30.1 percent lacked enough beds for all family members, 24.8 percent lacked enough furniture so that everyone could sit down while eating, 45.8 percent could not afford milk daily for their children, and 17.4 percent had children who had missed school because they lacked shoes or clothing.31

Cash public assistance benefits remain low for two reasons, primarily. First, state and local governments claim that they lack the financial resources to increase assistance benefits; tax levels have reached the breaking point, and any tax increases must be earmarked for needs that profit the community at large, such as education, police and fire protection, highways, and other public services. Some experts disagree with that view, pointing to the fact that most states can enact new tax forms such as the income tax and that some states have huge unspent surpluses. Federal revenue sharing may also enable states to up assistance benefits. (Some question exists about the net gain to the states from revenue sharing, since in many instances it will merely replace grants-in-aid which will be discontinued as the policy takes effect.)32

The second reason for cash public assistance benefits remaining low is concerned with work disincentives. It is generally assumed that welfare payments, whatever form they take, erode the incentive to work. Thus, as welfare payments approach 100 percent of a family's needs, there will be a corresponding reduction of individual initiative and desire for self-help. This phenomenon would be especially likely to occur if welfare provided for fringe benefits, such as Medicaid, which would be lost when the family head took employment. The disincentive problem is largely nonexistent in the case of most recipients of cash public assistance because, in large part, they are unemployables—the aged, disabled, or blind, or female heads of house-
holds. However, this problem might become severe if public assistance were extended to poor families and individuals who were capable of working.

As we have noted, vast disparities exist among the states in the amount of public assistance provided to needy individuals. Families in New Jersey, for example, receive six times as much in AFDC relief as comparable families in Mississippi, and benefits to the aged run three times as much. In general, this pattern holds true for all northern and southern states and for industrial states (high) and farm states (low). Coupled with the problem of welfare eligibility requirements, which will be discussed below, the disparity in benefits motivates many of the poor to migrate from states with low public assistance payments to states with better programs. This migration, it is claimed, impacts principally in the large cities of the North and Far West. Not only does it strain the financial resources of these areas directly because they must absorb higher welfare costs, but it affects the area adversely because few of the migrants become taxpayers.

In addition to paying inadequate benefits, cash forms of public assistance are also criticized for containing arbitrary, abusive, and often discriminatory eligibility requirements. While these eligibility requirements vary from state to state, some generalizations are possible. Before they can qualify for public assistance, most poor families must pass stringent financial tests. The assets of the family are scrutinized, and normally they must be liquidated before the family becomes eligible for welfare. An exception is made usually for the home in which they live, but in 31 states liens are taken on the homes of recipients. The nonfinancial requirements are just as stringent, and they tend to establish rigid categories which exclude many of the poor. A number of requirements are common in most of the states:

- Applicants must be United States citizens.
- Residency in the state is required (up to five years).
- Women must maintain a "suitable home" to be eligible for AFDC. Official scrutiny of morals is encouraged.
- The assets of relatives must be taken into account, even though relatives are not responsible for recipients.

It is quite apparent that these eligibility requirements give public assistance administrators and case workers enormous arbitrary power over the lives of the poor as well as ample opportunity to discriminate.

In recent years the United States Supreme Court has overturned some
Current Government Programs to Aid the Poor

Eligibility requirements, especially those dealing with residency requirements and the need to maintain a "suitable home." However, much of the litigation which resulted in these decisions was made possible by the Legal Aid programs funded by the Office of Economic Opportunity. If the Office of Economic Opportunity is discontinued, as is presently contemplated, the Legal Aid program will not only be cut back, but will be transferred to government agencies less sympathetic with the needs of the poor. Hence, it is doubtful that the poor will be able to protect themselves as well against arbitrary welfare officials in the future. Furthermore, states may be able to circumvent Supreme Court decisions by changing the wording of the requirements or by adopting new requirements.

Eligibility requirements have created a number of problems for the poor. One of these is concerned with the breakup of poor homes. In twenty-seven states, AFDC cannot be given to families headed by an employed male (some of these states prohibit assistance when an employable male is present in the household). The remaining twenty-three states permit poverty level families headed by a working male to receive assistance, but they stipulate that he can work no more than thirty-five hours a week. Faced with these constraints, the father is motivated to desert the family when AFDC payments exceed what he can earn by working. Overall, there is a powerful incentive for the father to desert, because AFDC payments have risen by 67 percent since 1962, while the earnings of the poor have increased only 37 percent.

Bennell Harrison explains the rationale for the breakup of ghetto families in the American Economics Review for December 1972:

Jobs to which ghetto workers have access were found to be of poor quality and paid wages which were substandard by a number of widely accepted benchmarks. Occupation by occupation, the medium wage rate of ghetto workers averaged only 40-60 percent of the 1966 annual average wage rates in the corresponding metropolitan area. Given the extent of low-wage work in the slums, it is not surprising that so many ghetto men leave (or do not form families) so that mother and children will be eligible for welfare—what amounts to a desperately needed second income. Broken homes may represent a rational response to the needs for multiple incomes. Yet the medium income of female-headed AFDC households (including welfare rights), added to the income of unattached males still sums to less than $4,000. In 1966, ghetto families with both parents present received only about $5,500 in gross income. This is $2,500 below the Department of
Labor's estimates of a minimum family budget just adequate to sustain an urban family of four in a cheap rented apartment, with an eight-year-old automobil::, and subsisting on a diet consisting largely of dried beans.\textsuperscript{80}

In the past, eligibility requirements have also led to serious invasions of the privacy of recipients by public officials. Numerous examples exist of "midnight raids designed to check on the possible presence of an adult male in the home of AFDC recipients." As noted earlier, the United States Supreme Court has ruled these actions illegal, enjoining state officials from entering the homes of welfare recipients by force, outside of working hours, or during sleeping hours. However, the Court's decision is subject to the limitations noted above.

Together with their other faults, eligibility requirements permit discriminatory practices. In most states, requirements are formulated broadly enough so that some grounds can always be found for disqualifying a poor applicant. Given such broad discretionar\textsuperscript{y}y authority, prejudiced welfare officials can bar needy members of racial and ethnic minorities from receiving assistance. Since the official need never disclose his real reasons, the practice is difficult to detect and to prosecute.\textsuperscript{81}

Payments-in-kind. It is considered desirable to supplement cash transfer payments with payments-in-kind for several basic reasons. One of these arises from the fact that the poor must compete with higher income groups for certain necessary goods and services that are in short supply. In this competition the poor, by necessity, would lose out, since they would be outbid by those who were able to pay higher prices. Hence, these goods and services are supplied to the poor by in-kind transfers. A second reason recognizes that the poor often express faulty consumer preferences. It is feared that if the poor were assisted in cash only, they would not consume what they need. In-kind transfer payments are most often made in the areas of housing, medical and dental care, diet supplementation, and social services (e.g., counseling, day care centers, family planning, and legal assistance).

Housing is provided the poor through a complex array of programs. In 1973 the cost of these programs will approach $3 billion; their total cost in the next forty years is estimated at between $65 and $92.7 billion. Of these, the Public Housing Program is the oldest and, by any accounting, the most important in meeting the needs of the poor. Over the past 35 years, Public Housing has constructed nearly 1.3 million units. In 1971, 50 percent of Public Housing tenants were on welfare.\textsuperscript{80}
Early in the 1960s government officials became concerned that Public Housing was "helping to define and reinforce patterns of segregation," since it tended to concentrate the poor, many of whom were black, in housing projects. In order to correct the problem, Congress enacted the Leased Housing Act and the Rent Supplement Act in 1965. The Leased Housing Act permits Public Housing administrators to lease privately owned rental properties and to make them available to the poor on approximately the same terms as Public Housing. The Rent Supplement Act provides government incentives for private firms to build low rent housing projects by agreeing to subsidize up to 75 percent of the rent of low income tenants. Ostensibly, both measures promote a better racial and economic mix, because they permit the poor to disperse themselves in white, middle income neighborhoods. In 1971, 611,000 units had been constructed through these enactments, and 29 percent of their tenants received welfare.

The Housing and Urban Development Act of 1968 included a dozen programs aimed at providing housing for low income families. Many of these programs supersede or supplement the provisions of the Leased Housing Act and the Rent Supplement Act (Section 236). However, other sections of the measure made new departures. Sections 221 and 223 assist the poor in purchasing and renovating run-down houses in the inner city. Section 235 aims at promoting home ownership of new houses. Since 1968, over 570,000 homes have been purchased through these sections.

In addition to these programs, the Farmers Home Administration oversees the development of low cost, rural housing starts. By 1968, 400,000 rural residents had benefited from the program, among whom were many poor families. Finally, the Department of Housing and Urban Development, in cooperation with the Bureau of Indian Affairs, is assisting Indians, both on and off the reservation, to acquire adequate housing.

Increasingly, housing programs are coming under criticism. According to William Lilley and Timothy B. Clark, grand juries have been impaneled in New York City, Philadelphia, Detroit, Washington, D.C., Chicago, Boston, Camden, New Jersey, and Columbus, Ohio, to investigate alleged charges of corruption. Moreover, an alarming number of private investors, as well as low income home owners, are defaulting on government housing loans. It is estimated that between 20 and 30 percent of the homes purchased through Section 235 of the Housing and Urban Development Act and 26 percent of the housing projects which have been built through Section 236 will end in default.
Health programs constitute the largest of the in-kind transfer payments. Governmental assistance is now supplied principally through two programs—Medicare and Medicaid. Medicare, available to individuals over 65, provides for both hospital services (Part A) and medical services (Part B). Nearly 100 percent of the aged population are enrolled in Part A, including some seven million poor and low income persons; Part B enrolls almost 90 percent of the aged, but because of premium costs and deductibles, an estimated 1.25 million poor are excluded. Annually, the poor receive about one-third of the benefits under Part A and a high proportion of the benefits under Part B. In 1973 Medicare will cost an estimated $4.3 billion.

Medicaid is designed to assist the states in providing medical care for public assistance recipients. Nearly all states participate in the program, which in 1969 gave coverage to some 10 million poor people. In fiscal year 1971 the program will spend $12.1 billion. However, many of the poor are not covered because the act specifies that the income of the medically indigent cannot exceed 133 percent of the income established for AFDC. As we have seen, AFDC payments in some states are quite low. As a consequence, many poverty line families are still too well off to qualify. These programs are supplemented by medical care given in VA hospitals to medically indigent ex-servicemen and by Neighborhood Health Centers funded and developed by the Office of Economic Opportunity. The Hill-Burton Act, which provides funds for hospital construction, has also been a key factor in making medical care available to the poor.

Despite their promise, Medicare and Medicaid have not provided comprehensive medical care for the indigent of the nation. Part of the difficulty is found in the structural defects described above. However, they are failing to achieve their goals for still another reason. Both programs have placed enormous demands on the health care industry—demands which reveal acute shortages throughout the industry. As a result, the cost of medical care has skyrocketed since the introduction of the programs. The net effect has been to worsen the plight of the low-income person who lacks coverage. What is more, experts claim that the programs have created a new class of medical indigents, middle income people who cannot afford the expense of medical care at current prices, yet because of their income level do not qualify for assistance.

In-kind food assistance is given primarily through the Commodity Distribution program and the Food Stamp program. The Commodity Distribution program makes available surplus government food to the poor. The program
is criticized on two counts. First, the items it distributes are often unappealing and unappealing and, hence, are not used by the poor. Second, the distribution system required by the program is expensive to maintain and requires poor families to travel long distances to collect their commodities. The Food Stamp program overcomes these problems by permitting the poor to purchase stamps at a greatly reduced price which then can be spent at any food store. In 1971, 9 million people bought stamps at a cost to the government of $1.7 billion. Families frequently do not participate in the Food Stamp program because the cost of the stamps often exceeds what the family would normally spend for food. In addition, many families cannot accumulate the lump sum which is necessary to purchase stamps each month.

The final category of in-kind payments includes various social services which are available to the poor. The number of specific services is extensive, but the leading ones include day care centers, counseling of all kinds (personal and vocational), and legal assistance. These services are job creating to the extent that day care centers may free women who head poverty families from home responsibilities, thus enabling them to find employment. Vocational counseling may assist the poor in locating jobs. Social service programs also help the poor to stretch their meager dollars by advising them where to buy and, in addition, often protect the poor against capricious welfare officials and welfare exploiters.

These programs are especially expensive. Counseling services alone have spawned a gigantic bureaucracy which takes a big bite from welfare appropriations. More importantly, since other in-kind programs often require welfare recipients to receive counseling before they become eligible for assistance, the poor must go without pressing necessities for long periods of time.
Alternative Approaches for Solving Poverty: The 1973-74 Resolutions

In the preceding pages we have attempted to describe and discuss the problem of poverty in America and what is currently being done to bring it under control. It should be apparent from our discussion that much more remains to be accomplished, not only to ease the desperate plight of millions of our citizens, but to control the soaring costs of present antipoverty programs and to rid these programs of alleged discrimination, corruption, and inefficiency. The 1973-74 National High School Debate Resolutions focus attention on three alternative approaches which have been advocated in the past as means of correcting some of the deficiencies in existing programs. Part 3 will explore the leading provisions of these approaches, attempting in the process to sort forth their principal advantages and liabilities.

Resolved: That the Federal Government Should Guarantee a Minimum Annual Income for Each Family Unit

The concept of a guaranteed minimum income has stimulated extensive public debate since the early 1960s, and many different plans of income maintenance have been proposed—negative-income-tax, demographic schemes (similar to the proposal made by George McGovern in the 1972 election campaign), and allowances for children. All of these plans have certain broad features in common. All of them would establish a floor beneath which the yearly income of a family could not fall. The level at which the floor would be set depends upon the designer's definitions of poverty and how many and what type of family he wishes to assist. In addition, all income maintenance plans contain certain provisions for controlling undesirable concomitant effects such as work disincentives, inducements of family breakup, and administrative and funding problems. Robert Haveman suggests that,

to be seriously considered, a proposed plan has to demonstrate the establishment of an acceptable need-related income floor for all families, an increase in equity between able-bodied male and female heads of families and administrative feasibility. . . . Because of the conflicting nature of some of these objectives, proposals trade gains in achieving one objective with costs in achieving the others. 100

Structural characteristics of guaranteed income plans. Problems in structuring an income maintenance plan are concerned chiefly with the follow-
Alternative Approaches for Solving Poverty

ing: (1) the level at which the guarantee of income will be set; (2) whether the guarantee will be established uniformly throughout the nation regardless of local and regional differences in living costs; (3) formulas for compensating families of differing sizes; (4) the kind of income that will be guaranteed—cash, in-kind payments, or a combination of both; (5) the extent to which the federal program will continue to involve state and local governments; and (6) why the guarantee of income should be made exclusively by the federal government. We will consider these problems in order.

(1) In determining the level at which the guarantee of income will be fixed, the affirmative side is under no constraints, aside from the practical limitation of establishing an amount that is sufficient to meet the need which it isolates. At the present time, the phrase minimum annual income is not given a special meaning in the sense of prescribing a set dollar amount. As Haveman points out, levels are “need-related”—they express what the designer of the plan feels is necessary to meet the needs of the poor. The affirmative may elect to describe the needs based on the assumptions and definitions of the Poverty Index. In this case, the minimum income level will center, in all probability, at a point close to the official poverty line. Other affirmative teams may use relative definitions of poverty which would require them to formulate much higher levels. The only real test is, Will the amount of the guaranteed income be sufficient to meet the need which is established?

(2) Should the guaranteed minimum annual income be given uniformly without regard to local and regional variations in the cost of living? As we have seen, the cost of goods and services differs, sometimes substantially, from region to region and even within regions on an urban-suburban-rural basis. Providing a uniform, national level could well move people in one area far above what is needed, while at the same time leaving those in other areas still in poverty. But if an attempt is made to compensate for regional and local differences in the cost of living, the income plan may incur extremely high administrative costs. The expense involved in determining local and regional variations in the cost of living and in periodically reassessing those variations would be substantial. Moreover, the administrative costs of handling the claims of recipients would increase.

(3) Should the minimum income be the same for all family units? At this point, let us attempt to define the phrase family unit. As used in most government poverty estimates, family unit refers to a household. A house-
hold may consist of a single unattached individual, or it may have several or more related members, some of whom are partially or wholly dependent on the head of the household for support. Thus, the guarantee of a minimum income would doubtless be extended to single, unattached persons as well as to family units of a larger size.

Clearly, giving $4000 to each family would benefit a poor family of three substantially, while affording little relief to a family of eight. There are two approaches to solving this problem, but each has its drawbacks. One approach would provide a specific amount for each family member. However, some commentators fear that this would create an economic incentive for the poor to have more children, since each child would bring an increment in government aid. The alternative approach is a specific allotment for each family member up to a certain number. Thus, for example, the affirmative could provide $1500 for each adult, $500 for the first two children, and a smaller allowance for each subsequent child. As we have seen, a complaint often made against present assistance is that it forces the male to leave the home in order to qualify his wife and children for support. The approach just described might produce similar results. A family with four children would receive the full $500 for each child only if the mother and father split up, each establishing separate households with two of the children. If the family remained intact, two of the children would receive smaller allotments.

(4) What type of income will be guaranteed—cash, payments-in-kind, or a combination of both? The affirmative is acting quite legitimately when it defines income as "cash payments and/or payments-in-kind." This definition is widely accepted in existing government poverty programs, as we discovered in Part 2. Indeed, the differential established in the Poverty Index between farm and nonfarm families is based on the assumption that farm families do not require as much income because they supplement their yearly cash earnings substantially with in-kind benefits.

Difficulties accompany the exclusive use of either definition of income. Guaranteed income plans based on cash earnings alone enjoy the advantage of being easy to administer; thus, they generally display low overhead costs. In addition, they would eliminate many of the problems of discrimination and invasion of privacy, since the guaranteed income would be given as a matter of right and would not be subject to the eligibility rules and requirements which promote illegal practices in the present system. However, serious questions arise concerning their true effectiveness in helping the poor.
Alternative Approaches for Solving Poverty

You will recall that cash forms of public assistance are inherently limited for two reasons. First, some essential goods and services—housing, medical care, and food—might be priced beyond the means of the poor if they had to pay for these in cash. This occurs because when the poor compete for goods and services in the open market, the price is bid up. It is preferable, therefore, to supply these goods and services through in-kind transfers.

Second, it is feared that the poor will misspend. Cash payments will be wasted on non-essentials instead of being used to purchase basic necessities such as adequate food, clothing, and housing.

Affirmatives may utilize a number of approaches to control this problem. The simplest remedy is to accompany the minimum guarantee with a program of consumer education. Two questions arise here. In the first instance, the effectiveness of such a program is open to doubt. The empirical results of existing consumer education programs are mixed. The affirmative might well not produce the best results, since a voluntary program would have no guarantee of attendance and since resentment would probably accompany any scheme of compulsory education. Beyond this, the legitimacy of this addition to the plan is unclear. Negatives may argue that because of misspending, the affirmative advantage could not be produced without educating poor consumers. Yet, they would contend, nowhere does the resolution sanction conditions for receipt of such aid or extraneous conditions of any kind. Thus, a large part of the advantage would be extratopical. While theory is by no means settled on this subject, the negative may make a persuasive case against such an affirmative plan provision.

To overcome these obstacles, the affirmative may provide the minimum income, in substantial part, through in-kind benefits. Instead of dollars, the recipient may be provided with dollar equivalents in the form of housing, food stamps, clothing vouchers, or free medical care. This might provide a valuable means of assuring not only proper use of income supplements but also availability of essential goods.

Pegging the guaranteed income program to in-kind benefits has serious drawbacks. The program would entail high administrative costs, because it would require a substantial increase in interagency coordination. Recipients would have to be cross-checked through a number of different programs. Moreover, it would more than likely increase the degree of discrimination and arbitrariness in the present system. According to Robert H. Haveman, neither of the guaranteed income measures now pending in Congress, both of which provide for in-kind payments, "has overcome the issues of adminis-
trative discretion regarding categorizations, reporting eligibility and benefit
determination, termination, and social services that have plagued the cur-
crent welfare system for years. Indeed, he concludes, the problem would
be exacerbated if either measure were adopted.

(5) What will be the role of state and local government in any federal
program offering a guaranteed income? The present welfare system is
founded on a philosophy of federalism—sharing of responsibility between
the federal and the state and local governments. Washington provides funds
through varying matching formulas; state and local units, in addition to
some funding, are responsible for administration of the program. The pro-
posed plan would obviously alter these historic roles fundamentally. The
word guarantee is defined in Webster's as "a positive assurance that some-
thing will be done." More and more, authorities see a guarantee of income
as "an access to benefits as a matter of right which is conditioned only upon
the level of a person's or family's income." The topic calls for the federal
government alone to assume this responsibility. To do this it must exercise
full control over funding programs and administration; otherwise, the
guarantee would not be complete, and capricious actions by state and local
governments could intrude to deny a family what the law specifies is theirs
by right. The negative may find a disadvantage in excluding state and local
participation in administration. The contacts of welfare departments with
the poor are now used not only to give them public assistance checks but
also to furnish social counseling. The social worker can provide homemak-
ing and nutrition advice and can refer the poor client to sources of family
help, medical aid, and job training and placement. The potential usefulness
of these programs would argue for some form of assistance other than a
monthly check. It could be argued that these social services are best pro-
vided by local government, since that level is closest to the needs of the
people. In response to this argument, the affirmative can demonstrate ways
in which state and local governments still would be used by the federal gov-
ernment, only in a supportive capacity. There is no barrier, for example,
which would prevent federal agencies from contracting social work out to
the states.

(6) Why should the guarantee be made exclusively by the federal gov-
ernment? The affirmative answer to this question has already been made,
in part, in this section and in previous sections. First, it is argued that over
the years the present system, by distributing responsibility for public assis-
tance programs through three levels of government, has generated a mas-
sive, often duplicative bureaucracy. Not only does this bureaucracy skim off a substantial amount of the money which should be going to the poor, but it also has become inefficient and unresponsive. Second, incidences of discrimination are believed to be greater in programs administered by state and local governments. Third, the present system is marked by an unevenness in benefits. State and local governments are largely free to determine what relief they will give to the poor and at what benefit levels. This unevenness penalizes the poor in certain areas while encouraging interstate migration. Finally, many experts doubt that the financial capacity of the states is sufficient to carry out welfare programs at the level demanded by the present crisis. Quite obviously, some of these charges are equally true for the federal government. Hopefully, further research will disclose where the responsibility for the programs should really lie.

Consequences and concomitants of a guaranteed income plan. Any guaranteed income program will produce significant fallout effects. Thus, as Robert H. Haveman observes, the programs, by necessity, will involve trade-offs. In order to gain advantages for the poor, some disadvantages may have to be incurred for the public at large. While by no means all-inclusive, these trade-offs are concerned with costs and funding, the effects on other programs, their inflationary impact, work disincentives, and savings.

Clearly, most affirmative plans will entail very substantial expenditures. Estimates of the poverty income gap range from 10 to 17 billion dollars. And this is not the only cost that must be met, for there may be subtle, yet substantial hidden costs. A minimum income might cause state and local spending and private charitable contributions to dry up, and the deficiencies created would have to be compensated for by the federal government. Moreover, to the extent that individuals stop working in order to qualify for the plan (we will analyze this more fully later), costs would escalate yet higher. Affirmatives will be compelled to find the most expedient means for raising tens of billions of dollars. We need not discuss the plethora of specific arguments that this entails. Suffice it to say that once again the economic effects of tax increase and tax reform and the military and economic ramifications of defense cuts will be relevant areas of discussion.

In addition, the guaranteed income approach is bound to have a substantial effect on other government programs. Recent experience at the federal level has demonstrated that no sizable program can be considered in a budgetary vacuum. The negative side may argue that a large spending
program, given existing political priorities, may well translate into cutbacks in other social programs. Apart from challenging the political assumptions on which this disadvantage is based, affirmatives may make considerable inroads into the disadvantage by two arguments. First, if the poverty problem is solved, it is reasonable to expect that sizable portions of other programs will be rendered irrelevant. If individuals can meet the costs of their own medical care and housing, for example, the need for federal spending on these items will be proportionately reduced. Second, a minimum income would relieve the state and local governments of the burden of welfare costs, permitting them to dedicate liberated resources to taking up the slack caused by federal cutbacks.

Still further, a guaranteed income plan risks serious inflation. This may well be one of the most serious problems faced by an affirmative plan. Today's economic record—which is virtually unparalleled in peacetime—suggests the inadequacy of present means of restraint. This backdrop makes all the more worrisome any inflationary impact of a guaranteed income. The danger stems from three causes.

Collection of revenue for the plan would present the first inflationary danger. Most commonly, a guaranteed income plan would be funded through tax increases. But experience shows that tax increases tend to draw off rather than reduce spending. When money is transferred from savings to a government spending program, the amount of money circulating in the economy increases, and the danger of inflation grows. Tax reform would likely have the same effect, since most loopholes (e.g., capital gains and tax free municipal bonds) encourage the wealthy to save and invest. Nor would cutting military spending entirely avoid this problem. Economic studies have demonstrated that defense spending is only marginally expansionary while social programs are highly stimulatory. Thus, when money is diverted from military spending to social welfare projects, it has the effect of increasing demand in the economy, and, thus, of fueling inflation.

Beyond this, the distribution of revenues in the plan would encourage inflation. The people who would receive funds from the plan, the poor, are the people most likely to spend. In economic terms, those near the poverty line have the highest marginal propensity to consume (MPC); their MPC is nearly 100 percent. This means that the poor would spend nearly 100 cents out of every extra dollar of income they receive. (In fact, the logic of the affirmative case guarantees this. If the poor are so strapped
for necessities, they will certainly spend extra money rather than investing it. The MPC of the middle and upper income brackets is much lower. Thus, income programs create a permanent reservoir of high demand in the economy, which feeds the fires of inflation. This factor interacts with the collection factor to produce what may be a significant problem of demand-pull inflation.

Finally, independently, the guaranteed income may well exacerbate cost-push inflation. It has been observed that wages in the United States are determined by both technical and social conditions. Certainly, the prime determinant of wages is the importance and difficulty of the job; but wage levels also mark social class. When auto workers get pay increases, steel workers want them too; when firemen receive higher wages, policemen also demand them. In each case, the difficulty of the job has not changed. But, for one group of workers to permit workers in a comparable trade to be better remunerated would be to imply that the other group is more valuable to society and has higher status. A kind of stratification develops; the various trades are implicitly categorized in a hierarchy. Wages among the trades in one category tend to be closely correlated, while clear differentials exist among professions in different categories. Historically, if income rises for one category, other categories tend to push their incomes up as well in order to preserve the income differential.

This pattern indicates that when the poor have their incomes raised, workers in the earnings bracket immediately above apply pressure through their unions for wage increases sufficient to restore the income differential. This, in turn, forces workers in the next bracket to press for higher pay, and so on until inflationary pressure is suffused throughout the entire economy.

It would seem from the foregoing analysis that affirmatives would be wise to investigate carefully the economics of the inflationary process and to develop sophisticated defenses of the ability of present restraint structures to hold greater inflationary pressures in check.

Perhaps the most frequently voiced of all objections to the guaranteed income is that assured economic security would remove the incentive to work. After institution of a program, workers, it is feared, would sit their jobs or never look for employment in the first place.

There are many options for response available to the affirmative. It may contend, for example, that there are noneconomic reasons for working. Our society is permeated with the work ethic. Attitude profiles seem to
reveal that many citizens could not keep their self-respect if they quit their jobs to live off the government. Moreover, many more would undoubtedly become bored with unlimited time and would hold a job to escape boredom. This suggests that, while there could be some initial dislocation, the loss of incentive would be temporary. Even if some workers were to leave the labor market permanently, this may just open up jobs for some of the great many Americans who are now unemployed. The precise effects of the work disincentive which would be caused by income plans has only recently been seriously investigated. At the present time, a number of pilot studies are in progress (funded through the Office of Economic Opportunity and the Department of Health, Education, and Welfare). The results of these studies will become available in the late summer and early fall of 1973.

Finally, the affirmative might structure their income guarantee so as to minimize this problem. A common approach is the negative-income-tax proposal. Such a plan sets some minimum income level, say $2400, which every family would be guaranteed. Benefits would be reduced by a fraction, perhaps 50 percent, for outside earnings. Thus, if a family made $1000 on its own, its benefits would be reduced by half that amount, or $500. Its grant from the federal government would then be $2400 minus $500, or $1900, for a total income of $2900 ($1000 for earnings and $1900 from the government). Under such a plan, there would remain some economic reason to work.

The problem of work disincentive, as well as presenting difficulties for the affirmative, raises some thorny questions of topicality. Can the affirmative condition its guaranteed income plan with work provisions? Some authorities contend that this practice would violate the letter and spirit of the guarantee. On the surface, this view flies in the face of experience. Most of the guaranteed income plans presented in recent years have contained provisions to offset the work disincentive effect. The theoretical arguments for including such provisions are well developed in the American Enterprise Institute's Special Analysis. Income, the Special Analysis explains,
applicant's willingness to seek work, or the government could require that all applicants make themselves available for appropriate public service employment.104

The final concomitant effect of a guaranteed income is found in its impact on savings. A guaranteed income would provide a degree of protection against unexpected economic catastrophe, like the family head losing his job. It would also provide an assured income after retirement. In so doing, a guaranteed income might reduce two important motives for families to save. To be sure, some other reasons, like saving for a new car or a vacation, would remain, but there would no doubt be a real decrease in savings.

The problem would be most manifest in bank deposits and pension funds. Bank deposits—especially those in savings and loan institutions—provide an indispensable source of funds for the housing industry. Pension funds (with about $100 billion in assets and reserves) are major underwriters of industrial growth by their purchases of stocks and bonds.

Resolved: That the Federal Government Should Provide a Program for the Employment of All Employable United States Citizens Living in Poverty

This proposition invites a searching reappraisal of current manpower programs. Overall, it appears to call for the adoption of a comprehensive program similar to programs developed in the 1930s and early 1960s. These programs employed a number of approaches—economic stimulation, public work, employment in public services, and retraining—which allowed flexible responses to particular and changing economic conditions. However, the affirmative side need not advocate a program of such magnitude. It may choose to limit itself to any one of the approaches given above, as long as it can demonstrate that that approach can generate enough employment to meet the needs of all employable citizens in poverty.

Provide a program. According to Webster's, this phrase requires the federal government "to draft and implement a plan" for employing employable United States citizens. The precise nature of the plan is not specified. It could include any of the mechanisms for job creation described above. Moreover, it does not preclude the possibility of the affirmative structuring its plan to subsidize wages paid by private employers (in order
to encourage them to hire the poor, since it wouldn’t cost as much in wages) or even compelling private industry to make available a certain number of jobs for poor people. In either case, the federal government would still supply a plan of procedure, and that is all the resolution requires. The clever affirmative may well want to include these options in its plan, using the federal government as an actual employer of the poor only when, and if, mechanisms for employment in the private sector fail.

For the employment. As in past years, the word for may prove to be an extremely troublesome term. In the context of the proposition, however, it seems to be an equivalent of in order to. Taken in this sense, the phrase for the employment means in order to employ. Again, it should be understood that this does not apparently limit the topic to any one mode of job creation. Economic stimulation, public works, direct hiring, retraining, anti-inflationary monetary and fiscal policy, and even tariff adjustments might have as their ends employment opportunities.

Employment is defined as “the state of being employed” or “the state of having one’s services engaged.” It seems appropriate to note here that the affirmative can claim its advantages in one of two primary areas. A team may well wish to claim that the primary advantage of its proposal is that it provides income to the poor, thus bettering their economic and social condition. Alternatively, it may claim as its advantage the work that gets done as a result of hiring the poor. This would be most applicable to a case in which the federal government directly employed all citizens in public works projects. In such a case, the affirmative may claim advantages from more highways, more mass transportation, or whatever. (It should be clear from the discussion above about the nature of a program that the affirmative is well within its rights in specifying that the government will employ the poor in certain types of jobs, which is what is being done here.) The operative principle is that topicality is a plan argument. As long as the affirmative adopts the resolution and does not go beyond it in the specifics of its plan, any advantage which flows from that plan is perfectly acceptable. It is the resolution as embodied in the specific affirmative plan which should be adopted, and not the affirmative advantages. The advantages are simply reasons why we should adopt the plan, and as long as they come about as natural consequences of a topical plan, they need not be related in any other way to the wording of the resolution.

Of all employable United States citizens. A citizen is employable, according to formal definition, if he is capable of accepting work. It is
important to understand that the work may not be what he desires, nor may it equal his level of skills. Employment opportunities are determined by the needs of the job market, not by the whims and predilections of individuals. Thus the resolution dictates only that the affirmative proposal make employment available to all employable citizens, but the employment opportunities created do not have to be in particular occupations or at specified levels of skills, nor do they have to cover a range of salary levels. Some citizens may refuse to accept employment under these conditions. Obviously, if enough citizens followed this course, the affirmative would encounter difficulties in meeting its need. But, technically, the job of the affirmative is to get the horse to water, not to make it drink. Of course, the affirmative may compel employables to enter its plan. This provision requires enforcement mechanisms which may not be feasible because criteria of employability are not precise and clear. The problem is discussed below.

Who is an employable? Precise criteria for employability simply do not exist. On the surface, one criterion is physical ability; persons with severe handicaps, for example, may not be able to work. Even in the medical field, however, unambiguous criteria do not exist. Affirmatives may wish to require a medical examination and entrust such judgments to medical personnel. Other criteria will be even more difficult to establish. For example, it might be argued that a mother with small children is not employable because she is needed in the home. But surely, part-time work would not necessarily create problems. And presumably, at some point she could assume full-time employment without difficulty. But where does one draw the line?

One possible solution to these difficulties is to argue that a person is employable if he has the physical capability to work and wishes to do so. The affirmative could argue that aside from physical limitations (or perhaps even including them) the individual himself is obviously in the best position to decide if he or she is employable. The plan would simply make employment available to all who wanted to work. Any advantage from such a plan would clearly depend on the ability of the affirmative to prove that many poor people want to work but simply cannot find jobs, which is a very reasonable proposition.

An additional problem is posed by teenagers. The resolution requires that all employable citizens be covered, and teenagers certainly fall within that heading. The resolution seemingly requires that the plan make em-
ployment available to this group. However, in general, teenagers are probably able to work only part-time, and the difficulties of administering a part-time program, which may be very formidable, must be considered.

Poverty is another relative concept for which there can be no one "right" definition. The unit of time involved in determining poverty is very important. If poverty is defined in terms of annual income, then the affirmative plan would probably be restricted to the hard core unemployed. If, however, that same annual income is converted to a monthly or weekly income flow, then the proposal will take in a great many of the fractionally unemployed, that is, those who may be out of work for a period of several weeks looking for a new job. Hence, enforcement provisions would have to be more general.

In any employment a difficult question of continued eligibility arises. If the affirmative pays a wage sufficient to lift people out of poverty, then under the terms of the resolution such people would not be eligible for the program the second year. They would simply no longer be poor. Nor can the affirmative avoid this difficulty by arguing that "living in poverty" means "living in poverty at the time of the plan's enactment." Such an approach would exclude all those who become poor in the future, which will obviously severely limit the affirmative's significance.

In meeting this problem, the affirmative has several options. The poverty line might be drawn high enough so that a reasonable wage could be paid, thus providing an adequate income, but still not a sufficient income to bring program participants over the poverty line. For example, if a relative standard were adopted, the affirmative could define as poor anyone who made less than half of the national median income (about $5000). Then a reasonable income would still leave beneficiaries poor, although it would substantially improve their economic well-being. Alternatively, the affirmative might argue that "living in poverty" means "living in poverty in the absence of the affirmative program." Income from the job which the affirmative provides would thus be excluded in determining continued poverty. This approach, however, obviously poses problems for affirmative cases that attempt to subsidize private wages. At least some people who are covered might well be employed even without the subsidy at the same wage and hence would not really be poor. Such difficulties seem relatively insignificant. Finally, the affirmative might specify as part of their program that it was only temporary assistance. For example, the individual could be paid some specified wage the first year, 75 percent of that wage the
second year, and 50 percent of the wage the third year. This would provide a substantial incentive for the participants to seek employment in the private sector without the government's assistance. If he could not do so, however, he could again become poor after a transition period and would again be eligible for the government's assistance.

Resolved: That the Federal Government Should Enact a Program of Comprehensive Welfare for United States Citizens Living in Poverty

Many of the terms of this proposition were defined in our discussions of income plans and manpower programs, so they do not require treatment here. By the same token, many of the issues which underly this topic have already been discussed. A program of comprehensive welfare, like a guaranteed income, aims both at reducing welfare costs through administrative restructuring and at ending the problems of discrimination, uneven coverage, and underfunding.

What is a comprehensive program of welfare? More and more, welfare is precisely defined in the literature on poverty. The term refers to public assistance programs, both state and federal, which support the poor through cash and in-kind benefits. More specifically, welfare includes such cash support programs as Aid to the Blind, Aid to the Partially or Totally Disabled, Aid to Families with Dependent Children, Aid for the Aged, general public assistance, and such in-kind revenues as Public Housing (in all forms), Medicaid, the Food Stamp program, and so forth. Welfare does not include Social Security benefits, Veterans Pensions, and the like. Comprehensive means "covering . . . completely or nearly completely; inclusive." Thus, the proposition calls for a program which would encompass all of the goals of existing public assistance programs. These programs would be pulled together by the federal government into one package.

However, in the view of the writers, a program of comprehensive welfare does not have to include all existing programs, nor must it include the present mix between cash assistance and in-kind assistance. As long as the affirmative meets the goal of welfare, its proposal is propositional.
Notes


5. Faltermayer, op. cit., p. 119.


10. Ibid., p. 38.


18. Ibid., pp. 287-88.


23. For a highly technical discussion of the causes of poverty, see Thurow, op. cit., pp. 26-45.
Notes


28. Ibid.


32. Flaim and Peters, op. cit., p. 36.


34. Thurow, op. cit., pp. 48-52.


42. Quoted in Bauman, op. cit., p. 286.

43. Report of the President's Commission on Income Maintenance Programs, pp. 18-19.

44. Ibid., pp. 17-18.
45. National Center for Social Statistics, *Number of Recipients and Amounts of Payments under Medicaid and Other Medical Programs Financed through Public Assistance* (October 1972), DHEW Publication No. SRS 73-03153 (NCSS Report B-4 (CY 10)).


53. Students should consult standard economic texts for a more detailed, technical discussion of inflation. In addition to the explanation given above, special attention should be given to the role of monopolies in the economy.


55. Ibid.


59. Levitan and Taggart, op. cit., p. 3.

60. Ibid., pp. 3-4.

61. Ibid., pp. 4-6.

62. An understanding of the effects of automation is critical in analyzing the 1973-74 propositions. For an especially cogent discussion of the problem, see *Special Analysis*, pp. 77-83.

Notes

64. Report of the President's Commission on Income Maintenance Programs, p. 102.
65. Ibid., p. 97. The report concludes, however, that the benefits of MDTA retraining programs have far outweighed their costs.
66. Special Analysis, p. 82.
68. Special Analysis, p. 75.
72. Report of the President's Commission on Income Maintenance Programs, pp. 105-108. See also Harriss, op. cit., pp. 653-72.
75. Hemple, "Exploring the Distribution of Earned Income," op. cit., p. 34.
76. Report of the President's Commission on Income Maintenance Programs, pp. 111-12.
77. Ibid., pp. 112-13.
78. Levitan and Marwick, op. cit., pp. 262-64.
80. Levitan and Marwick, op. cit., p. 264.
85. For a detailed discussion of this area, see "The Supreme Court and the Poor," Journal of Urban Law (August 1972), pp. 1-20.
The following analysis represents the writers' summary of arguments that are popularly given pro and con on the subjects of guaranteed income, manpower programs, and expanded social welfare approaches. Because these observations are culled from an extensive number of writers, no attempt will be made to footnote specific arguments. In the view of the writers, the best analysis of guaranteed annual income and public work for the unemployed is found in the American Enterprise Institute's *Special Analysis,* since these studies were prepared especially for high school and intercollegiate debaters. These studies can be obtained by writing directly to the American Enterprise Institute, Washington, D. C. Additional sources are given in the bibliography which accompanies this study.

103. Haveman, op. cit., p. 52.
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Books


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