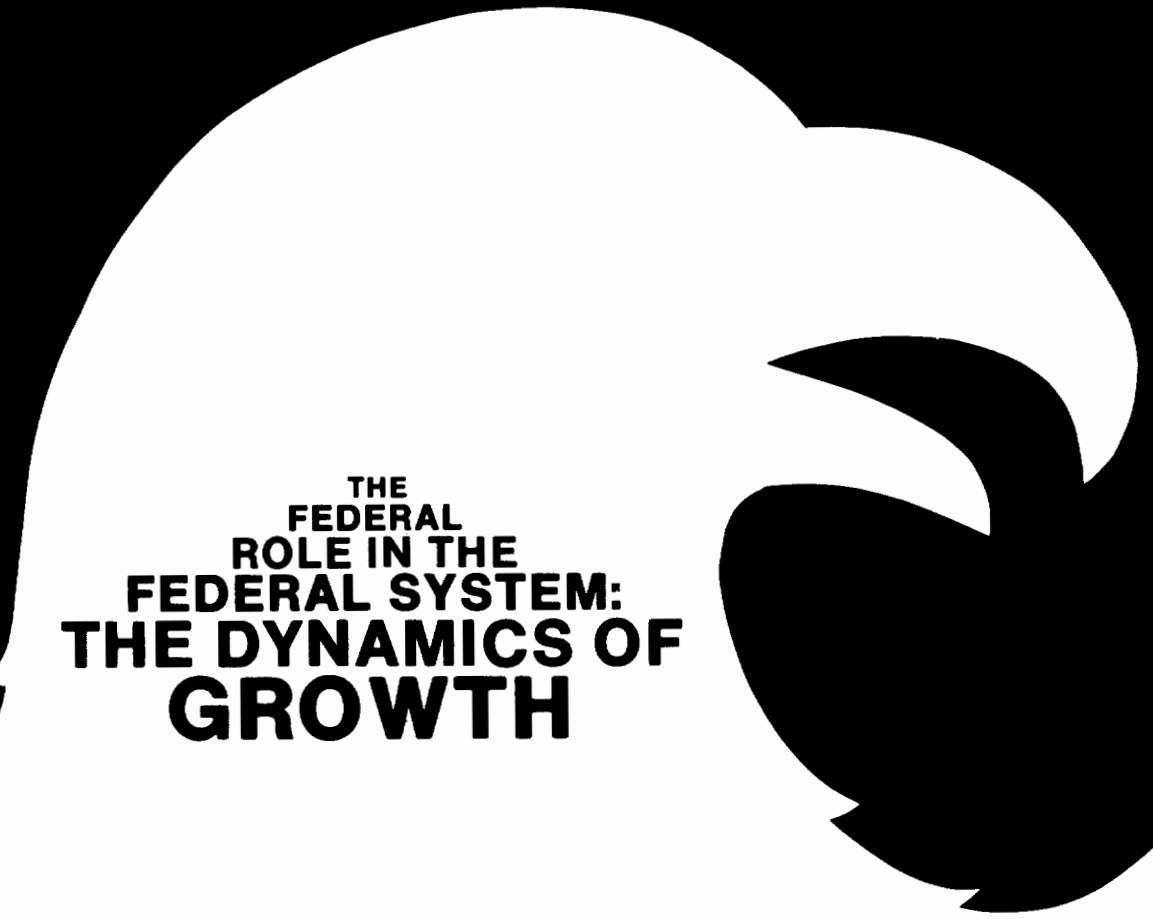


**THE
FEDERAL
ROLE IN THE
FEDERAL SYSTEM:
THE DYNAMICS OF
GROWTH**

**Public Assistance:
The Growth of a Federal Function**

A Commission Report



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ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
Washington, D.C. • July 1980

A-79



Foreword

The Advisory Commission on Intergovernmental Relations was established by Public Law 380, which was passed by the first session of the 86th Congress and approved by the President on September 24, 1959. Section 2 of the act sets forth the following declaration of purpose and specific responsibilities for the Commission:

Sec. 2. Because the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

It is intended that the Commission, in the performance of its duties, will:

1) bring together representatives of the federal, state, and local governments for the consideration of common problems. . . ,

5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation,

6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government. . . .

Pursuant to its statutory responsibilities, the Commission, from time-to-time, has been requested by the Congress or the President to ex-

amine particular problems impeding the effectiveness of the federal system. The 1976 renewal legislation for General Revenue Sharing, Public Law 94-488, mandated in Section 145 that the Commission:

. . . study and evaluate the American federal fiscal system in terms of the allocation and coordination of public resources among federal, state, and local governments including, but not limited to, a study and evaluation of: (1) the allocation and coordination of taxing and spending authorities between levels of government, including a comparison of other federal government systems. . . . (5) forces likely to affect the nature of the American federal system in the short-term and long-term future and possible adjustments to such system, if any, which may be desirable, in light of future developments.

The study, *The Federal Role in the Federal System: The Dynamics of Growth*, of which the present volume is one component, is part of the Commission's response to this mandate. Staff were directed to: (a) examine the present role of the federal government in the American federal system; (b) review theoretical perspectives on American federalism, the assignment of functions, and governmental growth; and (c) identify historical and political patterns in the development and expansion of national governmental domestic activities. This case study on the federal role in public assistance is one of seven prepared by Commission staff pursuant to this assignment.

III

Abraham D. Beame
Chairman

Acknowledgements

IV **T**his volume was prepared by the Government Structure and Functions section of the Commission staff. Cynthia Cates Colella, analyst, had responsibility for the research and preparation of this case study. Other members of the Governmental Structure and Functions section including Dr. David R. Beam, project manager, Timothy Conlan, now of Harvard University, and Carol Monical reviewed the manuscript and made helpful suggestions. Delores Dawson and Arnette Ru-

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Introduction: The Matter of Definition and Scope

There are a variety of ways in which federal income maintenance programs can be defined, divided, and delimited. At one end of the spectrum, income maintenance is broadly characterized in terms of federal income transfer programs. Approximately 182 in number and costing about \$250 billion in fiscal year 1977, such programs run the gamut from the Wool and Mohair Payments Program of the Department of Agriculture (USDA)¹ to the more traditionally “welfare” oriented Food Stamps Program also administered by USDA. In addition, at this broad definitional level are included not only cash transfers to persons with inadequate or no incomes but such indirect transfers as tax credits for child care which tend to be more beneficial to middle and upper income families than to the poor.²

A more narrow view of income maintenance is taken by the Office of Management and Budget (OMB) which defines federal income security programs as those programs which “maintain or supplement the income of persons and families whose capacity for self-support is reduced by old age, disability, illness, unemployment, poverty, or death of the primary wage earner.”³ Included among income security programs are the Old Age, Survivors’ and Disability Insurance Program (OASDI, or popularly, Social Security), federal employee benefits, veterans benefits, and railroad retirement—retirement programs which collectively benefit nearly every American. In addition, this definition encompasses federal public assis-

tance programs, such as Aid to Families with Dependent Children (AFDC), and Supplemental Security Income (SSI) which provide benefits to specific categories of the poor. In 1978, income security programs, as defined by OMB, accounted for almost \$150 billion of federal expenditures.⁴

A final division of income maintenance occurs when it is defined solely in terms of its public assistance or welfare component. According to the Senate Finance Committee, public assistance is defined as "those programs which provide significant support on an income-tested basis to a fairly broad segment of the low income population."⁵ Certainly, this division comprises the most controversial of the federal income maintenance programs. Yet, despite the controversy which surrounds it and resulting complaints about the high cost of welfare, in 1978 the federal portion of public assistance, excluding medicaid, cost only about \$27 billion.⁶ This is not to imply that \$27 billion is an insubstantial sum. Quite the contrary is true. However, public assistance programs are responsible for only 18% of all income maintenance expenditures and for only about 11% of expenditures when income maintenance is defined broadly as all income transfer programs. Going one step further, public assistance accounted for less than 7% of total federal outlays in 1978.⁷ Thus, while welfare is a costly venture, it remains a relatively minor portion of the government income maintenance effort. (See Table I.)

As a rule, income maintenance programs confer one of two types of benefits on the recipients. The first and largest category consists of direct cash assistance. Common examples of this genre include OASDI, unemployment benefits, and AFDC. The second type of benefit is received in kind. Food stamps and public housing provide goods and services and, thus, fall under this category.⁸

For several reasons this paper does not attempt to trace the development of all income maintenance programs. First, for the sake of manageability, the paper will be confined to those programs which are popularly known as welfare or public assistance rather than insurance-type programs such as OASDI and unemployment insurance.

Second, within the realm of welfare, discussion will be confined to only three programs: AFDC and earlier cash assistance child welfare programs; Supplemental Security Income (SSI) and its predecessors, Old Age Assistance (OAA), Aid

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Table I

ACTUAL FEDERAL OUTLAYS FOR INCOME SECURITY, FY 1978

Major Missions and Programs	1978 Actual Outlays (millions of dollars)
GENERAL RETIREMENT AND DISABILITY INSURANCE:	
Social Security (OASDI)	\$92,242
Railroad Retirement	3,983
Special Benefits for Disabled Coal Miners	1,027
Other	5
Subtotal	97,257
FEDERAL EMPLOYEE RETIREMENT AND DISABILITY:	
Retirement and Disability	10,491
Federal Employee's Compensation	174
Subtotal	10,665
UNEMPLOYMENT COMPENSATION:	
Unemployment Compensation	11,769
Subtotal	11,769
PUBLIC ASSISTANCE AND OTHER INCOME SUPPLEMENTS:	
Supplemental Security Income	5,855
Aid to Families with Dependent Children	6,639
Food Stamps	5,499
School Lunch and Other Nutrition Programs	3,427
Earned Income Credit	881
Housing Assistance	3,677
Refugee Assistance	139
Other	403
Subtotal	26,521
TOTAL	146,212

Source: Executive Office of the President, Office of Management and Budget, *The Budget of the United States Government, 1980*, Washington, DC, U.S. Government Printing Office, 1979, pp. 250-51.

to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD); and food programs, concentrating on food stamps but also touching upon commodity distribution. These programs were chosen because they are the largest of the welfare programs.

Third, while the programs mentioned above do not exhaust the sources of public assistance, they are representative of the two major types of welfare. AFDC and SSI are cash assistance while food

stamps represent in kind assistance.

Finally, a preliminary aside is necessary. While this paper is largely confined to AFDC, SSI, and food programs, it is hardly a confinement etched in granite. Indeed, it would be impossible to discuss AFDC or SSI without at least cursory mention of Social Security or unemployment insurance since all of these programs emanated from the same basic legislation, *The Social Security Act of 1935*.

FOOTNOTES

¹ Wool and mohair payments are direct cash payments made to persons owning sheep or angora goats and selling wool or mohair. Benefits are not conditioned on need. Rather, they are based upon the difference between the average market price and a higher government support price. William J. Lawrence and Stephen Leeds, *An Inventory of Federal Income Transfer Programs*, White Plains, NY, The Institute for Socioeconomic Studies, 1978, p. 104.

² *Ibid.*, pp. 4, 105, 214.

³ Executive Office of the President, Office of Management and Budget, *Special Analyses, Budget of the United States Government, 1979*, Washington, DC, U.S. Government Printing Office, 1978, p. 263.

⁴ Executive Office of the President, Office of Management and Budget, *The Budget of the United States Government, 1980*, Washington, DC, U.S. Government Printing Office, 1979, p. 251.

⁵ U.S. Congress, Senate, Committee on Finance, Subcommittee on Public Assistance, *Staff Data and Materials on Public Welfare Programs*, 95th Cong., 2nd Sess., Washington, DC, U.S. Government Printing Office, April 1978, p. 1.

⁶ Executive Office of the President, Office of Management and Budget, *The Budget of the United States Government, 1980*, op. cit. p. 251.

⁷ *Ibid.*, p. 4.

⁸ While direct cash and in-kind programs constitute the bulk of the federal income maintenance effort, other programs transfer income less directly through such means as tax credits and low interest loans.

The Sorry Roots of Public Assistance: Poor Law From Elizabeth I to Herbert Hoover

No doubt, poverty preceded even the most rudimentary form of government. It certainly existed long before the birth of the modern nation state and, for that matter, haunted the earth for centuries before the inception of the classical city state.

5

Though government policies (or lack of policies) for dealing with poverty have differed throughout time and between political units it has always been a matter of concern for a number of reasons which have little or nothing to do with basic human kindness. First, a destitute individual is obviously unable to materially support the polity. The ancients overcame this obstacle to a certain extent through a policy of slavery. Thus, slaves rendered valuable services for the state or individuals in return for the base food, shelter, and clothing necessary to sustain them for further service. Hardly more humane than slavery, the feudal system allowed serfs to till a portion of the lord's acreage for their own necessities. This "benevolence," however, was accompanied by a rather pervasive "catch-22" whereby the serf paid a rent or tax (often, nearly all he had produced) in kind.

Second, poverty is the great precursor of discontent. Thus, bands of beggars were often as great a threat to the security of a polity as were intellectual and political malcontents. In antiquity, such groups were often dealt with severely.

Finally, poverty produces a number of secondary effects. For example, ancient and medieval

citizens realized that the disease or plague which engulfed the poor would eventually claim some of their own. Even beyond such real fears, the ancient, not unlike his or her modern counterpart, probably found poverty vile, distasteful, and, no doubt a source of guilt. At any rate, poverty was not then, nor is it now, something that the more affluent members of a society like to look at.

POOR LAW: THE ENGLISH TRADITION

The roots of American public assistance are English. In particular, they represent a gradual evolution from the Elizabethan Poor Law of 1601. While hardly an example of enlightened treatment, the statute of 1601 was a considerable departure from previous "poverty policies." In 1531, Elizabeth's father, Henry VIII—no more subtle in dealing with the poor than he was in dealing with wives—affixed his signature to a law which "assisted" beggars by demanding that they be "tyed to the end of a carte naked and be beten with whyppes throughe out . . . tyll [their bodies] . . . be bloody by reason of such whypping."¹ Obviously, treatment of this sort was neither "efficient" nor politically viable in the long run. By the late 1590s, food shortages and inflation were creating widespread poverty and turmoil in the burgeoning mercantilist nation and a new approach to poverty was needed. The answer was the Poor Law of 1601, which remained the fundamental public relief law for the next 250 years.²

Based upon five principles, the legislation of 1601 resembled modern welfare policies in a number of ways. First, it relied on local financing and administration. Indeed, this highly decentralized approach remained the norm in the United States until the 1930s:

. . . [Localism] lent itself to transplantation to the American colonies. It took a long time for higher levels of government to enter the picture, and frequently they did not displace the lower levels but shared costs and responsibilities with them. . . . Each level tended to use the level below it, imposing standards on it and sharing costs. The need for higher levels came from the changing nature of poverty.³

Second, like all of the "welfare reforms" which followed it, the English Poor Law sought to minimize costs. For localities, this meant excluding outsiders by creating stringent residency requirements⁴—a policy which complemented and reinforced the local nature of welfare. Of course, this too found its way to America where, if the concept of localism is stretched to include the states, it remained basic to the receipt of assistance until 1969.⁵

Third, the notion of "workfare" is no newcomer to Twentieth Century policymakers. Of the three categories of poor which the Elizabethan Law recognized—children, the able-bodied, and the impotent—two were to be provided with employment if possible. As expected, the able-bodied poor were primary targets of this policy. However, children were also put to work in the forms of apprenticeships and indenture.⁶

Fourth, a distinction was made between the deserving and undeserving poor, a characterization which continues to pervade welfare rhetoric if not actual policy. As to who was "deserving" and who was "undeserving" was then, as it continues to be, a generally subjective decision based on current notions of morality, economics, and politics. Fortunately, tests of eligibility have become somewhat more humane:

In earlier centuries, the poorhouse served as a useful test. Conditions in the poorhouse, workhouse, or almshouse were made so degrading that only persons with absolutely no other alternatives would accept them. A willingness to enter the poorhouse was proof, to some extent, of the status "deserving poor."⁷

Finally, the law recognized two types of relief. The first, outdoor relief, is the direct ancestor of contemporary public assistance. By this method, relief was given to paupers in their homes. In contrast, indoor relief meant the institutionalization of the poor in the infamous alms and workhouses of which Charles Dickens so eloquently wrote. Under Elizabethan Law, outdoor relief (in the home along with less clement means of "relieving" the poor such as farming them out to the lowest bidder and indenture) was the norm in both England and America.⁸ In fact, it was only in the late Eighteenth and Nineteenth Centuries that the almshouse became the major form of poor relief. Thus, the poorhouse epitomized the cruelty of the Industrial Revolution and Social Darwinism. Very simply, the poor were seen as useless,

imagine costs. For localities, this meant excluding outsiders by creating stringent residency requirements⁴—a policy which complemented and reinforced the local nature of welfare. Of course, this too found its way to America where, if the concept of localism is stretched to include the states, it remained basic to the receipt of assistance until 1969.⁵

personally deficient individuals to be dealt with in the most economical way possible. Institutionalization was believed to be far less costly than outdoor relief and, by its very ghastly nature, it had the additional advantage of discouraging those who would potentially seek public assistance. This attitude toward the poor and poor relief was characterized by the Nineteenth Century English economist, Thomas Malthus:

If it be taught that all who are born have a right to support on the land, whatever their number, and that there is no occasion to exercise any prudence in the affair of marriage so as to check their number, the temptations, according to all known principles of human nature, will inevitably be yielded to, and more and more will gradually become dependent on parish assistance.⁹

POOR LAW: THE AMERICAN VARIATION

The Local Burden

English poor law was brought to the colonies almost intact—so much so that colonial legislatures sometimes adopted provisions of the Elizabethan Law word for word.¹⁰ Following the pattern established in England, the smallest administrative unit was charged with caring for the poor. In New England, the town became the responsible government while the South relied on local parishes. In any case, a number of remedies were employed, the most common of which was to board the poor in the homes of private citizens at public expense.¹¹ Furthermore, because poor relief was a purely local endeavor, towns quickly realized the utility of instituting residency requirements.¹²

Even after independence, the American approach to public assistance did not fundamentally deviate from the English. As indoor relief became popular across the Atlantic, it soon came to be utilized in the United States as well.¹³ By the 1820s, the almshouse, in combination with the workhouse, had become not only the predominant but also a very enduring mode of public assistance:

... [A]t the beginning of the Depression of 1929, almshouse care was still the basic legal

method of providing for paupers of all ages and both sexes. The poor laws of practically every state made specific provisions for poorhouses; in ten of the states the law did not mention outdoor relief at all; in about one-third, it was named as a secondary method to be used only in special, and for the most part emergency, cases; in less than half of the states outdoor relief was authorized in the law as having equal importance with the almshouse as a method of giving aid to the needy. In several states the laws still provided for the letting of contracts for the care of the poor and a few of them even authorized the indenture or apprenticing of children.¹⁴

In addition to this rise in institutionalization, another significant feature of mid-Nineteenth Century American public assistance was established in New York and swiftly became the norm throughout the northern states. By the County Poor House Act of 1824, the New York State legislature transferred responsibility for poor relief from towns to counties.¹⁵ The New York act became the first major transference of legal responsibility for public welfare from a smaller to a larger unit of government. The initial move toward the centralization of public assistance in America had taken 223 years!

The Evolution of State Charity

The evolution of state aid to the poor was slower still, exhibiting the classic tendency toward incremental assumption of greater responsibility and authority. Actually, the first area of colonial or state welfare activity (of course, this excludes the enactment of legislation which gave towns, parishes, or counties welfare responsibility) did not impinge upon local relief policies. Rather, state assistance complemented local charity by concentrating only on the “unsettled poor,” those who, for one reason or another, did not meet the residency requirements of any local jurisdiction. Thus, in 1795, Connecticut assumed responsibility for “any noninhabitant who needs relief for the duration of three months, after which expenses are to be paid by the town.”¹⁶

In addition to laws which ministered to the needs of the “unsettled poor,” two politically popular forms of relief were added to the welfare functions of most states by the beginning of the

Twentieth Century. In the Midwest and Plains states, particularly, disaster relief was extended to unfortunate farmers and settlers visited upon by "Acts of God." Even more popular was veteran's relief. By 1910 nearly every state was providing some type of benefit to veterans of the Civil War as well as to veterans of the Mexican, Indian, and Spanish-American Wars, and the Boxer Rebellion.¹⁷

States first began providing institutional assistance to certain categories of the poor in the early Nineteenth Century. This initial form of categorical assistance was furnished only to those with some infirmity or special need other than the condition of poverty:

The almshouse had become the dumping ground for dependents with every kind of handicap and disability, the insane, the sick and infirm, the deaf, the dumb, the crippled, the criminal. . . .

The establishment of state institutions for special classes of these handicapped people was in effect the beginning of categorical relief, or relief by special classes. The states were prompted not only by humanitarian motives, but by the fact that there were usually too few inmates in any one category in a single town or even a county to justify a local institution, and also because the type of care essential to be provided for each category was ordinarily more costly than the local government was prepared to assume.¹⁸

In 1907, Wisconsin became the first state to offer "outdoor" aid to a specific category of the poor—the blind. Four years later, Illinois initiated a program of "mother's aid" and in 1923, Montana and Nevada began policies of aiding the aged poor outside of the debilitating confines of institutional walls.

By 1934, one year before passage of the federal *Social Security Act*, 24 states had initiated programs of "outdoor" aid to the blind, 28 had policies of aiding the elderly poor in their own homes, and 42 had some form of noninstitutional mother's aid.¹⁹ Often, however, these laws did little more than occupy space in the code books. Prior to 1934, paltry appropriations and ineffective administration meant, for the most part, that counties, townships, and cities were still saddled with the lion's share of welfare expenditures de-

spite the existence of state public assistance statutes. During the first three decades of the Twentieth Century, fewer than half the states with categorical "outdoor" relief laws ever appropriated money for any of the categories.²⁰ Nor, did most states directly supervise local administering units. Furthermore, even if state money had been appropriated, monthly grants to recipient families and individuals were often fixed at such low levels that they would barely stave off starvation. (See *Tables II, III, and IV.*)

Throughout the 1920s and early 1930s, the states were clearly moving in the direction of centralized welfare administration. Yet, the move was made in small, hesitant, sometimes faltering steps. Just as the transition from town to county administration was contingent upon state action, the states themselves were seemingly in need of higher direction in order to fully centralize and consolidate their own public assistance policies.

Seventy-Nine Years of Federal Denial

... [If] Congress is to make provision for [paupers] the fountains of charity will be dried up at home, and the several states, instead of bestowing their own means on the social wants of their own people, may themselves, through the strong temptations, which appeal to states as individuals, become humble supplicants for the bounty of the federal government, reversing their true relation to this Union.²¹

In 1854, President Pierce used the reasoning noted above to veto a bill which would have provided federal aid to the indigent insane. The bill, written by the inexhaustible reformer, Dorothea Dix, sought federal aid only for this very distinct category of the poor. Yet, Pierce argued that the welfare clause of the Constitution did not empower Congress to provide for indigents of any sort outside of the District of Columbia. In fact, he viewed even such a limited step as having an inherently insidious nature for if Congress had the power to aid the destitute insane, it had "the same power to provide for the indigent who are not insane; and thus to transfer to the federal government the charge of all the poor in all the states."²²

The 33rd Congress chose not to override the

President and Pierce's veto remained the definitive statement on federal responsibility for aid to the poor until 1933. Throughout the 79 year interim, social reformers like Dix continued to seek federal aid (either monetary or land grants) for special categories of the poor. With one small exception, their efforts were in vain.

The exception was the creation of the Children's Bureau in the Department of Commerce and Labor (later, Labor) in 1912. Actually, the Children's Bureau was authorized only to "investigate and report [on] all matters pertaining to the welfare of children and child life. . . ." ²³ It was not authorized to grant money to any individual, group, or government and, itself received a meager initial appropriation of \$25,640. ²⁴ Its importance lay in the fact that it was the first time that the federal government recognized any responsibility for the welfare of the poor. Under the direction of Julia Lathrop, formerly of Chicago's Hull-House, the bureau soon came to serve as an information clearinghouse on the plight of poor children and their families. In addition, its creation coincided with the development of mother's aid laws in the states making the bureau a "natural" to serve as advisor on state legislation and departments of welfare. ²⁵

This initial move toward federal welfare responsibility was prompted by public recognition of the widespread abuse of poor children under the squalid and often dangerous conditions of factories, mines, and fields. ²⁶ However, the problems of poor children were not seen as encompassing a significant segment of the population nor were they critical enough to warrant federal aid. Even the very limited functions of the Children's Bureau were subject to three years of heated and sometimes bitter debate, with opponents claiming that creation of the bureau would lead to dependency and the socialization of America's children. ²⁷ Real federal aid to the poor was still very much out of the question. Poor children were, after all, the offspring of poor parents who would be encouraged to feed off the public dole. Poverty was confined—something that seldom happened to "nice people"—and when the "deserving" occasionally did fall on hard times, state, local, and private charities were sufficient sources of relief. Thus, the genesis of federal aid seemed to await a significant change in both the nature and the scope of poverty. That change, of course, began to occur in 1929.

The Changing Realm of Poverty: Crisis as Impetus for Growth

Histories of the crash of 1929 and the economic depression which followed abound in every form—scholarly, journalistic, and anecdotal. Nor, is this paper the proper forum for a retelling of that dark era. Yet, a few facts do bear reiteration within the contexts of three increasingly significant changes in knowledge and attitude which occurred as a result of the depression and which ultimately altered functional and institutional responsibilities for public assistance.

FROM "DOLE" TO PUBLIC ASSISTANCE: CHANGING THE ATTITUDES AND SEMANTICS OF POVERTY

In the spring of 1933, unemployment peaked at approximately 15 million. In addition, an estimated 18 million people were receiving some type of public relief. Obviously, traditional characterizations of the poor as a small, lazy, generally deficient segment of society were no longer viable. Friends and neighbors were not "paupers" living off the dole but, rather, were seen correctly as the unfortunate victims of circumstances beyond their control. More important, if this was true of the person next door, perhaps it had always been true for most victims of poverty. Thus, the depression forced questions which, in turn, shattered long held beliefs about poverty and the poor. As these beliefs changed, so did public attitudes about the nature and sources of relief.

THE VULNERABILITY OF PRIVATE AND LOCAL CHARITIES

When the depression hit, the bulk of poor relief was still handled by private and local charities. As the number of poor rose dramatically, the abilities and resources of these institutions declined just as dramatically. The voluntary contributions upon which private charities relied and the narrow tax bases of local governments were small and very vulnerable sources of revenue. Yet, the inability of "charity" to adequately provide for 18 million "paupers" was viewed by some in terms of a critical trade-off. To President Hoover, who continued to believe that the normal market mechanisms would eventually correct themselves, the alternative to the obviously ineffective private charities and local poor relief was a larger

Table II

**MAJOR FEATURES OF STATE OLD AGE ASSISTANCE LAWS,
JANUARY 1, 1935**

State	Age Limit	Residence		Annual Income Limit	Maximum Grant	Average Paid, 1934
		State (years)	County (years)			
Alabama						
Alaska	M-65 F-60	(a)	none	Insufficient means of support	M-\$35 a month F-\$45 a month	\$25.00
Arizona	70	35	required	\$300	\$30 a month	\$19.57
Arkansas						
California	70	15	1	\$365	\$1 a day	\$20.21
Colorado	65	15	5	\$365	\$1 a day	\$ 9.47
Connecticut						
Delaware	65	5	none	\$300	\$25 a month	\$ 9.91
Florida						
Georgia						
Hawaii	65	15		\$300	\$15 a month	\$ 7.06
Idaho	65	10	3	\$300	\$25 a month	\$ 6.74
Illinois						
Indiana	70	15	15	\$180	\$15 a month	\$ 4.50
Iowa	65	10	2	\$365	\$25 a month	\$13.25
Kansas						
Kentucky	70	10	10	\$400	\$250 a year	
Louisiana						
Maine	65	15	1	\$365	\$1 a day	
Maryland	65	10	10	\$365	\$1 a day	\$22.64
Massachusetts	70	20	none	Not specified	Adequate assistance	\$26.08
Michigan	70	10	none	\$365	\$30 a month	\$ 9.99
Minnesota	70	15	15	\$365	\$1 a day	\$10.97
Mississippi						

a. Since 1906.

b. Unable to support self.

c. No property or income.

SOURCE: Social Security Board, *Social Security in America*, Washington, DC, U.S. Government Printing Office, 1937, pp. 155-67.

Table II (cont.)

**MAJOR FEATURES OF STATE OLD AGE ASSISTANCE LAWS,
JANUARY 1, 1935**

State	Age Limit	Residence State (years)	Residence County (years)	Annual Income Limit	Maximum Grant	Average Paid, 1934
Missouri						
Montana	70	15	none	\$300	\$25 a month	\$ 5.32
Nebraska	65	15	none	\$300	\$20 a month	\$ 1.22
Nevada	65	10	none	\$390	\$1 a day	\$18.48
New Hampshire	70	15	15	\$360	\$7.50 a week	\$17.51
New Jersey	70	15	1	(b)	\$1 a day	\$14.87
New Mexico						
New York	70	10	1	(b)	Determined by administrator	\$20.65
North Carolina						
North Dakota	68	20	none	\$150	\$150 a year	\$ 0.69
Ohio	65	15	1	\$300	\$25 a month	\$ 6.54
Oklahoma						
Oregon	70	15	2	\$360	\$30 a month	\$ 8.16
Pennsylvania	70	15	none	Indigent	\$30 a month	\$21.18
Rhode Island						
South Carolina						
South Dakota						
Tennessee						
Texas						
Utah	65	15	5	\$300	\$25 a month	\$ 7.98
Vermont						
Virginia						
Washington	65	15	5	\$300	\$30 a month	\$ 5.43
West Virginia	65	10	10	(c)	\$1 a day	
Wisconsin	70	15	15	\$365	\$1 a day	\$19.95
Wyoming	65	15	5	\$300	\$30 a month	\$ 9.95

Table III

MAJOR FEATURES OF STATE AID TO DEPENDENT CHILDREN LAWS, 1934

State	Age Under Which Aid May Be Given	Residence State (years)	County or Town (years)	Conditions Under Which Family Deprived of Father's Support is Eligible for Aid	Maximum Grant for Family of Three Children	Percent of Counties Granting Aid, 1934
Alabama	—	—	—	—	—	—
Alaska	16	1	—	Father dead, deserting, divorced, incapacitated, in penal institution	\$55 a month	No report
Arizona	16	1	—	Father dead, deserting, incapacitated	Amount not limited	Statewide
Arkansas	15	—	1	Father dead, deserting, incapacitated, in penal institution	\$20 a month	Aid discontinued
California	16	2	—	Father dead, incapacitated, in any institution	\$60 a month	Statewide
Colorado	18	—	—	Any mother	Amount not limited	54%
Connecticut	16	4	—	Father dead	\$69.33 a month	Statewide
Delaware	16	3	—	Father dead, deserting, incapacitated, in penal institution	\$28 a month	Statewide
Florida	16	2	1	Law broadly inclusive	\$41 a month	67%
Georgia	—	—	—	—	—	—
Hawaii	(a)	—	1	Father dead, deserting, in any institution	Amount not limited	No report
Idaho	15	2	6 mos.	Father dead, in any institution	\$20 a month	75%
Illinois	16	—	3	Father dead, deserting, incapacitated	\$35 a month	81%

Table III (cont.)

MAJOR FEATURES OF STATE AID TO DEPENDENT CHILDREN LAWS, 1934

State	Age Under Which Aid May Be Given	Residence County or Town		Conditions Under Which Family Deprived of Father's Support is Eligible for Aid	Maximum Grant for Family of Three Children	Percent of Counties Granting Aid, 1934
		State (years)	Town (years)			
Indiana	16			Any mother	\$67.50 a month	75%
Iowa	16		1	Father dead, in any state institution	\$32.50 a month	98%
Kansas	14	2	1	Law broadly inclusive	\$50 a month	36%
Kentucky	14		2	Any mother	Amount not limited	1%
Louisiana	16		1	Father dead, incapacitated, in penal institution	\$35 a month	5%
Maine	16	5		Any mother	Amount not limited	Statewide
Maryland	14		3	Father dead, incapacitated	Amount not limited	33%
Massachusetts	16	2		Any mother	Amount not limited	Statewide
Michigan	17		1	Law broadly inclusive	\$60.67 a month	43%
Minnesota	16	2	1	Father dead, deserting, incapacitated, in any state institution	\$50 a month	91%
Mississippi	16		1	Any mother	Amount not limited	Aid discontinued
Missouri	16		1	Law broadly inclusive	\$32 a month	10%
Montana	16		1	Father dead, incapacitated, in any state institution	\$30 a month	82%
Nebraska	16		2	Law broadly inclusive	\$30 a month	86%

Table III (cont.)

MAJOR FEATURES OF STATE AID TO DEPENDENT CHILDREN LAWS, 1934

State	Age Under Which Aid May Be Given	Residence State (years)	County or Town (years)	Conditions Under Which Family Deprived of Father's Support is Eligible for Aid	Maximum Grant for Family of Three Children	Percent of Counties Granting Aid, 1934
Nevada	16		2	Any mother	\$55 a month	71%
New Hampshire	16	2		Any mother	\$31 a month	Statewide
New Jersey	16		5	Father dead, deserting, incapacitated, in any institution	Amount not limited	Statewide
New Mexico	16	2	1	Law broadly inclusive	\$40 a month	Law not in operation
New York	16	2		Father dead, deserting, incapacitated, in any institution	Amount not limited	81%
North Carolina	14	3	1	Law broadly inclusive	\$30 a month	74%
North Dakota	15		1	Father dead, deserting, incapacitated, in penal institution	\$45 a month	77%
Ohio	16		2	Father dead, deserting, incapacitated, in penal institution	\$55 a month	96%
Oklahoma	14		1	Father dead, in state penal or mental institution	\$20 a month	62%
Oregon	14	3	1	Father dead, incapacitated, in any institution	\$52 a month	69%
Pennsylvania	14	2	1	Father dead, in hospital for insane	\$40 a month	85%
Rhode Island	14	3	1	Any mother	Amount not limited	Statewide
South Carolina	—	—	—	—	—	—

Table III (cont.)

MAJOR FEATURES OF STATE AID TO DEPENDENT CHILDREN LAWS, 1934

State	Age Under Which Aid May Be Given	Residence State (years)	County or Town (years)	Conditions Under Which Family Deprived of Father's Support is Eligible for Aid	Maximum Grant for Family of Three Children	Percent of Counties Granting Aid, 1934
South Dakota	16	1	6 mos.	Law broadly inclusive	\$42.50 a month	78%
Tennessee	17	2	2	Father dead, deserting, incapacitated, in penal institution	\$35 a month	4%
Texas	16		2	Father dead, deserting, divorced, in any institution	\$27 a month	3%
Utah	16		2	Law broadly inclusive	\$40 a month	48%
Vermont	16			Father dead, deserting, incapacitated, in any institution	\$26 a month	Statewide
Virginia	16	2	1	Law broadly inclusive	Amount not limited	44%
Washington	15	3	1	Any mother	\$25 a month	92%
West Virginia	14	2	1	Father dead, deserting, incapacitated	\$45 a month	4%
Wisconsin	16	1		Law broadly inclusive	Amount not limited	89%
Wyoming	14		1	Father dead, deserting, incapacitated, in penal institution	\$40 a month	43%

a. Age not specified

SOURCE: Social Security Board, *Social Security in America*, Washington, DC, U.S. Government Printing Office, 1937, pp. 233-39.

Table IV

MAJOR FEATURES OF STATE AID TO THE BLIND LAWS, 1935

State	Age	Residence		Definition of Blindness	Maximum Grant	Average Paid 1934
		State (years)	County (years)			
Alabama	—	—	—	—	—	—
Alaska	—	—	—	—	—	—
Arizona	—	—	—	—	—	—
Arkansas	21	5	—	—	\$25 a month	\$ 0.83
California	16	10	1	—	\$600 a year	\$33.12
Colorado	40	5	1	—	\$300 a year	\$15.47
Connecticut	—	—	—	—	\$30 a month	\$ 5.09
Delaware	—	—	—	—	—	—
Florida	—	—	—	—	—	—
Georgia	—	—	—	—	—	—
Hawaii	—	—	—	—	—	—
Idaho	M-21 F-18	7	3	—	\$20 a month	\$16.46
Illinois	M-21 F-18	10	3	—	\$365 a year	\$25.75
Indiana	21	5	—	Vision so defective as to prevent self-support	\$300 a year	Not available
Iowa	M-21 F-18	5	1	—	\$300 a year	\$13.89
Kansas	21	10	2	Loss of sight of both eyes	\$50 a month	\$11.36
Kentucky	Adults	10	5	Destitute of useful vision	\$250 a year	\$ 9.17
Louisiana	60	5	1	—	\$300 a year	\$12.50
Maine	21	10	—	Less than one-tenth of normal vision	\$300 a year	\$13.33
Maryland	18	7	—	Vision so defective as to prevent self-support	\$250 a year	\$11.84
Massachusetts	—	—	—	—	—	—
Michigan	—	—	—	—	—	—
Minnesota	—	5	—	Insufficient ocular power for ordinary affairs	No limit	\$27.75
Mississippi	—	—	—	—	—	—
Missouri	21	10	—	Light perception only	\$300 a year	\$24.33
Montana	—	—	—	—	—	—
Nebraska	M-21 F-18	—	—	Destitute of useful vision	\$25 a month	\$11.77
Nevada	—	—	2	—	\$600 a year	\$16.67
New Hampshire	—	5	1	—	\$150 a year	\$ 9.28

Table IV (cont.)

MAJOR FEATURES OF STATE AID TO THE BLIND LAWS, 1935

State	Age	Residence		Definition of Blindness	Maximum Grant	Average Paid 1934
		State (years)	County (years)			
New Jersey	21	5	—	—	\$480 a year	\$21.98
New Mexico	—	—	—	—	—	—
New York	—	5	1	Vision so defective as to prevent self-support	\$300 a year	\$21.93
North Carolina	—	—	—	—	—	—
North Dakota	—	—	—	—	—	—
Ohio	—	(a)	1	—	\$400 a year	\$10.04
Oklahoma	21	5	—	Vision so defective as to prevent self-support	\$300 a year	Not available
Oregon	—	—	—	—	—	—
Pennsylvania	21	10	—	Less than 3/60 of normal vision	\$30 a month	\$23.30
Rhode Island	—	—	—	—	—	—
South Carolina	—	—	—	—	—	—
South Dakota	—	—	—	—	—	—
Tennessee	—	—	—	—	—	—
Texas	—	—	—	—	—	—
Utah	16	7	1	—	\$600 a year	\$ 8.35
Vermont	—	—	—	—	—	—
Virginia	—	—	—	—	—	—
Washington	18	4	—	Vision so defective as to prevent self-support	\$400 a year	\$11.63
West Virginia	—	—	—	—	—	—
Wisconsin	18	10	1	—	\$360 a year	\$19.40
Wyoming	21	10	—	Less than 3/60 to 10/200 normal vision	\$30 a month	Not available

a. Must have lost sight since becoming a resident

SOURCE: Social Security Board, *Social Security in America*, Washington, DC, U.S. Government Printing Office, 1937, pp. 301-09.

government dole which would subvert the national purpose. Thus, as late as 1931, Hoover continued to espouse a nonnational solution:

The evidence of our ability to solve great problems outside of government action and the degree of moral strength with which we emerge from this period will be determined by whether the individuals and the local communities continue to meet their responsibilities.

Throughout this depression I have insisted upon organization of these forces through industry, through local government, and through charity, that they should meet this crisis by their own initiative, by assumption of their own responsibilities.

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The federal government has sought to do its part by example . . . , and thus to avoid the opiates of government charity and the stifling of spirit of mutual self-help.²⁸

That this faith in existing private and local institutional arrangements was not universal, is exhibited in another statement delivered only a few months after the President's own. In a particularly prophetic statement, the Governor of New York, Franklin D. Roosevelt, placed responsibility for relief above the private and local levels:

One of [the] duties of the state is that of caring for those of its citizens who find themselves the victims of such adverse circumstance as makes them unable to obtain even the necessities for mere existence without the aid of others. . . .

While it is true that we have hitherto principally considered those who through accident or old age were permanently incapacitated, the same responsibility of the state undoubtedly applies when widespread economic conditions render large numbers of men and women incapable of supporting either themselves or their families because of circumstances beyond their control which make it impossible for them to find remunerative labor. To these unfortunate citizens aid must be extended by government—not as a matter of charity, but as a matter of social duty.²⁹

ECONOMIC INTERDEPENDENCIES AND THE NEED FOR LARGER UNITS OF RELIEF

While unemployment compensation and public works relief do not fall within the topical purview of this study,³⁰ a substantial amount of digression into the roots of such programs is necessary for an understanding of the growth of state and federal welfare functions, generally. Massive unemployment created by the depression was not a local problem. Neither was it the result of a single action. Increasing realization of economic interdependencies, the systemic failure of which had caused and continued to exacerbate widespread destitution, began forcing policymakers to look beyond the purely local actions of cities and businesses. The first to do so were the Governors, in particular, the Governor of New York.

On September 23, 1931, the New York State Legislature passed the State Unemployment Relief Act (the Wicks Act). The act reflected Governor Roosevelt's philosophy on state aid. Roosevelt maintained that because state funds for relief originated in taxes which the now-poor had contributed during their days of self-support, they were as deserving of state relief as they were of any other state service.³¹ Thus, he established the receipt of relief as a "right" rather than a "charity."

The Wicks Act instituted the Temporary Emergency Relief Administration (TERA) under the direction of a young social worker, Harry Hopkins. More to the point, the act's significance lay in the creation of a state-local welfare system. It provided for the state to reimburse cities and counties for 40% of their unemployment relief expenses. In addition, it gave authority to the administrator to "make and enforce rules . . . which will best promote the efficiency and effectiveness of the relief which this act is intended to furnish."³² Thus, the state gained a powerful regulatory tool which allowed it to examine and upgrade local relief standards, administration, and personnel.

Less than one month after enactment of the Wicks Act, New Jersey followed suit and by January of 1932, 24 states were providing statewide relief under the auspices of state administrators. The states were clearly assuming an enlarged welfare responsibility. The same assumption of responsibility was not forthcoming from Washington.

In keeping with his philosophy that federal aid

for the indigent was constitutionally and morally improper, President Hoover continued to expend federal energies in what could only be termed cheerleading activities. Consistent with his non-interventionist attitude, he created such agencies as the President's Emergency Committee for Employment (October 1930) and the President's Organization on Unemployment Relief (August 1931), the main purposes of which were to encourage states and localities to raise private and public funds, and industry to "spread the work."³³ That the effect of such activities often took on the airs of a surrealist comedy is exhibited in the following exchange between Sen. Edward P. Costigan (Progressive-CO) and Walter Gifford, director of the President's Organization on Unemployment Relief:

Sen. Costigan. In an advertisement extensively carried in the press during your October campaign for funds, there appeared such statements as these over the signatures of yourself and Mr. Owen D. Young:

"Between October 19 and November 25, America will feel the thrill of a great spiritual experience. In those few weeks millions of dollars will be raised in cities and towns throughout the land, and the fear of cold and hunger will be banished from the hearts of thousands."

First, let me ask you whether you feel that the fear of cold and hunger has been banished from the hearts of thousands?

Mr. Gifford. Undoubtedly; not of everyone but of thousands. That is a very modest statement I think.

Sen. Costigan. Does it still remain in the hearts of thousands?

Mr. Gifford. I think so. There is no doubt about that.

Sen. Costigan. Is it your feeling that we, as a people, ought to follow the practice of advertising ourselves into the thrill of a great spiritual experience?³⁴

Despite the administration's intransigence on the subject of federal aid, two bills which would have provided such relief were introduced in the Senate in December of 1931. The two very similar bills, introduced by Senators Costigan and Robert

LaFollette (Progressive-WI), were referred to the Committee on Manufactures where they were combined. The Costigan-LaFollette bill authorized \$350 million in direct federal grants to the states. It also produced heated debate and some very clear pros and cons.

Opposing the bill were the Administration, the U.S. Chamber of Commerce, and a number of conservative special interest groups.³⁵ They argued that federal aid would undermine the nation's economic fiber, hasten the demise of charitable organizations, stunt private initiative, demoralize the public, and create a pauper class. More compelling, however, were their claims that federal relief was unconstitutional and unprecedented. After all, they argued, the federal government had not appropriated money in previous depressions.

Proponents, on the other hand, argued that the depression had resulted from a nationwide economic breakdown and, therefore, required a nationwide solution. In addition,

The "welfare" clause in the federal Constitution was for the first time given a new, although unofficial, interpretation. If government had any responsibility at all for the welfare of "society," should that "society" be limited by state boundaries, or did it exist in terms of a national entity?

Plenty of precedent existed for the assumption of such responsibility by the federal government. . . . To back up [this] appeal. . . , a member of the Senate had read into the *Congressional Record* a list of 31 federal appropriations made between 1803 and 1921 for emergency and disaster relief Mr. Hoover himself had advocated federal aid for county health work in 1929. . . . And for many years, the federal policy of grants-in-aid to the states for highways and agricultural purposes had been well established.³⁶

Nonetheless, fearing that a program of direct grants would never muster a sufficient majority and working under the assumption that a little help was better than no help, Sen. Robert Wagner (D.-NY) and Rep. Henry Rainey (D.-IL) introduced a substitute to the Costigan-LaFollette bill which provided for loans and "advances" to the states rather than grants. The Wagner-Rainey bill passed both houses on July 11, 1932 and was vetoed by the President on the same day. Five days later, a

nearly identical bill was again passed. This time, aware that the tide was turning against him, Hoover reluctantly signed the authorization of \$322 million in loans which he asserted, had "been forced upon the government by the Democratic leaders."³⁷

The Emergency Relief and Construction Act of loans and advances was the only such measure passed during Hoover's administration. Actual outlays under the act amounted to only \$30 million. However, the "self-liquidation" aspect of the law set the stage for an interesting precedent debate which would become more important in the following year.

The self-liquidating system of relief was a device designed to assure the continued expenditure of state and local funds rather than federal funds. Because state indebtedness was later cancelled, the practical aspects of the system were never realized. Yet, opponents of federal grants claimed that "because of the self-liquidating prin-

ciple involved in the loan provisions, the act did not embody the conception of federal responsibility; that it did not overthrow, but facilitated, the American system of local responsibility. . . ."³⁸ Proponents of federal aid, however, argued that the act did indeed establish a precedent for the assumption of a federal relief function by implying that the economic depression was a national phenomenon compelling national action.

Regardless of its real economic impact, then, the *Emergency Relief and Construction Act* began to chip away at the foundations of the Pierce veto. Furthermore, the balance of the dialogue which it inspired was beginning to lean toward those who favored a direct federal welfare function. However, such an enormous alteration in existing federal-state-local arrangements seemed to require even more than emergency conditions. It seemed, in addition, to require a determined and forceful advocate—in November of 1932, the Governor of New York was elected President.

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FOOTNOTES

¹ Walter I. Trattner, *From Poor Law to Welfare State: A History of Social Welfare in America*, New York, NY, The Free Press, 1974, p. 8.

² *Ibid.*, p. 11.

³ Bruno Stein, *On Relief: The Economics of Poverty and Public Welfare*, New York, NY, Basic Books, Inc., 1971, pp. 43-44.

⁴ *Ibid.*, p. 45.

⁵ The Supreme Court declared residency requirements unconstitutional in 1969. *Shapiro vs. Thompson*, 394 U.S. 618 (1969).

⁶ Trattner, *op. cit.*, p. 11.

⁷ Stein, *op. cit.*, p. 48.

⁸ Josephine C. Brown, *Public Relief, 1929-1939*, New York, NY, Henry Holt and Co., 1940, p. 8.

⁹ T. R. Malthus, *On Population*, New York, NY, Random House, 1960, p. 31.

¹⁰ Trattner, *op. cit.*, p. 18.

¹¹ *Ibid.*, pp. 18-19.

¹² The first such residency requirement appeared in the Plymouth Colony in 1642.

¹³ The move toward indoor relief in America was inspired by two state reports, "The Josiah Quincy Report of 1821 on the Pauper Laws of Massachusetts" and an 1824 report to the New York State Legislature. Sophonisba Breckinridge, *Public Welfare Administration in the United States*, Chicago, IL, University of Chicago Press, 1938, pp. 30-54.

¹⁴ Brown, *op. cit.*, pp. 9-10.

¹⁵ Trattner, *op. cit.*, p. 55.

¹⁶ State of Connecticut, "Report of the Commission to Study the Pauper Laws," pp. 4, 40. Brown, *op. cit.*, p. 18.

¹⁷ *Ibid.*, pp. 19-20.

¹⁸ *Ibid.*, p. 21.

¹⁹ Social Security Board, *Social Security in America*, Washington, DC, U.S. Government Printing Office, 1937, pp. 155-67, 233-49, 303.

²⁰ *Ibid.*

²¹ President Franklin Pierce, *Congressional Globe*, 33rd Cong., 1st Sess., May 3, 1854, p. 1062.

²² *Ibid.*

²³ 42 U.S.C. Ch. 6 (1912).

²⁴ Trattner, *op. cit.*, p. 183.

²⁵ Brown, *op. cit.*, p. 38.

²⁶ In 1910 an estimated 2 million children were working in the United States. Unfortunately, even this estimate is probably quite low since the Census Bureau counted only children 10-15 years of age, ignoring the fact that younger children were often laboring under the same conditions. U.S. Bureau of the Census, *Census of the Population, 1910*, Vol. IV, Washington, DC, U.S. Government Printing Office, 1913, p. 302; and Coll, *Perspectives in Public Welfare*, pp. 68-69.

²⁷ Trattner, *op. cit.*, p. 183.

²⁸ Lincoln Day Address, February 12, 1931, *Public Papers of the Presidents*, 1931, p. 75.

²⁹ Address to the New York State Legislature, August 28, 1931. Source: Brown, *op. cit.*, pp. 89-90.

³⁰ For a discussion of unemployment compensation and insurance see Advisory Commission on Intergovernmental Relations, *Reducing Unemployment: The Changing Dimensions of National Policy*, A-80 Washington, DC, U.S. Government Printing Office, 1980.

³¹ Trattner, *op. cit.*, p. 232.

³² *The State Unemployment Relief Act*, New York Special Session Laws of 1931.

³³ Brown, *op. cit.*, p. 83.

³⁴ Testimony of Walter Gifford, Hearings of the Senate Committee on Manufactures, S. 174 and S. 262, January 8, 1932, p. 327.

³⁵ The most prominent of the interest groups were the Senti-

nels of the Republic, the Woman Patriot Publishing Company, and the People's Lobby. Brown, *op. cit.*, p. 109.

³⁶ *Ibid.*, pp. 113-14.

³⁷ President Herbert Hoover as quoted in Harry L. Hopkins, *Spending To Save: The Complete Story of Relief*, New York, NY, W.W. Norton and Co., 1936, p. 90.

³⁸ Brown, *op. cit.*, p. 127.

Reinterpreting the Welfare Clause: A Critical Redefining of the Nature, Scope, and Intergovernmental Aspects of Public Assistance, 1933-35

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If, as our Constitution tells us, our federal government was established among other things “to promote the general welfare,” it is our plain duty to provide for that security upon which welfare depends.¹

On June 8, 1934, eighty years after President Pierce had vetoed the Dix bill for the indigent insane, President Roosevelt forcefully restated the meaning of the welfare clause. This statement followed by one year the legal manifestation of that reinterpretation, *The Federal Emergency Relief Act of 1933*. The act was to have profound implications not only for public assistance but for intergovernmental arrangements in the provision of social welfare.

The Federal Emergency Relief Act (FERAct) and the Federal Emergency Relief Administration (FERA) which it created were clearly modeled after New York's TERA, even to the appointment of Harry Hopkins as Administrator. As a precedent-setting measure, it was almost unparalleled in American history. More to the point, FERAct was important in shaping subsequent federal welfare legislation and practice in four ways: (1) through a new definition of the federal role; (2) through a significant alteration in intergovernmental relations; (3) through a pervasive, official philosophy that such federal measures would

function only temporarily; and (4) through emphasis on federal aid to “employables” rather than “unemployables.”

A NEW DEFINITION OF THE FEDERAL ROLE

As noted above, the most significant effect of *FERA* and the Roosevelt philosophy generally was the new, social interpretation of the federal welfare role.² Passed in a time of gravest crisis by substantial margins in both the House and Senate,³ the bill, nonetheless, prompted particularly strong objections, stated in often opprobrious language, from a number of conservative Republicans.⁴

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Much of the serious debate regarding the proper federal role occurred over Hopkins' introduction of the Civil Works Administration (CWA) designed to provide public jobs in exchange for relief.⁵ Opposed by more than the usual number of “strange bedfellows,” CWA and *FERA* were generally attacked on the grounds that they subverted the federal system. The specific reasons for the opposition, however, were as varied as the participants.

Southern Democrats, led by Gov. Eugene Talmadge of Georgia, were concerned that CWA jobs would rob white planters of their traditionally cheap black labor force. Business leaders and some Republicans worried that public work relief would undermine the structure of the American free enterprise system. Finally, Roosevelt's own Budget Director, Lewis Douglas, complained that CWA was a dangerous burden on the federal treasury.

Supporters of *FERA* and its CWA program were as much a potpourri of usually disparate interests as its opponents. As expected, social workers and liberal democrats represented the most consistently loyal in the “pro” ranks. Yet, Socialist Party leader Norman Thomas was equally in favor of the President's program as were a number of Republicans including the Governor of Kansas, Alfred M. Landon, who praised CWA as “one of the soundest, most constructive policies of the [Roosevelt] Administration.”⁶

With the passage of *FERA* and succeeding programs initiated by *FERA*, the federal government was no longer a mere passive observer of poverty and social ills—it admitted the national scope of the depression and took positive, direct

action to mitigate its effects and reverse its momentum. This action took the form of grants-in-aid to the states, half of which were allotted on a matching basis⁷ and half of which were to be made available on a discretionary basis to states where the need was greatest. In addition, *TERA* was allotted money under four subsequent acts of Congress for a total of over \$3 billion during the three-year period from May 1933 to June 1936.⁸

Despite the emergency nature of *FERA* funds and the short-term duration of the programs, the precedent had been set for a federal welfare function. Crisis, together with innovative leadership, had altered the functional allocation of public assistance.

ALTERING THE STRUCTURE OF INTERGOVERNMENTAL RELATIONS

Perhaps as important as the reinterpretation of the welfare clause, and certainly more complex, were the new fiscal and administrative arrangements inspired by *FERA*. The act, after all, was the first instance of direct federal grants-in-aid to the states for the purpose of providing public relief. The task of managing the execution of those grants fell to the federal Administrator, Harry L. Hopkins.

Much of the later criticism of *FERA*, as well as “states rights backlash” which manifested itself within the Social Security Act, were results of the extensive powers which the act conferred on the federal Administrator. *FERA* authorized the Administrator to make “any investigation pertinent or material to the furtherance of the purposes” of the act.⁹ Further, the Administrator was given authority to decide upon the merits of state expenditures.¹⁰ Finally, Hopkins was given the power, “under the rules and regulations prescribed by the President, [to] assume control of the administration in any state or states where, in his judgement, more effective and efficient co-operation between the state and federal authorities may thereby be secured in carrying out the purposes of [the] act.”¹¹

Despite the fact that Hopkins “was profoundly convinced of the values of decentralization,”¹² a number of factors caused *FERA* grants to be administered under very centralized, federally dominated circumstances:

The most important elements in the situation

were the terms of the act. . . , as well as the provisions which put unusual powers into the hands of the Administrator. Other contributing factors were the near panic which existed throughout the country in the face of the increasing unemployment; the depletion of state and local funds which made it absolutely necessary to secure federal help; the inexperience. . . of state and local officials in the face of the tremendous demands for relief and the huge number of people who must be fed. All of these factors combined to make the states turn to Washington for help and caused them to welcome not only financial aid from the federal government but federal leadership, advice, direction, and even control.¹³

In six extreme instances of federal authority, the administration of relief was assumed entirely by FERA. In Oklahoma, Louisiana, and Georgia relief was federalized when the states' Governors refused to accept funds under the rules and regulations of FERA. In Massachusetts a similar situation existed only in the work relief program because of conflicting state laws governing the distribution of funds to towns. Finally, in the cases of both North Dakota and Ohio, federalization occurred when investigators uncovered evidence of corrupt administrative and legislative practices.

The remaining 42 states and three territories continued to administer federal funds under the auspices of state ERAs. However, the personnel and administrative practices of these agencies always remained under the scrutiny of FERA. Furthermore, because federal funds were distributed only to the states, they came to enjoy the same sort of authority over counties, townships, and cities that the federal government had established over them.

THE PERVASIVE MYTH OF TEMPORARY ASSISTANCE

While FERA was instrumental in establishing a federal relief role as well as the institutional system for distributing such relief, two other aspects of the act tended to have countervailing impacts on the subsequent development of federal public assistance. The first of these was the explicitly temporary nature of federal relief programs.

Roosevelt's concern with poverty tended to be largely particularistic and depression oriented. In other words, while the President, no doubt, was sympathetic to all who suffered from poverty, his primary concern was with the peculiar mass poverty of the depression. In all of the New Deal programs the primary objective was toward reviving the whole economy. Once the economy was again functioning productively, the need for large-scale federal relief would cease to exist. Thus, FERA was probably the first example of what Gilbert Steiner has called the "withering-away fallacy."¹⁴ That is, whether by insurance or a sound economy, poverty and, consequently, public assistance would all but vanish.

Consistent with this philosophy was the policy of separating federal emergency relief from permanent state and local relief agencies. This separation was significant "because it put this momentous adventure of government relief administration in a position where it could not, or at least did not, directly affect permanent programs in the sense of bringing about changes in the public welfare and poor relief systems by direct action."¹⁵ Administrative arrangements for those who were traditionally poor—the aged, the blind, and dependent children—remained substantially the same.

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"EMPLOYABLES" vs. "UNEMPLOYABLES"

Related to the temporary aspect of relief under FERA was the decision to target that relief on the "employable" poor through a system of public works. This policy was established by Hopkins soon after assuming the post of federal Administrator:

It is my belief that the people who fought for this bill, who tried to get this money, were trying to get it for relief for the unemployed, and not for a number of other perfectly fine and worthy social objectives. So in my opinion these funds were not intended to pay for the board of children, to support orphanages, travelers aid societies, and a dozen and one other activities, many of which have great difficulty in supporting themselves.¹⁶

In the early months of FERA, it was common practice for localities to place "chronic depend-

ents" on the emergency relief rolls. Such arrangements were often unavoidable given the depleted condition of local coffers. To counter such practices, in the fall of 1934, Hopkins ordered six southern states to drop "unemployables" from the rolls. The fact that these were six of the poorest states, lacking indigenous resources to care for "unemployables," predestined widespread disregard for Hopkins' order. Nonetheless, the federal policy had two consequences for successive public relief programs. First, it complemented the temporary nature of *FERA* relief by leaving the care of the aged, blind, and dependent children to local and private charitable organizations. Thus, while unemployment relief was well established by 1935, the task of establishing nonwork related

federal welfare was a venture onto virgin soil. Second, the emphasis on "employables" reaffirmed the long-standing Elizabethan doctrine that "workfare" was the proper and least demoralizing method of public assistance.

FERA set the stage for the next major federal venture into public relief by shattering the long-standing Pierce veto. By redefining the welfare clause, it paved the way for federal initiatives in the more traditional public assistance functions of aid to the aged, disabled, and children. Federal entrance into the realm of welfare had not been achieved by the "usual" series of increments. Rather, crisis and strong presidential leadership had established a federal welfare role in one giant step.

FOOTNOTES

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¹ Message to Congress, June 8, 1934, *Public Papers of the Presidents, 1934*, as quoted in Brown, *op. cit.*, p. 147.

² Unless otherwise noted, most of the following section is based on Josephine Brown's excellent description of *FERA* in *Public Relief, op. cit.*, pp. 145-298.

³ In the Senate the bill passed by a vote of 55-17. In the House, it passed 326-42. Source: Arthur M. Schlesinger, Jr., *The Coming of the New Deal, Vol. II of The Age of Roosevelt*, 3 vols., Boston, MA, Houghton Mifflin Company, 1958, p. 265.

⁴ Objections often centered around the belief that *FERA* represented "creeping socialism." Typical of such remarks was the following made by Rep. Robert Luce (R-MA): "It is socialism. Whether it is communism or not I do not know." *Ibid.*, pp. 264-65.

⁵ CWA was designed to be something of a stopgap work relief measure until the Public Works Administration (PWA) could begin operating. *Ibid.*, p. 269.

⁶ 1934 letter to President Roosevelt. Source: *Ibid.*, p. 277.

⁷ The matching section provided \$1.00 of federal funds for each \$3.00 of state funds from all sources.

⁸ Other acts which authorized funds for the use of, or allocated funds to, *FERA* were the *National Industrial Recovery Act of 1933* (\$148,035,000); *Act of February 15, 1934* (\$605,000,000); the *Emergency Appropriation Act, fiscal year 1935* (\$980,590,000); and the *Emergency Relief Appropriation Act of 1935* (\$944,005,625). International City Managers' Association, *Municipal Yearbook, 1937, Chicago, IL, ICMA, April, 1937*, p. 404.

⁹ *The Federal Emergency Relief Act, 1933, Sec. 3(b) and (c)*.

¹⁰ *Ibid.*, Sec. 4(e).

¹¹ *Ibid.*, Sec. 3(b).

¹² Schlesinger, *op. cit.*, p. 267.

¹³ Brown, *op. cit.*, p. 175.

¹⁴ Gilbert Y. Steiner, *Social Insecurity: The Politics of Welfare*, Chicago, IL, Rand McNally and Company, 1966, pp. 18-47.

¹⁵ Brown, *op. cit.*, p. 183.

¹⁶ Harry L. Hopkins, "The Development National Program of Relief," in *Proceedings of the National Conference of Social Work, Detroit, MI, 1933*.

Federal Categorical Cash Assistance: From Presidential Initiative to Congressional Policy

THE SOCIAL SECURITY ACT OF 1935: A CASE OF DRAMATIC FEDERAL EXPANSION

27

On August 14, 1935, President Roosevelt signed a bill which, 43 years later, remains the basic federal cash assistance law. Truly an omnibus bill, the *Social Security Act of 1935* created nationwide old age insurance, unemployment insurance, three programs of categorical cash assistance, and several programs of social and health services. Without fear of exaggeration or overdramatization, it can be said that the 1935 act was one of the most (if not the most) important and profoundly consequential pieces of American legislation ever conceived or enacted.

The following discussion of the pre-legislative and legislative histories of the *Social Security Act* will, of necessity, be general. However, for the purposes of the remainder of this case study, concentration will be on the categorical cash assistance portions of the law—old age assistance, aid to dependent children, and aid to the blind. The perceived importance or lack of importance of these three titles vis-a-vis the other titles and each other goes far in explaining the subsequent development of the federal welfare role.¹

Prelude: Creation of the Administration's Bill

By Executive Order 6757 of June 29, 1934, President Roosevelt created the Committee on Economic Security. The committee, consisting of

Frances Perkins, Secretary of Labor (chairman); Henry Morgenthau, Secretary of the Treasury; Homer Cummings, Attorney General; Henry A. Wallace, Secretary of Agriculture; and Harry L. Hopkins, Federal Emergency Relief Administrator, was charged with studying the problems of economic security for the purpose of creating legislative proposals.² In addition, the order created the Technical Board on Economic Security, the Advisory Council on Economic Security, and the post of Executive Director, filled by Edwin E. Witte of the University of Wisconsin.

While the members and staff of these bodies were charged with studying and making recommendations on all aspects of individual economic security, their primary concerns reflected those of the President. Thus, the lion's share of time and effort was spent on the problems of unemployment and old age insurance. Yet, despite his overwhelming preoccupation with these facets of economic security, Roosevelt insisted on presenting Congress with an omnibus bill encompassing insurance, public assistance, and social services. As Dr. Witte explained:

There was much criticism. . . over the omnibus character of the bill. This was voiced particularly by opponents of the proposal. The decision to present the entire program in a single bill was made by the committee and the President. It was felt that such an omnibus bill offered the best chance for carrying the entire program. . . . As the situation developed, I doubt whether any part of the social security program other than [the] old age assistance title would have been enacted into law. . . . Had the measure been presented in separate bills, it is quite possible that the old age assistance title might have become law much earlier. I doubt whether anything else would have gone through at all.³

Social Security in Congress

By the time the President presented his package to Congress in January of 1935, several economic security bills were already being considered. These ranged from the Dill-Connery⁴ and Wagner-Lewis⁵ bills which contained some provisions similar to the Administration's bill, to a bill sponsored by Rep. Ernest Lundeen (Farmer-Labor-

MN) which provided unemployment benefits to all workers equal to the prevailing wage rate and to be administered by "rank and file members of workers and farmers organizations."⁶

The most politically significant of the competing Congressional bills was the Townsend Old Age Revolving Pension Plan. Conceived by a retired medical doctor, Francis E. Townsend, the plan guaranteed \$200 a month to everyone over the age of sixty to be financed from a universal 2% sales tax.⁷ Through such devices as a widely distributed newsletter, Dr. Townsend had garnered considerable public support for his plan—support which made itself painfully apparent to members of Congress in the form of a mass letter writing campaign:

. . . [While] few members of Congress ever thought the Townsend plan a practical possibility, and the testimony given by the doctor and his witnesses did not strengthen his case with the Congressmen . . . , the thousands of letters in support of the . . . plan with which all Congressmen were deluged at this time, caused practically every other feature of the [Administration's] bill and all other sources of opposition to be forgotten.⁸

This Congressional "tunnel vision" toward old age assistance was probably seen as quite fortuitous by the Administration for it deflected attention from the more costly and less tested insurance programs. Nonetheless, from the point of view of the other public assistance titles, Congressional preoccupation with the politically powerful Townsendites meant both scant consideration and meager appropriations.

OLD AGE ASSISTANCE: THE EFFECTS OF "STATES RIGHTS" AND RACISM

Title I of the *Social Security Act* provided grants to the states for old age assistance (OAA). Under the terms of the Administration's bill, the federal government was given a great deal of supervisory authority over state assistance plans. However, two factors triggered a Congressional reaction which manifested itself in much more pervasive state control. The first was a general states' rights backlash to the federal domination experienced under FERA. The second was the racial bias of the southern Congressmen who dominated the House Ways and Means Committee. These men

“did not want to give authority to anyone in Washington to deny aid to any state because it discriminated against Negroes in the administration of old age assistance.”⁹

The principal changes embodied in the Ways and Means bill and, consequently in the final version of the act, reflected both of the factors noted above. Conditions for individual receipt of aid were rewritten to favor broad state discretion. States were left free to impose any conditions they wished with the exception that age, residence, and citizenship requirements could not be stricter than those stated in the act. A section in the original bill which asserted that state assistance, “when added to the income of the aged recipient, [must provide] a reasonable subsistence compatible with decency and health” was deleted in favor of a provision which allowed the states to pay any amount no matter how inadequate. Requirements in the Administration’s bill which, potentially, would have forced merit personnel systems on state public assistance departments were toned down to require that state OAA plans “must provide such methods of administration (other than those relating to selection, tenure of office, and compensation of personnel) as are . . . necessary for the efficient operation of the plan.”¹⁰ Finally, provisions relating to the withdrawal of federal aid were made more lenient.

Thus, for complying with only minimal rules and regulations, the states were reimbursed for 50% of old age assistance up to \$30 per recipient a month. In addition, they were allowed to administer assistance under extremely permissive federal guidelines. (See Table V.)

AID TO DEPENDENT CHILDREN: THE “WHO CARES” TITLE

Because of popular demands for aid to the elderly, Congress was primarily concerned with shaping and passing the Old Age Assistance title of the *Social Security Act*. Further, because of the many questions relating to constitutionality, unemployment and old age insurance were visible and constant sources of debate.¹¹ In fact, it seemed as if the intensity of interest in the first three titles had literally drained Congress of anything more than passing interest in the remaining substantive titles. As Dr. Witte observed:

There was little interest in Congress in the aid to dependent children. It is my belief that

nothing would have been done on this subject if it had not been included in the report of the Committee on Economic Security.¹²

Nor was this somewhat narrowly focused concern confined to Congress: the President’s active interest was largely limited to unemployment and old age insurance. This lack of Congressional and Presidential interest in aid to dependent children translated into a corresponding lack of generosity which became apparent in two very significant ways.

First, the definition of a dependent child was changed considerably from being broadly inclusive to being only narrowly inclusive. As defined by the Committee on Economic Security in the original bill, “dependent children”

. . . shall mean children under the age of 16 in their own homes, in which there is no adult person, other than the one needed to care for child or children, who is able to work and provide the family with a reasonable subsistence compatible with decency and health.¹³

In marked contrast, the final Congressional version of the act specified the reasons for dependency:

The term “dependent child” means a child under the age of 16 who has been deprived of parental support or care by reason of the death, continued absence from home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle or aunt, in a place of residence maintained by one or more of such relatives as his or their home. (Emphasis added.)¹⁴

The detailing of cause for deprivation occurred precisely because interest in aid to dependent children was so low that only one group, child welfare workers, even bothered to lobby for the inclusion of favorable provisions. That social workers would press for a clause which limited the number of recipients (clients) may seem entirely contradictory. However, these workers had come to be powerful instruments in state and local widow’s and mother’s aid programs and, thus,

Table V

SUMMARY OF PROVISIONS OF THE SOCIAL SECURITY ACT RELATING TO FEDERAL GRANTS TO STATES FOR MAJOR PUBLIC WELFARE PURPOSES,* 1935

Provision	Old-age Assistance	Aid to the Blind	Aid to Dependent Children
Conditions for Approval of State Plan	<ol style="list-style-type: none"> 1. A state plan (for each type of assistance, aid, or service) must be submitted by the state to the designated federal administrative agency for approval. Each plan must be statewide, and if administered by political subdivisions must be mandatory upon them. 2. Financial participation by the state must be provided in the state plan (for each type of assistance, aid, or service.) A state old-age assistance plan need not provide state financial participation where the board finds the state is so prevented by its constitution. 3. A single state agency must be established or designated to administer the state plan or established or designated to supervise the administration of the state plan. 4. Methods of administration (other than those relating to selection, tenure, and compensation of personnel) must be provided for the efficient operation of the plan. 5. Reports must be submitted in such form and contain such information as may be from time-to-time required by the designated federal administrative agency. 6. Persons whose claims for assistance have been denied must be permitted the opportunity for a fair hearing before the state agency. 7. State residence requirement may not exceed five years within the last nine years. One year of residence immediately preceding application may be required. 		<p>State residence must not disqualify a child who has resided in a state for a year immediately preceding application or who was born in the state during the preceding year, if the mother has resided in the state for one year immediately preceding the birth.</p>

Table V (cont.)

SUMMARY OF PROVISIONS OF THE SOCIAL SECURITY ACT RELATING TO FEDERAL GRANTS TO STATES FOR MAJOR PUBLIC WELFARE PURPOSES,* 1935

Provision	Old-age Assistance	Aid to the Blind	Aid to Dependent Children
	<p>8. A state cannot impose any citizenship requirement which excludes any United States citizen.</p> <p>9. After 1/1/40, state plan must provide an age limit of not over 65 years but until then a 70-year limit is permissible.</p> <p>10. One-half of any state or local recovery from estate of a recipient is to be paid to the United States.</p>	<p>No aid to be given blind person who is receiving old-age-assistance.</p>	
<p>Amount of Federal Grant to State</p>	<p>One-half of state expenditures for assistance under each plan; but such part of payment as is in excess of \$30 a month to an individual is not matched by the federal government. In addition, 5% of federal aid to state for administration and/or assistance under each plan.</p>		<p>One-third of state expenditures; but such part of payments as is in excess of \$18 per month for first child and \$12 for each additional child is not matched by the federal government.</p>
<p>State Financial Participation</p>	<p>Amount equal to federal payment to state exclusive of federal 5%.</p>		<p>Amount double federal payment to state.</p>
<p>Federal Definition of Aid</p>	<p>Money payments to needy individuals 65 years or older not an inmate of a public institution.</p>	<p>Money payments to needy blind individuals not inmates of public institutions.</p>	<p>Money payments to needy dependent child or children under 16 years by reason of death, absence, or incapacity of a parent, living with a relative in a residence maintained as a home.</p>

(continued)

Table V (cont.)

SUMMARY OF PROVISIONS OF THE SOCIAL SECURITY ACT RELATING TO FEDERAL GRANTS TO STATES FOR MAJOR PUBLIC WELFARE PURPOSES,* 1935

Provision	Old-age Assistance	Aid to the Blind	Aid to Dependent Children
Method of Making Allotments	Allotments made for each quarter on the basis of estimated state expenditures and appropriations, and investigations by the appropriate agency.		
Suspension of Federal Grant	When, after reasonable notice and opportunity for hearing, the board finds that an approved plan has been changed to impose a prohibited requirement with the knowledge of the state agency in a substantial number of cases, or fails to comply substantially with provisions required in the plan, the board shall notify the state agency that no further payments will be made.		
Federal Agency	Social Security Board	Social Security Board	Social Security Board
Federal Appropriation	Sum sufficient to carry out the purposes of the act.		

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* Does not include the maternal and child health, crippled children, child welfare, public health, or vocational rehabilitation programs.

SOURCE: *The Social Security Act*, Ch. 531, 49 Stat. 620, 42 U.S.C. (1935 Supp.), Titles I, IV, and X. The Social Security Board, *Social Security in America*, Washington, DC, U.S. Government Printing Office, 1937.

perceived their own interests as being consistent with the financial enlargement of existing programs rather than with a new, more inclusive, federally conceived program.

Clearly, the addition of "reasons" for dependency succeeded in excluding children with two parents, one of whom was un- or under-employed. The scope was narrowed drastically, setting the stage for what was later to become the chief criticism of ADC (now, AFDC)—namely, that it breaks up families.

Second, maximum federal grants were dramatically reduced. In the original bill, the federal government was authorized to reimburse states for one-third of the amount of ADC. No limit was placed on state aid. Understandably, this lack of limitation disturbed members of the Ways and Means Committee. The solution to this dilemma was advanced by Rep. Fred Vinson (D.-KY) who suggested that "the limitation should be the same amount as the maximum pension payable to chil-

dren of servicemen who lost their lives [WWI], namely, \$18 per month for the first child and \$12 for the second and additional children."¹⁵ Unfortunately, Vinson had made a glaring miscalculation, for under the terms of war widow pensions, the widow herself was allotted \$30 a month in addition to payments for the children. Thus, a war widow with three children received payments totalling \$60. However, under ADC the parent received no benefits, meaning that the same three people would be forced to live on \$30 a month. Nonetheless, Vinson's motion was adopted and when Dr. Witte attempted to point out the inequity:

... [The Congressmen] acknowledged [it] to be a justified criticism, but there was so little interest on the part of any members in the aid to dependent children that no one thereafter made a motion to strike out the restriction.¹⁶ (See Table V.)

BLIND PENSIONS AND VOCATIONAL REHABILITATION

Like aid to dependent children, aid to the blind held little interest for policymakers concerned with comprehensive answers to an economic crisis. Unlike children, however, the blind had a popular and powerful advocate in the person of Helen Keller. Keller's advocacy together with natural sympathy for the blind resulted in a blind pension program which resembled OAA in its 50% federal matching provision. Unlike OAA, the initial appropriation for aid to the blind (AB) was a mere \$3 million (OAA's first appropriation was nearly \$50 million). However, the \$30 a month maximum was the same as that for the elderly poor. (See Table IV.)

Aid to the disabled was never seriously considered by the Committee on Economic Security. Nor was direct cash aid to this category proffered in Congress. Instead, at the urging of the U.S. Commissioner of Education, an amendment providing additional appropriations for an existing vocational rehabilitation program¹⁷ was tacked onto Title V, the maternal and child welfare title.¹⁸

Setting Up the Permanent Program: Administration and Grants, 1936-39

The final version of the *Social Security Act* contained eleven titles,¹⁹ only three of which provided for grants to the states for direct cash public assistance. Among these, only one, old age assistance, created much excitement. Genuine controversy and questions of constitutionality were almost exclusively limited to sections providing for unemployment and old age insurance.

Administration of all three categorical cash or public assistance titles, as well as old age and unemployment insurance, was vested in the newly created independent agency, the Social Security Board. According to the act, the board was to be comprised of three individuals, no more than two of whom were to belong to the same political party. In order to alleviate the concerns and hostility of the Republican opposition, President Roosevelt selected John G. Winant, the Republican Governor of New Hampshire, as the first chairman of the board. Further, in an attempt to garner conservative southern support, a Democratic National Committeeman from Arkansas, Vincent M. Miles, was appointed to the board. The President's third

choice was Arthur J. Altmeyer, past Secretary of the Wisconsin Industrial Commission and head of the Technical Board on Economic Security.²⁰

The staff of the board was divided into bureaus designed to administer the programs created by the *Social Security Act*. Appropriately, the administration of OAA, ADC, and AB was delegated to the Bureau of Public Assistance. In addition to its Washington staff, the bureau employed a network of field representatives, assigned to 12 regional offices, whose functions were to assist the states in the creation of their own laws, to aid them in the transition from a temporary to a permanent system of federal grants, and to monitor ongoing operations.

Within the states, the four-year period from 1935 to 1939 was one of constant and sometimes frenzied legislative and administrative activity. By February 11, 1936, when the first public assistance funds became available, 39 plans, representing the work of 20 states and the District of Columbia, had already been approved by the Social Security Board. Three years later, in June of 1939, a total of 135 public assistance plans from 51 jurisdictions had been accepted.²¹

Despite provisions which had given the states considerable administrative and financial discretion, the terms of the *Social Security Act* demanded fundamental changes in the public assistance laws of many states. According to Arthur J. Altmeyer:

The *Social Security Act* really represented a radical change in the character of [state] laws. Not only did it require that they be in effect throughout the state but it also required that assistance must be provided in the form of money payments and that individuals whose claims had been denied must be given a fair hearing. The Social Security Board, from the beginning, interpreted "money payments" to mean unrestricted cash payments and "fair hearing" to mean a hearing before an individual who had not been involved in the original decision. The Board emphasized that eligible claimants had a legal right to assistance based upon their need and were, therefore, entitled to "due process of law."²²

With regard to state plans, the Social Security Board had three legally stipulated options: approval and consequent dispersal of funds; disapproval with no funds; and withdrawal of aid in

the event of state misfeasance, malfeasance, or nonfeasance. In fact, the Board tended to give states the benefit of the doubt, approving plans that were "sketchy" and "inadequate" on the condition that continued approval would be contingent upon making "necessary changes."²³

In only three states, Illinois, Oklahoma, and Ohio, was the administration of grants felt to be so incompetent or unethical that federal funds were withdrawn completely. In Illinois and Oklahoma, administrative inefficiency was given as the official cause for federal action and funds were restored almost immediately. However, the situation in Ohio proved to be much less amenable to corrective action.

An early policy decision of the board was to require that public assistance records be kept confidential and be used only for the purposes of administration. Nonetheless, Ohio Governor Martin L. Davey (D.), viewed old age assistance records as a superior source of political grist for his reelection campaign.²⁴ Thus, not only did he twice raise grants by \$10 a month but, on each occasion, wrote letters to recipients urging them to get "three or four dozen friends to vote for [him.]"²⁵ Whether acting unethically or illegally, the Governor could certainly not be accused of lacking resourcefulness, for he further informed welfare clients that a special investigator had been assigned to each case "to work night and day, if necessary, in order to give your claim proper consideration at the earliest possible moment."²⁶

After completing a series of hearings which Governor Davey refused to attend and forbade state officials to attend, the board decided to withhold \$1.3 million in matching grant funds for the month of October 1938. While this decision had the effect of punishing welfare recipients rather than the Governor,²⁷ it was the only sanction available to the board. Several years later, Dr. Altmyer noted the deficiencies of such a system:

The Ohio story. . . demonstrated that the *Social Security Act* should have been explicit in requiring state and local personnel to be appointed in accordance with recognized civil service standards and in guarding against the use of public assistance rolls for political or commercial purposes. It also demonstrated that the *Social Security Act* ought to provide additional sanctions less stringent than the

complete withdrawal of federal grants to secure compliance with federal requirements.²⁸

Aside from the influx of federal funds and the new federal-state relationships spawned by those funds, the *Social Security Act* altered long-standing relationships between the states and their localities. Two provisions in the act were responsible for changing state-local public assistance arrangements.

First, the states were required to be financial participants in each of the three assistance programs. This had the effect of shifting much of the burden for those traditionally listed as "unemployables" from local units to the states. In fact, for a number of cities, townships, and counties, early state compliance with the *Social Security Act* marked the first time they had received any nonemergency public assistance funds from a higher level of government.

Second, the act stipulated that state public assistance plans "shall be in effect in all political subdivisions of the state. . . ."²⁹ It went on to specify that the administration of the state plan was to be carried out by a single state agency. Together, these clauses sought to assure, at least in theory, that benefits would be available to all needy people in a given state through equal and uniform administrative standards. Of course, insufficient state funds, racial discrimination, and inefficient or incompetent administrators often prevented the practical realization of federal uniformity goals. Nevertheless, a clear channel of authority from state to locality was eventually established in most states through a network of state field staffs which functioned relative to localities in much the same manner as federal field representatives related to the states.³⁰

While the amount of individual benefits varied widely from state to state, the overall effect of the *Social Security Act* was to greatly increase not only the total amount of public assistance but the number of beneficiaries as well:

In June 1939, expenditures [for all three forms of public assistance] had increased to between ten and 11 times the amount spent in February 1936, with the result that ten times as much money was going to eight times as many old-age beneficiaries; 15 times as much money to ten times as many dependent children; and expenditures and recipients of aid

to the blind had both multiplied by four. In three years and 11 months, from February 1936, through December 1939, the combined expenditures of all three areas of government for these special types of public assistance amounted to approximately \$1,600,000,000.³¹

The breakdown of this increased aid, for a particular program, ADC, can be seen more clearly in Table VI. Not only did total payments rise sharply with the addition of federal funds but anticipation of those grants caused indigenous state and local expenditures to rise dramatically. Thus, from 1937 to 1938, state-local benefit payments increased by 74% while, in the same year, federal grants increased by 69%.

A PRELIMINARY ASSESSMENT OF THE SOCIAL SECURITY ACT

Forces of Nonincremental Growth

PRIMARY FORCE: NATIONAL CRISIS

One of the most entertaining though certainly one of the least fruitful forms of reflection derives from second-guessing history by means of the phrase, "What if." In this case, the process of "what ifting" might take the following form: If there had been no great depression, would the federal government have assumed a welfare function? The answer: Probably yes. However, the assumption of a welfare function under normal economic and social conditions most likely would

Table VI

AID TO DEPENDENT CHILDREN IN THE CONTINENTAL UNITED STATES, 1932-38

Year	Number of Recipients ¹		Number of Children in Whose Behalf Payments Were Made Per 1,000 Estimated Population Under 16-Years of Age ²	Total	Payments to Recipients ³ (in thousands)		
	Families	Children			From Federal Funds	From State and Local Funds	Median Amount of Inhabitant ⁴
1932	113,587	289,271	*	\$42,573	—	\$42,573	\$.27
1933	111,800	282,752	*	40,504	—	40,504	.27
1934	113,009	279,792	*	40,686	—	40,686	.26
1935	116,817	285,717	8	41,727	—	41,727	.26
1936	160,171	401,359	14	49,370	\$ 6,364	43,006	.36
1937	227,869	564,536	16	71,260	18,140	53,120	.59
1938	279,657	684,282	20	97,355	25,965	71,390	.76

*Estimates of population under the age of 16 were not available.

¹ Figures were either reported to or estimated by the Social Security Board.

² Median for states making payments.

³ Exclusive of administrative expense.

⁴ Median for states making payments.

SOURCE: Dorothy R. Bucklin, "Public Aid for the Care of Dependent Children in Their Own Homes," *Social Security Bulletin*, Vol. 2, No. 4, Washington, DC, Social Security Administration, April, 1939.

have been achieved incrementally—in other words, policymaking as usual. Thus, the reality of Social Security was far more dramatic than “what might have been!”

Seldom has the federal government leaped into a functional responsibility as rapidly as it leapt into welfare. This “quantum jump” from the conservative posture enunciated in the Pierce veto to the activist interpretation of the welfare clause exhibited in *FERA* and the *Social Security Act* had, as its antecedent, the mass economic crisis of the 1930s.

A number of studies attribute the sudden and large-scale acceleration of government activity to certain critical events.³² According to such theories, the public sector is allowed to expand because crisis affords an unusual opportunity to mobilize resources. With regard to the effects of the great depression, Frederick C. Mosher and Orville F. Poland point out:

... [American] expenditures have grown through a series of leaps following on the heels of international crises, ... and, to a lesser extent, of one domestic economic crisis, the depression. When the crises subside, expenditures associated with them decline and then stabilize at levels considerably higher than before. Costs and social responsibilities from the crises remain long after the war or depression has ended.³³

As noted previously, the depletion of state, local, and private charity revenues, caused by the depression, forced these governments and institutions to look for aid to a larger entity with a correspondingly larger revenue base. Further, the national scope of the economic crisis forced a national solution—a partnership of relief (public assistance) involving local, state, and federal participation.

SECONDARY FORCES: PRESIDENTIAL INITIATIVE, CONGRESSIONAL RESPONSE, AND THE EFFECT OF PARTY REALIGNMENT

The vanguard in favor of greater government activity to relieve those most grievously affected by the depression was led by the Governor of New York, later the President of the United States, Franklin D. Roosevelt. His personal entrepreneurial role in creating a welfare function for the federal government is clear. New York's TERA

experiment was “transferred” to the federal level in the form of FERA only two months after Roosevelt's inauguration. In addition, according to Edwin E. Witte, the President's personal initiation of, and interest in, the total economic security package (Social Security) was the most important variable in its eventual passage.³⁴

The Congressional role in the formation of federal public assistance was somewhat different though no less important than that of the President. The move for federal relief through grants-in-aid to the states was begun by Progressives in Congress as early as 1931. This unsuccessful initiative was followed in 1932 by a more conservative (and more successful) program of loans sponsored by Congressional Democrats.

In terms of Presidential legislation—in particular, the public assistance portions of the *Social Security Act*—the Congressional role was one of conservatism and state advocacy. Minimum federal standards of decency were struck from the original Administration bill, initiation of merit personnel systems was left to individual state discretion, and states were allowed to impose almost any conditions for individual receipt of aid. Thus, Congress acted to moderate and slow the scope and pace of federal intervention.

Political parties also played an important role in the social welfare legislation of the 1930s. *Table VII* indicates a strong positive correlation between party and voting on nonlabor-related social legislation with Democrats overwhelmingly in support of New Deal-type programs and Republicans opposed.

Such clear partyline voting has been attributed to the radical party realignment precipitated by the depression. This sort of massive and unusual realignment, according to Walter Burnham, occurs when the system is strained so severely (as for example, during the depression) that normal policymaking by incremental adjustments is inadequate to deal with the ensuing socioeconomic problems.³⁵

In a recent study of social welfare legislation in the House, Barbara Deckard Sinclair has attempted to test Burnham's theory. She concludes in agreement with Burnham that

... the emergence of social welfare legislation as a regular element of the political agenda is directly traceable to the great depression and the realignment it precipi-

tated. The most clearly nonincremental social welfare programs were passed during the height of the realigning period (1935-38) and little nonincremental legislation even came close to passing during the remainder of the period under study.³⁶

Further, she finds that for the years 1933-40,

... there was little distinctly regional voting within the Democratic party on the nonlabor dimension. To the extent that there were regional differences during the 73rd and 74th Congress, northeastern and southern Democrats tended to be more supportive of social welfare legislation than their party colleagues from other regions.³⁷

Of course, in this case the reliance on roll call votes can be somewhat misleading for southern Democrats did lead the conservative forces that prevailed in the Ways and Means Committee. In addition, the omnibus nature of the *Social Security Act* makes it very difficult to separate the intensity of support for public assistance from that for social insurance on the basis of roll call votes. Nonetheless, the party realignment of the 1930s probably did contribute significantly to the non-incremental assumption of a federal welfare function.

The Peculiar Determinants of Public Assistance Policy

In succeeding years a number of factors would, to a certain extent, determine the flow of welfare policy. These elements—built into the legislation and assumed by policymakers—sometimes became apparent even before public assistance was enacted. Two of the elements, the open-end authorization and a belief that the states should run their own welfare programs, were written into legislation itself. The remaining two factors—the genuine belief that the need for public assistance would “wither-away” and a sort of Congressional ambiguity which allowed Congress to wrest control of welfare from the executive branch while, at the same time, exhibiting relatively little active concern with either its shape or growth—might be called unwritten policy determinants.

THE SWEET LIFE OF THE WELFARE APPROPRIATION

Public assistance grants have a “most favored” position among appropriations: annual authorizations are not required. Once the House Ways and Means and the Senate Finance Committees have fixed the assistance formula, it acts much like a contract with the states to appropriate any necessary funds under that formula. In other words, state case loads determine the amount that the federal government will appropriate for welfare. The genesis and the result of this uncommon procedure were explained by Gilbert Steiner.

The absence of an annual or even an occasional dispute over appropriations should more realistically be credited to the planned or fortuitous wisdom of the draftsmen of the *Social Security Act* in providing for an open-end, permanent authorization, and in making no reference to the possibility of scaling down the grants to meet available appropriations. The assumption was that appropriations would be forthcoming as needed. In the absence of other arrangements, this has become a self-fulfilling prophecy. . . . Public assistance appropriations thus take a place with the interest on the national debt as a fixed charge.³⁸

Table VII

NONLABOR SOCIAL WELFARE SCALE—CORRELATION WITH PARTY

Dates	Congress	Nonlabor Welfare Legislation
1929-30	71	.89
1931-32	72	.89
1933-34	73	.90
1935-36	74	.92
1937-38	75	.83
1939-40	76	.91

SOURCE: Barbara Deckard Sinclair, “The Policy Consequences of Party Realignment—Social Welfare Legislation in the House of Representatives, 1933-1954,” *American Journal of Political Science*, Vol. 22, No. 1, Austin, TX, University of Texas Press, February, 1978, p. 89.

THE ASSUMPTION OF STATE PRIMACY

Certainly related to the open-end authorization were the numerous other portions of the public assistance titles which originally allowed the states to determine the scope and thrust of welfare. In fact, as will be seen in the following section, the federal-state relationship in the field of public assistance has been a veritable seesaw ride with one or the other “rider” variously taking top seat. Nonetheless, the important point remains that the original framers of the legislation, both Roosevelt and the appropriate Congressional committees, firmly believed that the public assistance component of welfare was a state function warranting little more than a helping hand from Washington.³⁹

THE “WITHERING-AWAY” FALLACY

38 The authors of the *Social Security Act* did not envision the public assistance titles as permanent growth programs. Quite the opposite is true. They believed (according to some, were led to believe) that as social insurance grew and covered an increasing proportion of the American population, the public assistance rolls would experience a corresponding decrease in population. Gilbert Steiner has dubbed this mistaken belief the “withering-away” fallacy.

If the realities of the times accounted for its original popularity, the subsequent popularity of old age assistance (OAA) as finally written into the *Social Security Act* can be traced to a gradual understanding that, expensive as it appeared to be at the outset, and notwithstanding its violation of the tradition of state responsibility for the poor, OAA in the context of the *Social Security Act* had a most attractive feature: it was programmed to wither away in favor of an ultimately almost universal system of old age insurance. . . . [In addition,] the broader the insurance coverage, the lesser the expected public assistance demand, and when the OAA demand was finally minimized by this process, it would be possible for the states to take up the burdens of dependent children and the blind.⁴⁰

In clinging to this belief, Congress failed to reckon with one unforeseeable factor which, all too soon, would become painfully apparent: the changing

composition of the population that received assistance—people who, for one reason or another, were unemployable and, thus fell outside of the purview of social insurance.

PUBLIC ASSISTANCE AND CONGRESSIONAL AMBIGUITY

Finally, while Congress took control of public assistance in its earliest stages, it was (and remains) a control riddled with ambiguity. The control itself is powerful enough to resist both presidential reforms and presidential attempts to hold steady or decrease welfare spending. Yet, as late as 1965, neither the Senate Finance Committee nor the House Ways and Means Committee employed a public assistance staff specialist. “In Congressional interest, public assistance has become the tail attached to Social Security—a reversal of the situation in 1935—and Social Security itself ranks behind both taxation and reciprocal trade as major concerns of the [two] Committees.”⁴¹

CONGRESS AND THE EXPANSION OF PUBLIC ASSISTANCE: THE INCREMENTAL APPROACH TO WELFARE POLICY, 1939-78

1939 as a Year of Federal Expansion

When Congress enacted the public assistance titles of the *Social Security Act*, it clearly acknowledged the preeminence of the states in the field of welfare. Public assistance grants were to be provided “for the purpose of enabling each state to furnish financial assistance, as far as practicable under the conditions of such state. . . .”⁴² Interestingly, the Supreme Court seemed to interpret Congressional powers under the welfare clause more broadly than did Congress itself. Again, it is useful to note that the public assistance titles were so noncontroversial that they were not specifically tested in court. However, Justice Benjamin N. Cardozo, writing the majority opinion upholding Title II (Social Security—old age insurance) of the act, spoke of the Congressional welfare power in terms that were just as applicable to public assistance:

When money is spent to promote the general welfare, the concept of welfare or the opposite is shaped by Congress, not the states. So

the concept be not arbitrary, the locality must yield.⁴³

Clearly, the federal government was the master of its own money as well as the public welfare “purchased” with that money. In 1939, several steps were taken toward asserting that “mastery.”

In 1939, Congress passed legislation which allowed the President to reorganize the executive branch outside of the normal Congressional procedures. If Congress did not object to a proposed reorganization scheme within 60 days, the plan would automatically go into effect. Such a permissive grant of authority along with the enormous popularity of the President, permitted him to both strengthen and expand a number of executive branch functions—foremost among these was the welfare function.

In the few short years since the passage of the *Social Security Act*, it had become increasingly evident that the organization and limited staff of the Social Security Board was inadequate to deal with the federal welfare responsibility. In fact, the Administration believed that nothing less than a cabinet-level department would be adequate to the task. However, any such scheme was countered by the single caveat in the otherwise liberal Congressional reorganization grant—it precluded the creation of new cabinet departments. Thus, the members of the President’s reorganization committee (the Brownlow Committee), Louis Brownlow, Charles Merriam, and Luther Gulick, were charged with designing, advocating, and operationalizing a nondepartmental “welfare department.” According to Louis Brownlow, this became something of a name game:

Part II of Plan I set up a Federal Security Agency. This was to take the place of the department of social welfare that had been a feature of our original recommendations. Forbidden to create a department, “F.D.R.” created an agency. Forbidden to call its head a “secretary,” he called him an “administrator.” Forbidden to give him a salary of \$10,000 a year, . . . he provided for the administrator a salary of \$9,000. . . . Actually, the Federal Security Agency became in everything but words a major department of government. . . .

The Federal Security Agency was named “security” instead of “welfare” because the

Vice-President, John Nance Garner, told the President that there was great objection to the terms “welfare,” “social welfare,” “public welfare,” etc., in Congress. . . but there was no objection to the word “security” because it looked as if the Social Security Board might be a pretty good thing.⁴⁴

The creation of the Federal Security Agency (FSA) in July of 1939, certainly imbued a Sixteenth Century Shakespearean line with Twentieth Century meaning—a department by any other name is still a department! Miles E. Rufus, Department of Health, Education, and Welfare (HEW) historian, attributes to this administrative enigma much of the latter-day amazement over HEW’s rapid growth. By the late 1950s, journalists, policymakers, and scholars alike were both awestruck by, and sometimes critical of, the unusual programmatic and monetary expansion of a cabinet-level department which had only been created in 1953. In fact, much of the bewilderment as well as the criticism was unfounded—the “department” had been around in all but name since 1939.⁴⁵

The Federal Security Agency included the Social Security Board, the U.S. Employment Service, the Office of Education, the Public Health Service (PHS), the Civilian Conservation Corps (CCC), and the National Youth Administration (NYA). This integration of the health, education, employment, social insurance, and public assistance functions into one agency became the administrative expression of the new and already expanding federal welfare responsibility.

In February of 1939, the House Ways and Means Committee began hearings on amendments to the *Social Security Act*. The Administration’s bill was prepared by Arthur Altmeyer who had been appointed chairman of the Social Security Board in 1937. The fact that the new chairman was the architect of the President’s proposals was significant in itself, since Altmeyer was not one to “shy away from enhancing federal authority.”⁴⁶ Quite the contrary, through a number of administrative maneuvers (the most dramatic of which was the Ohio grant confrontation), Altmeyer had liberally and expansively interpreted the powers of the Social Security Board. Furthermore, his astuteness at directing publicity toward state personnel scandals gave him a great deal of leverage in Congress for demanding that federal controls be stricter.

This strengthening of federal authority at the expense of state discretion manifested itself in three provisions of the 1939 amendments.

First, as a direct result of Governor Davey's (and other's) unscrupulous use of OAA records, Congress approved the Board's recommendation that state assistance plans include a provision to protect the confidentiality of public assistance records.⁴⁷ Thus, Altmeyer gained legal authority for a previous administrative decision.

Second, exploiting the same Ohio scandal, the Administration sought and gained acceptance of a recommendation to require merit personnel systems in state offices administering public assistance and unemployment insurance. Finally, in an attempt to gain tighter control over the amount of federal contributions to OAA, Congress approved a provision to require states to consider all of the income and resources of recipients in determining payments—a move precipitated by the tendency in some states to use OAA funds as if they were universal old age pensions.⁴⁸

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With the enhancement of federal administrative authority embodied in the 1939 amendments, Arthur Altmeyer was quoted as remarking that, "we had all the power and authority we needed."⁴⁹ Yet, as dramatic as these gains were, a less controversial provision of the amendments was far more consequential for the future growth of the federal public assistance role. Upon the recommendations of the Social Security Board, Congress raised the federal matching rate for aid to dependent children from 33-1/3% to 50%. As had been the case four years earlier, children's assistance created little excitement, being considered a peripheral and relatively unimportant portion of the total economic security package. This raise in the matching ratio was simply done as a matter of course—a "neatening up" measure—to make ADC consistent with OAA and AB.⁵⁰ Nonetheless, ADC had now joined the ranks of the other assistance programs. Any realization of its "outranking" them was still years away.

A final, interesting facet of the 1939 amendments was an Altmeyer-backed provision which Congress refused to act upon:

... the [Ways and Means] Committee rejected what the board considered its most important recommendation: that the uniform percentage of federal matching be changed to a percentage which would vary in accordance

with the economic capacity of a state to meet its share of the cost. I [Altmeyer] have always felt that the use of the label "variable grant," instead of a more attractive label such as "equalization grant," was a serious handicap in achieving understanding and favorable action.⁵¹

Apparently undaunted by this set back in the House, Altmeyer attempted to pursue the variable grant provision before the Senate Finance Committee. That this was a politically unwise move was illustrated when Rep. Robert L. Doughton, chairman of the Ways and Means Committee, obviously offended by Altmeyer's impudence, ordered him never to show his face before the Ways and Means Committee again! Adding insult to injury, Roosevelt withdrew his support from the provision, indicating a Presidential frustration with rising welfare costs which was to persist through the Administrations of each of his seven successors: "Not one nickle more, not one solitary nickle. Once you get off the 50-50 matching basis, the sky's the limit, and before you know it, we'll be paying the whole bill."⁵²

The War and Post-War Years, 1940-49

Needless to say, the Social Security program ceased to be the primary Presidential, Congressional, or public concern upon America's entry into World War II.⁵³ Nonetheless, a few small changes did occur, particularly in the immediate post-war years, which served to increase federal participation in public assistance.

From 1940-45, the public assistance titles of the Social Security Act were not subject to further amendments. However, two events—one reasserting federal authority, the other preserving the OAA "cornerstone" of public assistance—are noteworthy.

In 1940, Rep. Thomas Jenkins (R.-OH) introduced legislation to reimburse Ohio for half of the OAA funds it had lost due to the political scandal of 1938. The Jenkins bill, entitled "An Act for the Relief of the State of Ohio" and sponsored in the Senate by Robert A. Taft (R.-OH), passed both Houses of Congress over the strong objections of Dr. Altmeyer. This opposition did nothing to endear the Social Security Administrator to a Congress with whom he had already fallen into con-

siderable disfavor and which subsequently entered into its record the following description of Altmeyer: "One little bureaucrat appointed to his office because he may have written a magazine article is more powerful than a Congress and a Senate elected by the people."⁵⁴

Opposed by nearly everyone including his own boss, the Federal Security Administrator, Altmeyer did have a powerful ally in the President who agreed to veto the Jenkins bill. His message stated the reasons for his opposition:

The state authorities would have this bill as a precedent. It is needless for me to say that if I were to sign this bill, the precedent of it could be extended to other forms of federal aid—aid for highways, aid for widows, and aid for dependent or crippled children. It would mean that states would no longer be compelled to maintain the standards set up by the Congress, but could violate these standards with impunity and still get their money.⁵⁵

The Roosevelt veto was sustained and with it, federal authority was reasserted.

The other major wartime threat to the existing federal public assistance program occurred upon the revival of the Townsend Movement. The movement began to gain renewed currency when, contrary to the President's wishes, the Federal Security Administrator, Paul McNutt, announced his support for a variation of the Townsend Plan in a proposed speech to the National Industrial Conference Board. According to this plan, a universal, uniform old age pension, financed by a graduated personal income tax, would replace old age insurance and old age assistance. The possibility of a rebellion in the Administration's ranks was then seized upon by latent Townsendites on the Senate Finance Committee who appointed a special subcommittee for the purpose of investigating old age pensions.

From 1940 through 1942, the subcommittee grappled with various schemes to replace Social Security and OAA. Even the Administration presented the subcommittee with a half-hearted "double decker" plan whereby all elderly people would receive an automatic \$20 a month and insured people would receive an additional 10% of their earning years' average monthly wage.

The war probably saved the existing Social Security package. By 1942, interest in substituting

insurance and assistance for pensions had waned. Congress was preoccupied with international problems and in the President's own words "old Dr. New Deal" had become "Dr. Win-the-War."⁵⁶

When the war was over, Congress and the President again turned their eyes—though still in a limited fashion—to the problems of economic security. Their actions included a reorganization and two amendments increasing federal participation in public assistance.

On July 16, 1946, the Social Security Board was abolished by Presidential order. Its functions were transferred to the Federal Security Administrator who, in turn, established the Social Security Administration to carry on the functions of the board and the Children's Bureau. Altmeyer was appointed Commissioner of Social Security.

The immediate impression given by the reorganization is that it was designed to emphasize the departmental secretary-like position of the Federal Security Administrator. However, it had two long-range implications as well. First, it tended to de-emphasize the importance of an integrated social insurance/public assistance system. This became eminently clear in 1948 when Congress slashed the Social Security Commissioner's budget by a whopping 80% while holding constant the budgets of the individual bureaus. It became, in other words, the first step in a process which later manifested itself in the conceptual and practical separation of insurance from welfare programs.

Second, it may have signalled the beginning of the end of what many states and a number of members of Congress came to consider the virtual "Reign of Terror" of Arthur J. Altmeyer. In the years to come, the states would be able to move "two steps forward."

Congressional action in the form of an amendment to the *Social Security Act* was also forthcoming in 1946. In terms of the public assistance titles, the major issue revolved around increasing federal participation. The thrust of the bill reported out of the Ways and Means Committee was indeed incremental. That is, the amendment would temporarily increase the amount of individual assistance which the federal government would help finance on the existing 50-50 basis.

On the other side of Capitol Hill, the Finance Committee was clearly inclined toward more dramatic changes in the form of federal participation. Thus, the Senate Committee recommended public

assistance grants based on a “graduated federal matching scale” related to state per capita income—an obvious variation of the variable grant which Commissioner Altmeyer had recommended seven years earlier. (Interestingly, the graduated matching scale was endorsed by the Committee Republicans as well as the Democrats.)

The compromise was a “two-step” formula which maintained the basic integrity of the “all states are equal” approach of the original legislation. However, as Dr. Altmeyer explains, it had an indirect, variable effect:

[The] compromise stated that the federal government would pay 66-2/3% of the cost of public assistance up to a specified amount (i.e., \$15 for an individual recipient of old age assistance) and 50% above that amount up to the specified maximum. Since low income states usually made lower assistance payments than high income states, this “two-step” formula, had the effect of reimbursing them for a higher proportion of their costs. But this effect was achieved only at the expense of paying to the high income states a somewhat higher proportion of their costs.⁵⁷

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The compromise, embodied in the amendments to the *Social Security Act*, was enacted on August 6, 1946. It was the first of three “fractional formula” amendments.

The second fractional formula increase occurred in 1948 under unusual circumstances which demonstrated then and future Congressional support for welfare benefit increases. The circumstances of the amendment actually revolved around Congressional attempts to overturn a Supreme Court ruling which would have had the effect of adding several new occupational categories to the old age insurance program without Congressional approval. Naturally, the bill to avert this found considerable support in a Congress which, in the wake of Roosevelt, was attempting to reassert its authority.

Nor was the popularity of this bill lost on the supporters of increased public assistance. Thus, in a precedent-setting move, Sen. Ernest McFarland (D.-AZ) proposed an amendment from the Senate floor (by-passing the Finance Committee) to raise the maximum amount of public assistance payments in which the federal government would share by \$5 a month for OAA and AB and \$3 a

month for ADC. The McFarland amendment was adopted 77-2 and both Houses approved the total package.

This set the stage dramatically for the only Presidential veto of a bill containing a public assistance increase. In fact, President Truman was not opposed to benefit increases and vetoed the legislation for its insurance component. Yet, the override votes were so spectacular—298-75 in the House and 65-12 in the Senate—and McFarland’s persuasive rationale for overriding was so public assistance oriented—“. . . the aged, the blind, and dependent children . . . need this assistance now . . .”⁵⁸—that the action had the effect of intimidating future Presidents in their use of the veto to stymie benefit increases. As Gilbert Steiner explains:

No bill carrying a public assistance benefit increase has been vetoed since 1948 despite regular Administration opposition to such increases and at least one veto threat. Passage over a Presidential veto is always impressive and the ease with which this was accomplished gave pause to Presidents in later years who were faced with benefit increase bills they opposed.⁵⁹

More Aid, Less Control: The Federal Paradox, 1950-52

On February 21, 1949, President Truman submitted to Congress a bill which would have engendered considerable extension and liberalization of federal public assistance payments. First, the bill would have extended federal matching to all poor people regardless of category. In other words, it would have matched state general assistance spending in much the same way that categorical assistance matched OAA, ADC, and AB payments.

Second, it sought to relate the federal public assistance matching ratio to the financial ability of each state. This, of course, mirrored Altmeyer’s persistent attempts to institute variable grants.

Third, federal matching would have been provided for the cost of state welfare services other than public assistance. Fourth, Truman’s bill advocated a new category of recipients, the permanently and totally disabled (APTD). Fifth, it sought to correct the incongruity of making ADC payments to children, but not to an adult guardian.

Finally, it authorized the extension of federal matching funds to the poor aged and blind in public medical institutions.

The Ways and Means Committee began hearings on the President's bill seven days later, but failed to produce a bill of its own until August 22. Throughout its lengthy hearings it was obvious that public assistance was a highly partisan issue. Overwhelming proof of this was offered when the committee was forced to submit two reports—a majority report, supported by all the Democrats and a minority report, supported by all the Republicans.

Nonetheless, H.R. 6000, a bill reflecting the majority opinion, was passed by the House on a vote of 333 to 14 just before Congress adjourned in October.⁶⁰ The House bill retained the President's recommendations for aid to the disabled, ADC "caretaker" grants, and institutional medical assistance. However, general assistance and welfare services matching were rejected and federal variable matching was replaced by an across-the-board liberalization of federal matching for all categories.

Senate consideration of the bill did not begin until January of 1950. Just as H.R. 6000 was conservative vis-a-vis the Administration's recommendations, the Finance Committee was conservative vis-a-vis Ways and Means. Senate conservatism was reflected in a bill which practically voided any changes in the existing public assistance system. That is, it eliminated APTD, caretaker grants, and liberalization of the federal matching ratio. This public assistance "nonbill" was subject to only one floor amendment which successfully reinstated the caretaker grant provision.

The debate over the amendment was interesting because it signalled an early realization on the part of some Senators that they had virtually no control over the open-ended public assistance appropriation.⁶¹ Thus, in a statement expressing failure and a sense of futility, Sen. Taft enunciated his objection to the amendment:

...if we are to adopt this amendment, \$75,000,000 would be added to the expenses of the federal government and to the budget deficit for next year. It represents an increase in federal aid out of general taxes and giving the money to states in order to enable them to do a better job in aiding dependent

children. I have very serious doubt not so much about the program but about the wisdom at this time of what amounts to appropriating money, because the Committee on Appropriations has no further ability to withhold this amount. I think it is an unwise course to follow. However, . . . I shall not object to it.⁶²

The compromise between the two chambers was completed on August 1, 1950, with the House dropping the increased matching formula in exchange for Senate acceptance of APTD. While the 1950 amendments were a far cry from the recommendations which President Truman had submitted 18 months earlier, they did succeed in adding a great number of recipients and potential recipients (the disabled and "caretakers") to a federal public assistance burden which was supposed to be "withering away." Fortunately for the integrity of the myth, old age and survivors' insurance had been strengthened by the same amendments.

The effect of the 1950 amendments was to substantially reduce the burden on state general assistance rolls. However, as events of the following year illustrate, this broadening of the federal financial role was attended by an increase in state administrative discretion rather than increased federal authority.

Since the passage of the *Social Security Act* in 1935, confidentiality versus public access to assistance records had been a major point of contention between certain states and the federal government. The rationale behind the prevailing federal position that records should be kept strictly confidential was twofold. In the first place, it was feared that the availability of records would result in their use for political purposes. Certainly, this suspicion was not unfounded as Ohio's Gov. Davey had so brazenly demonstrated. Second, proponents of confidentiality were concerned that publishing the names and opening the files of public assistance recipients would only lead to their humiliation and a return to the degrading "pauper" mentality of poor law days.

Opponents of confidentiality, on the other hand, had long argued that such administrative sequestering invited welfare cheating and, consequently, represented an unnecessary burden on state and federal expenditures. Foremost among the opponents of confidentiality were several of

the nation's newspapers and magazines and a number of Congressional states' rights advocates such as Sen. Everett M. Dirksen (R.-IL).⁶³

The test of a state's right to open its rolls finally occurred in Indiana in 1951 when a former Elkhart County prosecutor (previously frustrated in his attempts to gain access to the rolls) was elected to the state senate where he proceeded to sponsor legislation mandating government and public access. The bill was subsequently enacted on an override of Gov. Schriker's veto and the Federal Security Administrator, Oscar Ewing, ordered the discontinuation of federal funds to Indiana.⁶⁴ The U.S. District Court of the District of Columbia upheld the Administrator's decision.

Obviously, Congress had two choices—either abide by the court's decision or amend the *Social Security Act*. The latter action was immediately seized upon by Sen. William E. Jenner (R.-IN). The Jenner amendment to the *Social Security Act* authorized federal grants to states which allowed public access to welfare rolls as long as such state legislation provided safeguards against the political or commercial use of the records.

Though the amendment gained acceptance in the Senate, it died in the Ways and Means Committee which went on with the business at hand, the *Revenue Act of 1951*. Fortunately for the opponents of confidentiality, the Governors' Conference was convening at the same time. Momentum was building among the Governors to regain control over public assistance as one after another articulated his rationale for public access. Among these, the most eloquent and popular statement was advanced by Adlai Stevenson, the Democratic Governor of Illinois:

... this is a very fundamental case of state responsibility . . . it should lie with the states to determine whether or not there should be any publicity with respect to their respective programs . . . it should lie with our individual states to determine whether or not—and to what extent, and with what suitable safeguards they choose to impose—there should be any publicity about the relief rolls.⁶⁵

Following Stevenson's states' rights speech, the Governors unanimously passed a resolution incorporating his views. This unanimity of resolve carried tremendous political weight which was felt in the Congressional conference over the *Revenue Act*. In swift reaction, the dormant Jenner

amendment was attached as a rider to the act. In the face of an increasing federal financial role, the states had administratively reasserted themselves.

The final change in the public assistance titles to be enacted during Truman's Administration occurred with the 1952 amendments to the *Social Security Act*. As usual, most of the discussion centered on increased benefits under the old age and survivors' insurance program. Debate over public assistance was totally unspectacular. Nonetheless, the bill contained the third of the so-called fractional formula increases, sponsored by federal aid to the states aficionado, Sen. McFarland. Once again, McFarland offered his amendment from the floor, by-passing the usual committee procedure. The bill increased federal sharing in OAA, AB, and APTD by \$5 a month and, bringing up the rear as always, ADC by \$3 a month.

During the Truman years, the federal share in public assistance had increased steadily. In 1936, the first operative year of Social Security, states and localities were paying for over 88% of aid to dependent children;⁶⁶ by 1953, these units were footing only half of the cost. Likewise, in terms of the total public assistance load, in 1946 state and local governments were covering 60% of the costs; by 1953, this amount had dropped to 50%.⁶⁷ Already, a few critics of increased federal spending were bemoaning these developments and, of course, a few among these could point to the proclivity of New Deal and Fair Deal Democrats toward spending. However, in 1953, the budget conscious General Dwight D. Eisenhower became President and through the remainder of the 1950s the welfare lesson would become increasingly clear: public assistance has a momentum all its own.

Expanding Public Assistance During the Eisenhower Years

In February of 1953, President Eisenhower appointed the former commander of the Women's Army Corps, Oveta Culp Hobby, to the post of Federal Security Administrator. Mrs. Hobby's first assignment was to do what two Democratic Presidents had failed to do—elevate the FSA to cabinet status. Despite the fact that the Republican platform had opposed the creation of a welfare department, Eisenhower chose to act upon the contrary recommendations of the Hoover Com-

mission, which had advocated such a department.

In order to defray much of the potential opposition, Hobby worked out a plan designed to keep the reorganization as simple—and, perhaps, as innocuous—as possible. Thus, the new Republican Administration proposed a department to which no new powers would be transferred from other parts of government and in which the Surgeon General and Commissioner of Education would retain the sort of autonomy they had enjoyed under the FSA.⁶⁸

Once again, the welfare agency became the target of the most popular game in town—the name game:

At first there was some support for the name “Department of Welfare,” but Sen. Taft quickly vetoed that [idea] . . . Taft said that the Republican Party had just won an election proclaiming the evils of the welfare state, and it would be an affront to those who elected President Eisenhower to begin his new Administration by creating a “Department of Welfare.”

For a brief time there was some discussion of “Department of the General Welfare,” taking a phrase from the preamble of the Constitution. Sen. Taft and others thought this was so broad in its implication as to be presumptuous for the most junior of the departments.

The third name to gain some support was the “Department of Human Resources.” . . . [however], it was asserted by one participant in the discussions that the name sounded as if U.S. citizens were to be regarded as resources for the use of the state rather than entities for whose benefit the state was created

The fourth name to wind up in the wastebasket was the “Department of Health, Education, and Social Security.” As soon as a career man alert to acronyms pointed out that its initials spelled HESS—Hitler’s deputy to whom *Mein Kampf* was dedicated—the proposal was dead. In the end, after a few more names were tried, the current name was accepted by everyone despite its length.⁶⁹

With a suitable name agreed upon, the only remaining point of contention centered around the responsibilities and appropriate titles of the assis-

tant secretaries. Understandably, the American Medical Association (AMA) and the national education associations lobbied for three assistants—one of health, one of education, and one of welfare—with line authority over the corresponding titular function. The Bureau of the Budget (BOB), on the other hand, vehemently opposed this most obvious functional division, fearing that such line officers would be co-opted by clientele interests.

In the end, BOB won two-thirds of the battle with designations of an assistant secretary for legislation and one for federal-state relations. However, the power of the AMA was again revealed—the third assistant secretariatship was designated as the Special Assistant to the Secretary for Health and Medical Affairs.⁷⁰

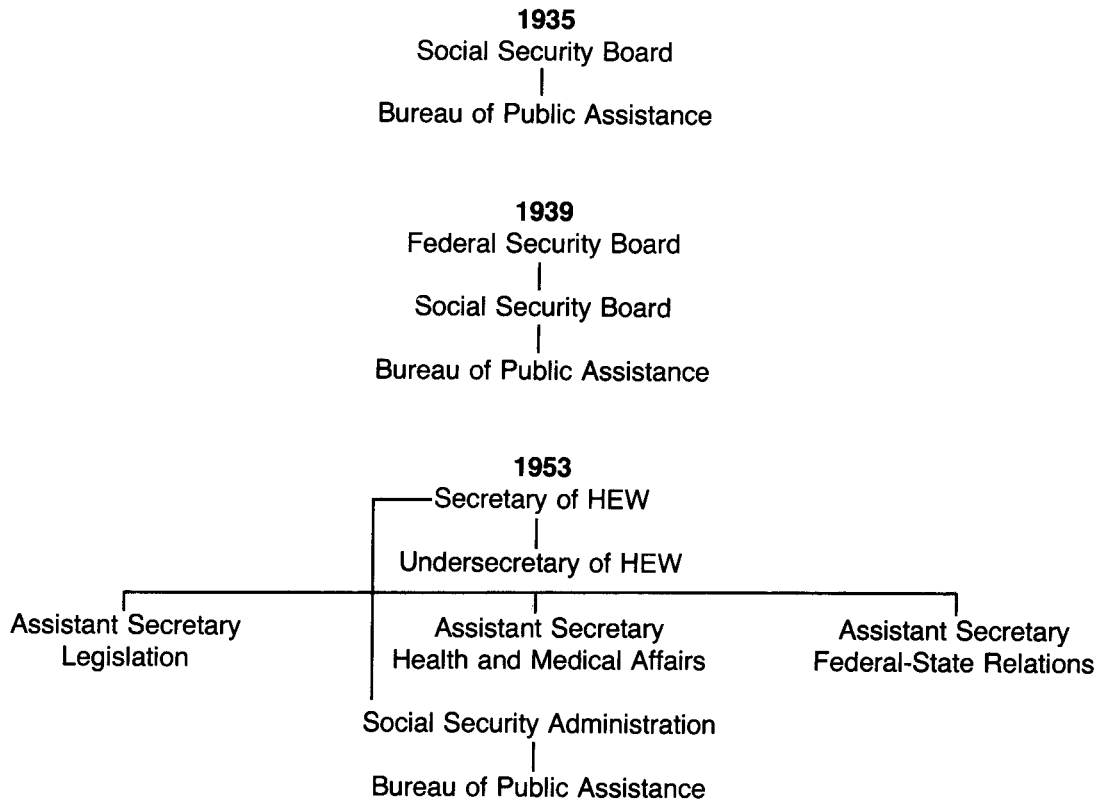
Of course, because of the long series of defeats suffered by the Townsend Movement, public assistance recipients had long since lost any semblance of a strong organization to push their interests and even if welfare had merited its own assistant secretary, there was precious little possibility that he or she would be co-opted by organized and powerful clientele interests.⁷¹ With the creation of HEW, the fallacy of public assistance was once more given an air of legitimacy—why provide upper level administration for a program that would soon wither away? In retrospect, the irony is apparent: at the same time that federal financial participation was growing ever larger, the bureau responsible for the administration of that assistance was being driven farther and farther into organizational obscurity. (See Figure I.)

Not only did the withering away fallacy gain a sort of organizational legitimacy, it gained the official sanction of the Eisenhower Administration as well. This, in turn, nicely paralleled and complemented an overriding theme of the Eisenhower years: the maximization of state and local responsibility and the minimization of federal involvement. In his 1954 State of the Union Message, the President endorsed a federal matching formula that would take into account the fact that social insurance would increasingly replace public assistance:

. . . [enlarging] the insurance system will bring substantial benefit increases and broaden the membership of the insurance system, thus diminishing the need for federal grants-in-aid for [public assistance] purposes. A new formula will therefore be proposed permit-

Figure 1

THE ORGANIZATIONAL EXPRESSION OF THE "WITHERING-AWAY" FALLACY I: PLACEMENT OF THE BUREAU OF PUBLIC ASSISTANCE, 1935, 1939, and 1953*



* For purposes of example: does not include all sections, bureaus, offices, etc.

ting progressive reduction in such grants as the need for them declines.⁷²

Further, this was incorporated into the Administration's proposals for the 1954 amendments to the *Social Security Act*. According to Altmeyer:

A complicated Administration recommendation regarding public assistance was incorporated into a separate bill. . . . The recommendation was that the federal matching ratio should vary above or below 65%, inversely with the per capita income of each state, within a range of 60% to 80%. The percentage so calculated would be reduced by

1% for each 5% of a state's population over age 65 who received an old age insurance benefit.⁷³

Because the debate over the merits of old age and survivors' insurance had once again become intense, the public assistance amendments were virtually ignored. Changes in the welfare titles were vetoed in favor of extending the 1952 increases through September 30, 1956.

In 1956, public assistance again received slight attention compared to Social Security insurance. Likewise, Congress, once more, chose to ignore Eisenhower's proposals for modifications to "the

public assistance law so that federal grants [could] be adjusted downward to reflect" the number of insurance beneficiaries who would no longer need welfare.⁷⁴ Unlike the case two years previously, however, Congress did increase the federal share of benefits, a policy which received cursory attention but, nonetheless, unanimous praise from the members of the conference committee.⁷⁵

As usual, the least favored title, ADC, received the lowest benefit increases—\$2. This brought the matchable amount up to \$30 a month for the first child and caretaker and \$23 for each additional child. Moreover, the formula was revised to increase the federal share to "fourteen-seventeenth of the first \$17 and one-half of the remainder." Finally, ADC caretaker eligibility was extended to first cousins, nieces, and nephews. As always, Congress chose to be more generous with OAA, AB, and APTD, increasing those maximum matchable amounts from \$55 to \$60 and revising the formula to allow federal sharing of "four-fifths of the first \$30 and one-half of the remaining \$30."

In many ways, the development of the 1958 public assistance amendments was another "Social Security re-run"—Eisenhower versus the Democratic leadership of Congress. The President remained unflinching in an intergovernmental philosophy that regarded public assistance, as well as most other government endeavors, as the major fiscal and administrative responsibility of the states and localities. The Democratic Congress, on the other hand, was increasingly inclined to offer fiscal relief to the states in the form of public assistance benefit increases and federal formula adjustments.

Thus, the basics of welfare policy remained the same, but a few 1958 peculiarities are worth noting. First, the prime mover for benefit increases had become Sen. Russell Long (D.-LA), chairman of the Senate Finance Committee. Long's leadership was significant because his sympathy for benefit increases began and ended with the adult categories: OAA, APTD, and AB. This became clear in an early, unsuccessful Long amendment (a sort of extreme expression of the usual Congressional ambivalence regarding the children's category) which sought a cost-of-living increase for each of the adult categories, but totally excluded ADC.⁷⁶ Furthermore, Sen. Long's influence was felt in the final version which, while including ADC, held constant the basic fourteen-seven-

teenths share as well as benefit levels of \$30. "Throughout all the days and weeks of discussion, there was general awareness that if a desirable and satisfactory substitute in public assistance was not worked out, the Long amendment would be adopted sometime, somehow, and perhaps without inclusion of ADC."⁷⁷

Second, a variation of Arthur Altmeyer's long sought after equalization formula was finally passed. For the first time, federal participation was to be related, at least in part, to state fiscal capacity.⁷⁸ Finally, the federal sharing formula was revised to limit to a single average monthly payment, the amount the federal government would contribute for public assistance money and medical care combined.⁷⁹

Although Eisenhower had once threatened to veto the amendments, a few compromises and, presumably, the lesson of the Truman override convinced him to sign the legislation on August 29, 1958. The President, however, used the occasion of the signing to issue a statement of protest over the increasing federal role:

For the fifth time in 12 years legislation has been enacted providing an increase in the federal share of the costs of [public assistance] programs and a decrease in the relative financial contributions of the states and communities. . . .

Increases in the proportion of public assistance programs which are financed by the federal government can only lead to a weakening of the responsibility of the states and communities. I believe deeply in the concept that the states and communities can best determine the actual needs of individuals and best administer programs of assistance to them—and that state and local financial responsibility in these programs should be strengthened, not weakened.⁸⁰

Near the final days of the Eisenhower Presidency, another important test of state versus federal administrative control took place. The "testing grounds" had moved since the days of confidentiality from the midwest to the deep south, in particular, Louisiana.

In the spring of 1960, Louisiana Governor Jimmie Davis pushed a new law through the state legislature which stopped the flow of welfare payments to ADC children residing in "unsuitable homes." A home was judged unsuitable if a

mother with one child could be determined to have borne a second child illegitimately. The law was designed to punish promiscuity. It also appeared to be designed, not too subtly, to punish blacks, for by July, 20,000 children—most of whom were black—were suddenly left to fend for themselves.⁸¹

Justifiably, the incident claimed worldwide attention and indignation. First, Louisiana was demanding adherence to a certain set of moral standards in exchange for less than subsistence welfare. Second, the state seemed to apply these moral standards most stringently to one race. Third, and, of course, most tragic, the law punished innocent children for what it deemed to be the “sins of their parents.”

Despite the international uproar,⁸² the Eisenhower Administration failed even to communicate with Louisiana on the matter until September. The causes for this awkward and insensitive delay were twofold. In the first place, the General Counsel of HEW determined that Mississippi had carried a similar law on the books for years. Unlike the Louisiana statute, Mississippi’s allowed for determination of ineligibility on a “case-by-case basis and had been inconspicuous” in its application of the law.⁸³ Nonetheless, Arthur Flemming, then Secretary of HEW, remained undecided as to whether he could legitimately deny federal funds to Louisiana when no such federal sanction had been applied to Mississippi.

Second, from a political standpoint,

...it left the Republican national Administration in an awkward position. In the battle for southern support in the 1960 national election, a Washington ruling that Louisiana was out of conformity would not have been helpful to the Republican cause in that state. On the other hand, sustaining the state’s action would have provided John Kennedy with the opportunity to accuse the Republican Administration of disregarding Negro rights. The department apparently suffered from election paralysis: it was September before it first communicated with Louisiana, although the children were removed from the rolls in July. Then, to the probable relief of all parties, the hearing scheduled for late October was postponed until a week after the election.⁸⁴

When the hearings convened in November,

Louisiana agreed to give the unsuitable home test case-by-case consideration and to provide appeals mechanisms for those deprived of aid. This, of course, did little to ameliorate the situation of thousands of destitute children and, in fact, left Louisiana the “winner” in “round one” of this federal-state “battle.” Flemming, however, was unsatisfied with the outcome of the hearings and finally, as a lame duck administrator in January of 1961, was able to take more positive federal action.⁸⁵

On January 17, 1961, just three days before Abraham Ribicoff took over the reigns of HEW, Arthur Flemming issued an order (the Flemming Rule) which disallowed states from denying aid to poor children merely because they came from unsuitable homes. The ruling did not bar states from removing children from such homes, rather, it stated that they must continue payments to those children in institutions or foster homes. The effect of the order was that no child could be denied funds, but some children could be removed from their homes as the price for receiving those funds.

It is difficult to assess the affects of the Louisiana suitable homes case in terms of any on-going federal-state power play. On the one hand, the Flemming Rule (elevated to permanent legislative status in 1962)⁸⁶ did introduce additional, minimal federal uniformity by declaring that aid could not be denied or rescinded simply on the basis of arbitrary standards of parental morality. On the other, and perhaps more significant, hand, the states were indeed able to retain the bases of such indigenous legislation and have used similar suitability justifications to punish promiscuity.⁸⁷ In addition, Louisiana was never federally “penalized” for cutting off aid to 20,000 children for five months; a case of nonaction which made the federal administrators appear weak vis-a-vis their state counterparts.

The Eisenhower years were marked by a series of mild amendments to the public assistance titles of the *Social Security Act* which only incrementally raised benefit levels. In addition, they were marked, for the most part, by an official Administration philosophy which decried large-scale federal participation in nondefense related government activities. In fact, welfare policy during most of the 1950s may be best remembered for being quite consistently unremarkable.

Yet, despite only occasional Congressional con-

sideration and meager benefit increases, and despite Administration intransigence on the subject of additional spending, welfare grew. Indeed, the “welfare explosion” did not spring forth full blown as the misguided brainchild-gone-wild of Lyndon Johnson. It grew then as it grew during the Eisenhower years because the major reason for its growth—its open-ended authorization—was beyond effective control. As the states spent more for more recipients, Congress, by prior commitment, was obliged to match those payments. (See Table VIII.)

In addition, since the 1939 amendments to the Social Security Act, the federal government had done nothing to enhance its own administrative control over state public assistance programs. If anything, Washington had retreated on confidentiality and compromised on suitable homes. The paradox of the Truman years was repeated, with some modifications, during the Eisenhower terms: the carrot was becoming larger, the stick less threatening.

**Redirection in the Wake of
Rediscovery:
The Beginnings of Poverty Policy,
1961-63**

Public welfare. . . must be more than a salvage operation. . . . Its emphasis must be directed increasingly toward prevention and rehabilitation—on reducing not only the long-range cost in budgetary terms, but the long-range cost in human terms as well. . . . The goals of our public welfare programs must be positive and constructive—to create economic and social opportunities for the less fortunate—to help them find productive, happy and independent lives.⁸⁸

—John F. Kennedy

As the popular wisdom goes, John F. Kennedy saw Appalachia, read *The Other America*,⁸⁹ and he and his fellow citizens discovered poverty. This “discovery” or, more properly, rediscovery of poor people in America was, according to Arthur M. Schlesinger, Jr., the genesis of what was to become another Administration’s war on poverty.⁹⁰ More important, it inspired nearly a decade of Presidential attempts to institute a poverty policy which would be separated from the public as-

Table VIII
**FEDERAL PUBLIC ASSISTANCE
GRANTS,
TOTAL TO STATE GOVERNMENTS,
FISCAL YEARS, 1953 - 1960**

Fiscal Year	Amount (in millions)
1953	1,330
1954	1,438
1955	1,427
1956	1,455
1957	1,556
1958	1,795
1959	1,966
1960	2,059

SOURCE: U.S. Department of Health, Education, and Welfare, Social Security Administration, *Social Security Bulletin, Annual Statistical Supplement*, Washington, DC, U.S. Government Printing Office, 1966, p. 17. (Based on data from the U.S. Department of the Treasury.)

sistance programs over which they had so little control.

Nor was the elusiveness of public assistance only a Presidential concern. By the early 1960s, even Congress, the keeper of welfare, was beginning to question the basic tenet of public assistance—it simply wasn’t withering away.⁹¹

Nonetheless, the first welfare related act of the Kennedy Administration appeared to be business-as-usual. “Within a few days after his inauguration, Kennedy proposed legislation to extend ADC to children of unemployed parents, along with temporary extension of unemployment compensation benefits. . . .”⁹² In addition, he asked Congress to hold the line on benefit increases in a move reminiscent of his Republican predecessor.

Congress, too, was disposed to treat public assistance as it had been for the past 26 years. The temporary aid to dependent children of unemployed parents (ADC-U) was swiftly acted upon in both houses without recorded vote.⁹³ Of course, this was in keeping with typical Congressional fondness for extending public assistance as a means of providing fiscal relief to the states. Expected to add no new cases to public relief rolls, ADC-U was envisioned as a veritable bonanza for

states, designed to decrease their own general assistance burdens. Though passage of ADC-U was unattended by any spectacular debate and appeared to be consistent with previous Congressional welfare extensions, it was significant in a number of ways.

First, unlike OAA, AB, ADC, or APTD, ADC-U never became a very popular program. At no time have more than 27 states applied for federal grants under the option.⁹⁴ This reticence to adopt ADC-U appears to stem from state interpretations that differ markedly from the original Congressional intent. That is, whereas President Kennedy and Congress viewed the program as a means of reducing state general assistance rolls, a number of states seem convinced that adoption of ADC-U would generate new clientele, separate from existing general assistance cases.

50 Second, in 1963, Congress denied ADC-U to the District of Columbia on the basis of what was reputed to be a high proportion (59.7%) of welfare cheating.⁹⁵ Regarding this case, it is interesting to note that Congressional commitment to ADC-U seemed only to be skin deep. In other words, ADC-U apparently was intended more as a means of alleviating state financial burdens than as a means of easing pressure on individual poor families. Furthermore, the case may be indicative of Congressional frustration over “uncontrollable” public assistance spending. Congress is unable to control state categorical spending and, practically speaking, is committed by the open-ended welfare appropriation to match that spending. However, Congress can, and in this case did, gain control of spending in the District of Columbia over whose budget appropriation it is ultimate master.

Third, though certainly not intended for such purpose, ADC-U afforded federal administrators an opportunity to assert some authority after nearly 24 years of acquiescing to the states. In this instance, HEW rejected a 1963 Michigan plan on the basis of its definition of “unemployed.” The much publicized case was considered important and, to a considerable degree, less difficult than the Louisiana suitable homes case for the following reasons:

First, the Flemming decision in the suitable home case made the federal people look weak. A reassertion of federal authority was in order. Second, no one in authority at the national level had any reason to court the

state leadership. George Romney, the new [Republican] Governor, . . . was considered a potential national political candidate and was actively espousing a states’ rights position. . . . Third, [HEW] had a kind of high level, unofficial representative in Michigan in the person of Fedele Fauri, . . . [an] old friend and colleague [of HEW Assistant Secretary Wilbur] Cohen. . . . Most important, however, Health, Education, and Welfare controlled the money. It was not obliged to provide the state a hearing. This was not so much a matter of cutting off support that had once been provided, with all the traumas and dislocations involved in such action, as a matter of just maintaining the status quo until the state decided whether it would capitulate or continue to go it alone.⁹⁶

Gov. Romney eventually proffered a plan that met with HEW approval. The federal department discovered that when it was politically feasible to do so, a battle waged could be a battle won.

Fourth, initiation of ADC-U was the beginning of the end of the old employable-unemployable dichotomy upon which federal public assistance had been so neatly based since 1933. For 28 years it had, quite simply, been assumed that employable people who had lost their jobs—either “temporarily” or through retirement—would receive benefits in the form of insurance-type payments. The rest of the unemployed—those who were strictly unemployable because of handicaps, uninsured old age, destitute childhood, or sole caretaker status—would benefit from noncontributory public assistance. There was never assumed to be any in-between.

In fact, in one of those ever-occurring ironies of history, the major vision of the framers of the *Social Security Act* was indeed materializing; the need for OAA, the preeminent public assistance title, was beginning to decrease as social insurance covered increasing numbers of retired workers. Thus, according to the logical progression of the withering-away theory, states and localities should have been able to pick up those relatively few who were unemployable. And therein lay the twist: the framers were right about OAA withering away (or at least shrinking to manageable proportions), but they were wrong about its eventual importance vis-a-vis ADC, just as they were wrong about ADC itself.

By the beginning of the 1960s, it was obvious that the least favored title of the *Social Security Act* was growing by leaps and bounds. The ideal image of ADC as a source of relief for poor widows was being replaced by another, quite different reality. The rolls were increasingly populated by children (and their caretakers) whose parents had never been married or who had been deserted by the family's primary wage earner. Further, it was becoming clear that a great many so-called "employables" fell outside of the purview of the social insurances—people, who because of a lack of skills and education and/or racial discrimination, either did not retain jobs or were forced into migrant, temporary, uninsurable jobs. In short, the composition of the welfare rolls was shifting from the most politically popular group (the elderly and the disabled) to the least popular (the unemployed and the illegitimately conceived).

Finally, if the public assistance amendments of 1961 quietly marked the beginning of a new "wisdom" and the end of an old dichotomy, they also marked a beginning and an end of a different sort. As to the end, they marked the last time that a President would attempt to do something about poverty within the strict confines of what Theodore Lowi has called the "old welfare" as defined by the *Social Security Act*.⁹⁷ As to the beginning, ADC-U was the first of a series of programs and policies which would mark a decade of "tireless tinkering with dependent families."⁹⁸ (To the "some things never change" category of public assistance lawmaking may be added a postscript to the history of the 1961 amendments. Over the protests of President Kennedy, Congress, as usual, increased benefits; as usual, in the adult categories.)

The *Public Welfare Amendments of 1962*, hailed as the "most far-reaching revision of our public welfare program since it was enacted in 1935,"⁹⁹ were much less a substantive overhaul than they were a dramatic shift in tone which presaged the eventual separation of Presidential poverty policy from Congressional relief policy. Congressional relief policy (as defined by the *Social Security Act*) utilized cash payments for the purpose of alleviating the condition of poverty. In contrast, Presidential poverty policy of the 1960s claimed elimination of poverty itself as its goal. Thus, the Kennedy Administration and its successor "set themselves the heroic task. . . of eliminating poverty. Alleviation was for sissies."¹⁰⁰

The Administration's work on the "great reexamination of public assistance" began shortly after Kennedy's inauguration in 1961 with HEW Secretary Ribicoff's formation of the Ad Hoc Committee on Public Welfare. Hardly a group representative of the population (even the poor population), the committee consisted of persons chosen from among public welfare agencies, private welfare agencies, and the schools of social work. It was, in other words, a committee of social workers.¹⁰¹ Given that composition, their recommendations were hardly surprising. The principles of sound welfare reform were stated as follows:

Financial assistance to meet people's basic needs for food, shelter, and clothing is essential but alone is not enough. Expenditures for assistance not accompanied by rehabilitative services may actually increase dependency and eventual costs to the community. The very essence of a vital program should be full use of all rehabilitative services including, but not confined to, provision of financial assistance. The ultimate aim is to help families become self-supporting and independent by strengthening their own resources. Achieving this requires the special knowledge and skill of social workers with graduate training and other well trained specialists.¹⁰²

Those principles became the Administration's legislative proposals for amending the *Social Security Act* in 1962. According to Secretary Ribicoff, the idea was to restructure "the whole approach to welfare from a straight cash handout operation to one in which the emphasis is on rehabilitation of those on relief and prevention ahead of time."¹⁰³ The committee, then, recommended grants for social and rehabilitative services, increased grants for the training of social workers, permanent status for ADC-U, grants for day care centers, and the elimination of state residency requirements.¹⁰⁴ Just as important, the basis of the Congressional categorical cash assistance policy, increased benefit levels, was never specifically mentioned.

The bill faced only a minimal threat in Congress when House Republicans moved to recommit in opposition to ADC-U. However, the recommittal motion lost on a partyline vote (233-155) and thereafter the amendments passed both chambers with relative ease.¹⁰⁵ Congress, of course, added

its own touches to the amendments: a \$4.20 a month cash increase in the adult categories and extension of caretaker payments to both parents under ADC-U.

The *Public Welfare Amendments of 1962* set the tone—or, more properly, the rhetoric—for the Great Society programs which would follow. Preventive and rehabilitative services and a heavy reliance on social workers together formed the thrust of Presidential policy. In 1962, rehabilitation rhetoric, as legitimated in the amendments, failed to live up to its promise in funding, program innovation, or state participation. It did, as mentioned previously, mark the first attempt by a President to gain control over rising welfare costs by divorcing poverty policy from public assistance. Further, it made possible the revitalization of the withering-away fallacy. It could now be argued, according to Gilbert Steiner, that “public assistance [would] wither away. . .if relief clients [could] be provided psychosocial services by trained social workers.”

52

The Great Society's Domestic War: Divorcing Public Assistance from Poverty Policy

The programs which were born of President Johnson's War on Poverty do not, for the most part, fall strictly into the topical purview of this paper, public assistance. Rather, these were programs, in the President's own words, that would “strike at the causes, not just the consequences of poverty.”¹⁰⁷ And, despite more than the usual amount of “Monday morning quarterbacking,” these were, indeed, programs which constituted an innovative, genuine, and heartfelt attempt to strike at the root causes of poverty.

By almost any account, most of the War on Poverty programs were not, in the long run, successful.¹⁰⁸ Nor is a case study of the public assistance titles of the *Social Security Act* a proper forum for the description, detailing, or analysis of these programs—programs which largely by-passed the normal channels of the Congressional/state relief system. Yet, neither can the War on Poverty be ignored, for from it can be derived a number of policy contrasts and consequences which bear directly on public assistance. Thus, if not the particular programs, the practical and philosophical implications of the Johnson years are important to the study of public assistance.

THE ECONOMIC OPPORTUNITY ACT AS PRESIDENTIAL STRATEGY

On November 23, the new President met with the chairman of the Council of Economic Advisors (CEA), Walter Heller. Heller had begun assembling antipoverty proposals from various government agencies one month before the Kennedy assassination and his November meeting with Johnson was arranged for the purpose of presenting 58 ideas, some of which would presumably make up a “Widening Participation in Prosperity” program.¹⁰⁹ According to Heller, the President immediately seized upon the general notion of such a program, if not the specific proposals (“That's my kind of program. . . .”)¹¹⁰ and ordered the CEA chairman to “move full speed ahead.”¹¹¹

Apparently, Johnson transmitted two specific policy themes to the poverty program task force, now directed and coordinated by the Bureau of the Budget (BOB). First, he specifically asked for a program that would attack poverty by means other than an “income strategy.”¹¹² He wanted, instead, a policy based upon a “service strategy” that would de-emphasize benefit increases and broader eligibility—a program as different from Congressional cash welfare as day was from night.¹¹³

Second, he wanted to by-pass state (and to a certain extent, local) administration and financial participation. This stance was much less (if at all) a conscious federal empire-building effort than an attempt to assure (especially in the south) that blacks would receive their fair share of program benefits.¹¹⁴

Creation of the *Economic Opportunity Act* was very much an executive branch effort. According to James L. Sundquist, it represented “the most extreme case of legislative initiative by the President almost to the exclusion of Congress. . . .”¹¹⁵ Furthermore, it was felt by some that the bill had been railroaded through Congress—a case of a strong Democratic President, who undoubtedly knew the Congressional ropes better than any chief executive before or since, collecting on promises and playing on the sympathies of a largely Democratic Congress.

The program which had been pushed through Congress in a singularly partisan atmosphere was fated to remain a partisan symbol, and it would accordingly find itself in special jeop-

ardy whenever the swing of the political pendulum restored a conservative majority in the House. At the same time, the “rubber stamp” role of the Democratic Senators and Congressmen in the enactment of the original bill had left, among some, a lingering resentment and, among all, an absence of the feeling of proud paternity that causes members of Congress to rise to the defense of programs when they are attacked.¹¹⁶

The *Economic Opportunity Act of 1964* which was supposed to focus and coordinate older public assistance programs with the new poverty programs, in fact, virtually ignored the older programs. Except for the fact that it was aimed at some of the same recipient groups, it bore slight relationship to, or opportunity for coordination with, the public assistance titles of the *Social Security Act*.

Briefly, the act contained the following major provisions: it created the independent Office of Economic Opportunity (OEO) to administer a number of the new programs; it created the Job Corps, Neighborhood Youth Corps, and College Work-Study program (to be administered by OEO, DOL, and HEW, respectively) to train and educate disadvantaged youth between the ages of 16 and 21;¹¹⁷ a Community Action Program (OEO), basically a federal grant-in-aid program designed to contract directly with nongovernmental community-based groups which, in turn, were to develop local antipoverty efforts as well as administer national poverty programs;¹¹⁸ a rural loan program (USDA); a migrant farm workers program (OEO); the Small Business Development Centers Program (SBA); a Work Experience Program (HEW), designed to provide work and training for AFDC recipients;¹¹⁹ and the Volunteers in Service to America program (VISTA - OEO), reputed to be the domestic counterpart to the Peace Corps.¹²⁰

This was indeed a departure of extraordinary magnitude from the Congressional relief policy which had formed the core of the nation’s welfare for nearly 30 years. It was, perhaps, destined for failure simply because it circumvented that core in almost every conceivable way. More specifically, the new Presidential poverty policy (the *Economic Opportunity Act*) differed from the old Congressional relief policy (the public assistance titles of the *Social Security Act*) in the following very significant ways:

1. It was conceived as a Presidential poverty policy—Congressional input was limited to enactment.
2. The *Economic Opportunity Act* largely bypassed the normal structural channels of the federal system. The states were not given a major participatory role. Thus, whereas Congress was generally predisposed to grant public assistance benefit increases as a means of providing state fiscal relief, it had no such impetus to increase economic opportunity funding.
3. The *Economic Opportunity Act* stressed the new social work strategy (and, consequently, the new withering-away fallacy) of providing rehabilitative services. It circumvented the old income strategy—no benefit increases were provided.
4. Unlike the strictly defined categorical programs created by Social Security, the programs of the *Economic Opportunity Act* were characterized by their vagueness. As one author put it, “What is amazing is not how much but how little they say.”¹²¹
5. Congressional favoritism under the *Social Security Act* was clearly shown toward “deserving” adults, in particular the elderly. In contrast, the programs of the *Economic Opportunity Act* were almost totally youth oriented and even those programs aimed at adults focused primarily on young adults. Except as they might participate in Community Action Programs and come in contact with VISTA, the elderly were not beneficiaries of this Presidential policy.
6. Finally, and quite unintentionally, it fragmented program administration, not only among three cabinet-level departments (DOL, USDA, and HEW) and two independent agencies (OEO and SBA), but among incipient, often nongovernmental community action organizations. This form of administration stood in stark contrast to the “coordinated decentralization” (HEW-state-local) of public assistance programs.

The *Economic Opportunity Act* worked outside of the well-established public relief programs. If it was the framers’ intention to have it, in addi-

tion, work alongside of the assistance system, that intention—whether through Congressional antipathy, lack of coordinating mechanisms, or the strife-ridden Economic Opportunity programs themselves—was never realized. Nonetheless, and certainly in the most unexpected of ways, the 1964 act contributed to public assistance most significantly.

First, it repopularized the notion of federal spending to combat poverty. Very simply, it appears that the rhetoric of the New Frontier and Great Society was absorbed by the public; was, in turn, reflected in public opinion polls showing support for antipoverty spending,¹²² and finally, came full circle to be translated as something of a mandate for further spending in aid to the poor.

Second, according to welfare experts, Sar A. Levitan and Robert Taggart:

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Unquestionably, the War on Poverty and its offshoots such as the National Welfare Rights Organization, Community Action Agencies, and neighborhood legal services heightened awareness and acceptability of welfare among the poor, advancing the notion that welfare was a right of families living in poverty.¹²³

Thus, the *Economic Opportunity Act*, based upon the new withering-away through rehabilitative services fallacy, eventually stimulated an increase rather than a decrease in the number of public assistance recipients. By popularizing federal antipoverty spending and organizing and informing the poor themselves, it gave renewed respectability to welfare and, in fact, acted to “sell” public assistance.

RETURN TO CONGRESSIONAL POLICY: MORE FORMULAS, NEW FUNCTIONS, AND FOR ALL, A BETTER “FALLACY”

In 1965, the Johnson Administration achieved what was, perhaps, its greatest legislative triumph, the addition of two new titles to the *Social Security Act*, Medicare for the elderly and Medicaid for the needy of all ages. Certainly, these two programs formed the centerpiece of the 1965 amendments to the now 30-year old act. However, though far less publicized and debated, Congress also liberalized the federal matching ratio for public assistance. Interestingly, and uncharacteristically, the thrust was toward AFDC recipients.

In addition to providing formula liberalization, the 1965 amendments offered the states a choice between two alternative means of calculating the federal share. The first was known as the two-step formula and represented a mere liberalization of the existing formula:

Under this method, the federal government pays (1) five-sixths of the first \$18 of the AFDC grant per recipient, plus (2) 50 to 60% (depending on the state’s per capita income; the poorer the state the higher the percentage) of the next \$14 of a maximum monthly average payment of \$32 per recipient. The aggregate of payments in excess of an average payment of \$32 must be financed entirely from state and local funds. . . . Thus, the lower the level of payments and the poorer the state, the higher is the federal financial participation.¹²⁴

The second formula, while potentially more generous, could be used only if a state joined the Medicaid program:

Under this method, the federal share is computed by applying the “federal medical assistance percentage” to the aggregate amount spent for money payments for all federally supported public assistance programs combined. The “federal medical assistance percentage” varies among the states from 50% to 83%, depending upon each state’s per capita personal income. Again, the poorer the state, the higher is the [federal financial participation].¹²⁵

Despite the potential federal generosity to low income states, it was (and continues to be) the higher-income states which utilized the alternative formula. This, in turn, caused a number of states with already higher than average benefit rates to increase public assistance payments and has been cited as a contributing factor in the so-called “welfare explosion” of the late 1960s and early 1970s.¹²⁶

If any of the five Great Society years was important strictly from a public assistance point of view, it was 1967. In that year, the *Social Security Act* was amended in such a way that it came to express the third and final withering-away fallacy. In addition, HEW was reorganized.

Actually, the first reorganization of HEW to affect public assistance was carried out in January of 1963 under Secretary Anthony Celebrezze. The departmental shuffle was of considerable symbolic significance because it signalled the organizational end of the old withering-away fallacy by separating the Bureau of Public Assistance from the Social Security Administration. The initially integrated Roosevelt system of economic security was, thus, administratively segregated. The Social Security Administration was to carry on the business of social insurance. A new Welfare Administration, composed of the Bureau of Family Services (the new name for the Bureau of Public Assistance); the Children's Bureau; the Office of Aging; and the Office of Juvenile Delinquency, would tend to public assistance. Of equal importance and alongside of the Welfare Administration was placed the new Vocational Rehabilitation Administration.¹²⁷

No less symbolic than the 1963 Kennedy reorganization was the 1967 Johnson reorganization carried out under Secretary John Gardner. Certainly, in this reorganization the organizational expression of the second phase of the withering-away fallacy—the end of welfare through rehabilitation—had come to full fruition:

...Gardner decided that the time had come to see if some of the benefits of the highly successful Vocational Rehabilitation Administration (VRA) could be transferred to the field of welfare by bringing together the VRA and the Welfare Administration and putting the long-time and distinguished commissioner of VRA, Mary Switzer, in charge of the combined operation. The organization that emerged [was] the Social and Rehabilitation Service (SRS). . . .

[Furthermore,] in the reorganization, the functions of the Bureau of Family Services were divided among three administrations: the Assistance Payments Administration, the Community Services Administration, and the Medical Services Administration. . . .The department wanted to make it very clear that the determination of eligibility for public assistance was an entirely separate function from the provision of counseling and other special services.¹²⁸ (See Figure II.)

At approximately the same time that HEW was

reorganizing to mirror the second phase of the withering-away fallacy, Congress and the President were working on amendments to the Social Security Act which would institute yet a third phase.

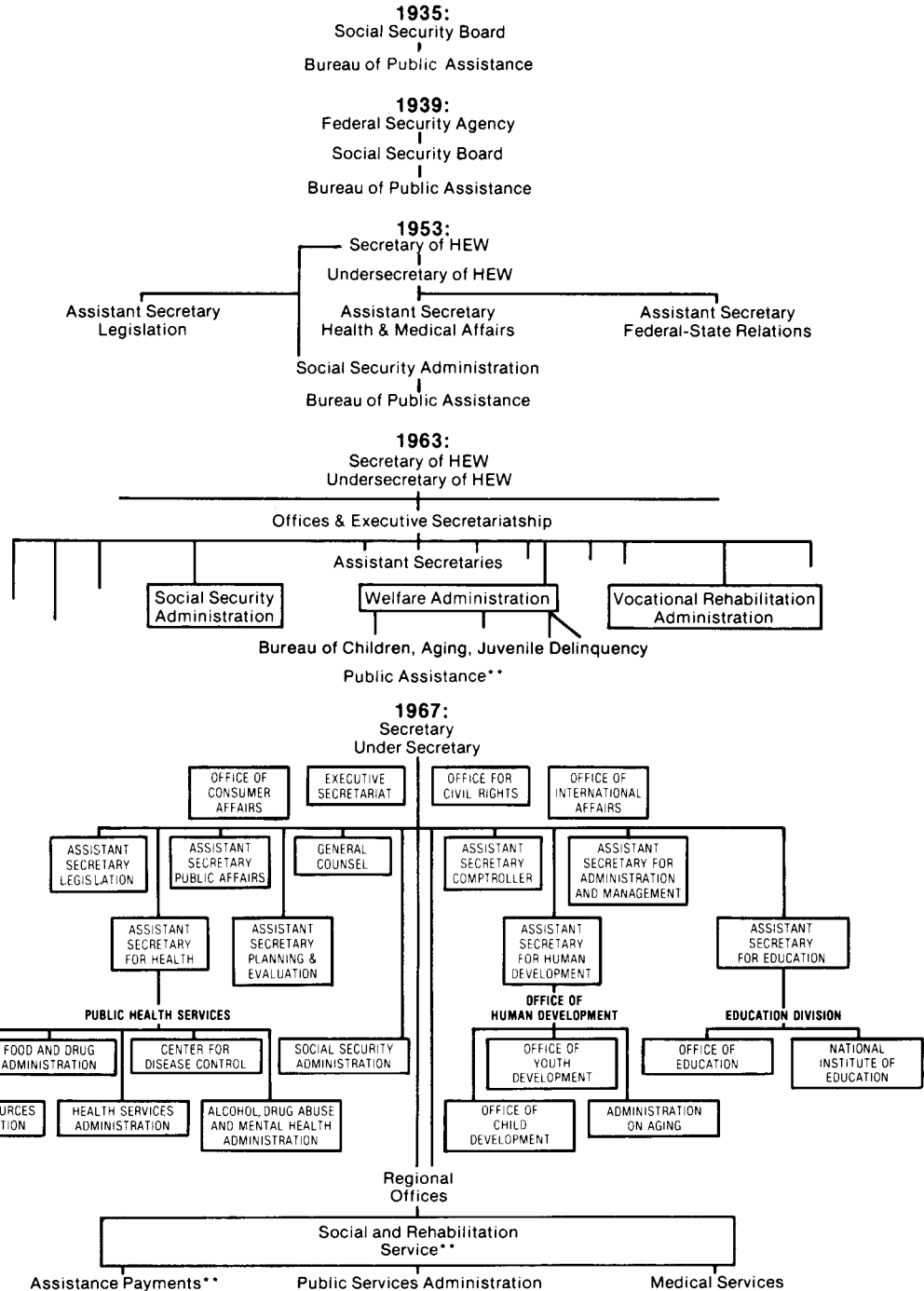
For those concerned with the financial costs of welfare (and a great many were), 1967 was a grim year indeed. Between 1960 and 1967, federal expenditures for public assistance had doubled from \$2.1 billion to \$4.1 billion. In addition, the total number of categorical public assistance recipients had risen from 5.8 million to 8.1 million. Nor was this increase evenly distributed, for all of the adult categories combined (OAA, APTD, and AB) had risen by only 24,000 cases and, in fact, the number of OAA recipients had actually declined by 23,000!¹²⁹

The great explosion, of course, had occurred in AFDC. Numbering about 3.1 million in 1960, AFDC recipients numbered 5.3 million by December of 1967—an increase of 2.2 million cases!¹³⁰ Furthermore, in 1961, families receiving benefits because the father was dead, disabled, or unemployed made up 31% of the AFDC population; by 1967, this percentage had dropped to 23%. Consequently, the proportionate slack had been taken up by families in which the parents were divorced or separated; in which the father had deserted the mother; or in which the parents had never been married (from 62% in 1961 to 70% in 1967). Even more alarming from the standpoint of political and social popularity, the single largest percentage increase had taken place among families whose children were born out of wedlock (from 21.3% in 1961 to 26.8% in 1967).¹³¹

Finally, the greatest change which had taken place among AFDC recipients was that they had "migrated" to the nation's cities. Between 1961 and 1967, the percentage of AFDC clients residing in metropolitan areas had risen from 58% to 70%. This percentage increase, coupled with the absolute numerical increase of recipients meant that the increased number of urban AFDC beneficiaries totalled 2 million—a mere 200,000 fewer than the total increase in recipients. AFDC had thus become an urban phenomenon.

Although it had been given a mere five years to work its miracle, the social rehabilitative method was swiftly falling into disrepute, particularly among members of the House Ways and Means Committee. Even more vilified, however, were the states on whom Chairman Wilbur Mills (D-AR)

FIGURE II
THE ORGANIZATIONAL EXPRESSION OF THE
"WITHERING-AWAY" FALLACY II:
REPLACEMENT OF THE BUREAU OF PUBLIC ASSISTANCE, 1953-78*



*For purposes of example; does not include all sections, bureaus, offices, administrations, or assistants.

**Exaggerated type or placement for purposes of example; does not indicate actual importance vis-a-vis other offices, bureaus, etc.

unleashed his frustration and placed the blame for the ever-rising program costs:

We have...the thought in mind that it takes requirements on the states to reverse these trends. In 1962 we gave them options. For five years this load has gone up and up and up, with no end in sight. . . .

Are you satisfied with the fact that illegitimacy in this country is rising and rising and rising? I am not. We have tried to encourage the states to develop programs to do something about it. Now we are requiring them to do something about it. . . . [We] are not going to continue to put federal funds into states for the benefit of parents when they refuse to get out of that house and try to earn something. If there are any jobs available for them [recipients], we want them to have them. This is what we wanted to do in 1962. We left it to the option of the states, and they did not do it. Five years later, today, we are on the floor with a bill which requires that it be done.¹³²

The bill that Mills was talking about contained the 1967 amendments to the *Social Security Act*. It was a bill which expressed the angry Congressional mood over rising costs, uncooperative state policies, and a rehabilitative approach which appeared, if anything, to have fostered the unprecedented growth of the AFDC caseload.

Indeed, it seemed that by 1967, everything, including the policy positions of the traditional actors, was in a state of flux. The President's proposals "sought to extend benefits . . ." (a normal Johnson stance, perhaps, but an abnormal Presidential stance) while Congress, "faced with a sharp rise in dependency and in public resentment of it, was determined to cut back on welfare programs. . . ."¹³³ Furthermore, the Administration and Congress differed as to the means of alleviating and/or ending poverty. According to Martha Derthick, "Everytime the [Ways and Means] Committee said 'work,' Wilbur [Cohen] said 'day care'."¹³⁴ Thus, the new Congressional thrust was toward work for recipients and requirements for states while the Administration tended toward additional social services and benefit increases.

The 1967 amendments came about through "the dynamic of the two Wilburs, . . . Mills for the legislative branch and Cohen for the

executive. . . ."¹³⁵ As such, and reflecting both sides, it held out some juicy "carrots" but also brandished a number of new, rather substantial "sticks."

The "stick" portions of the amendments affected both the states and recipients and a measure of their unpopularity is nowhere more evident than in their nickname, "the Slave Labor Amendments." For some time, the federal government had been encouraging states to initiate work incentive programs for public assistance recipients; now Congress was requiring it. All adult AFDC recipients (including mothers) were to be enrolled in a federally funded, mandatory state work-training program, known as the Work Incentive Program (WIN). In addition, the states, once only urged to do so, were now required to provide federally funded day care centers for children whose parents were enrolled in WIN. In the case of both programs, federal matching was set at 80%. Finally, a freeze was imposed on the extent of federal matching for cases generated by illegitimacy or desertion. However, the effective date of the freeze was continually postponed until it was repealed in 1969.¹³⁶

The major "carrot" portion of the amendments, the "thirty plus one-third rule," was also work related. Up until 1967, welfare recipients who were fortunate enough to find jobs were "rewarded" by a reduction of one dollar in public assistance benefits for every one dollar earned. In other words, recipients were taxed 100% on their earnings! In contrast, the 1967 amendments allowed \$30 per month of earnings to be discounted in computing the AFDC benefit and permitted the recipient to retain one-third of his or her earned income above \$30—thus, "thirty plus one-third." Other "carrot" provisions included some new social services, federal assistance to some non-AFDC families in emergency situations, and the familiar Congressional benefit increases.¹³⁷

Even at a glance, it seems obvious that these amendments signalled a number of new and significant approaches to, and rationales for, public assistance. Most important was the work component which itself had more than one significant aspect.

First, as alluded to previously, work had become the new centerpiece of the withering-away fallacy. Certainly, social insurance had had no positive impact upon the welfare rolls and, from the point of view of Congressional policymakers,

heavy reliance on social rehabilitation had accomplished little more than the addition of 2.2 million AFDC cases. Something else—a new ray of hope, so to speak—was needed and work incentives filled the gap quite neatly. It was, after all, much more consistent with the traditional American work ethic than either social insurance or rehabilitation. The great depression may have made Americans more tolerant of welfare, but 30 years later there still existed considerable and pervasive discomfort over the concept of the “handout” or “free ride.”

In addition, working in exchange for benefits was congruous with the grandparent of all Western welfare laws, the Elizabethan Poor Law of 1601. Thus, while it was hardly likely that the indenture of children would find much acceptance in latter-Twentieth Century America, putting “able-bodied” adults (including teenagers over the age of 16) to work for their “keep” certainly appeared to have a sound basis in English/American law.

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Finally, it simply seemed logical that if a person was working, eventually he or she would no longer need assistance. Unlike social insurance or rehabilitation, work would allow past recipients to fully participate in the great American melting pot pastime popularly known as “pulling yourself up by your bootstraps.”

A second significant aspect of the work program as embodied in WIN, was its origin, both in terms of government branches and in terms of individuals. To the first point, it is interesting to note that although public assistance spending and, thus, the meat of public assistance itself had been state and Congressionally dependent since the enactment of Social Security, the independent variable in the withering-away fallacy had been initiated by the federal executive branch—the Roosevelt Administration supplying social insurance and the Kennedy-Johnson people supplying rehabilitation. With the 1967 amendments, however, Congress began supplying its own variable. As to responsible individuals, the notion of “workfare” has been so widely associated with the Republican President who coined the term, Richard Nixon, that the idea is often attributed to him. Rather, the concept was initiated and first given practical application by a Democratic Congress and, in particular, the chairman of the Ways and Means Committee, Rep. Wilbur Mills.

Like work incentives, the second major aspect

of the amendments, the Congressional propensity toward “getting tough” with the states, was consistent with past actions in some respects, yet inconsistent in others. The inconsistency, of course, was that never before were the states forced to participate in auxiliary or complementary programs such as work-training or day care in order to receive public assistance grants—they had only to abide by certain administrative, personnel, and categorical rules. Further, Congress had never before legislated a freeze on the extent to which it would match state spending. The lesson seemed clear. Although the open-ended public assistance appropriation was practically uncontrollable, it was not unassailable.

The 1967 breaks with past Congressional actions were, by the very nature of inconsistencies, more dramatic than those aspects of the law which conformed to past policies. Yet, the consistencies were, in the long-run, more notable. Thus, there were two sides (one inconsistent, the other consistent) to the Congressional-state welfare relationship. While mandating programs constituted an inconsistency, it was certainly consistent to hand those programs over to the states. The states needed only to adhere to broad and generally unenforceable rules concerning the conditions of day care centers and the terms of WIN programs in order to receive federal grants. Once again, federal financial input grew with little in the way of corresponding federal control. Welfare was still, by and large, the business of the states.

Further, history was kind to the basic integrity of the open-ended welfare appropriation. The threatened freeze was just that, a threat, and by most accounts, 1967 was only the beginning of the “welfare explosion.” Three years later, at the start of a new decade, the number of AFDC recipients stood only 300,000 shy of the 10 million mark!¹³⁸

A NEW ROLE FOR THE COURTS: BREAKING DOWN BARRIERS TO PUBLIC ASSISTANCE

In 1937, the Supreme Court ruled that Titles II and III of the *Social Security Act* were constitutional.¹³⁹ While the ruling did not speak directly to the public assistance titles of the act, the majority opinion on Congressional spending for welfare was applicable to those titles and, consequently, their constitutionality was never specifically tested. In fact, the Supreme Court (even the active, liberal Warren Court) has always

been somewhat reticent to issue broad rulings in the area of welfare. According to Stephen L. Wasby:

Unlike many other areas where the Court's decisions have attracted attention, on welfare policy the Court generally has been able to rule only interstitially because of the mass of existing statutory language, primarily the *Social Security Act* as amended, and administrative regulations. This means that the Court has not written on a clean slate and has had less freedom to enunciate policy on welfare than in some other areas of policymaking, for example, freedom of speech or criminal procedure. The largely statutory basis of the Court's welfare rulings means that its individual decisions generally have not been far-reaching. In addition, because Congress can reverse the Court simply by rewriting the statute, welfare recipients' fortunes are ultimately left largely in Congress' rather than the Supreme Court's hands.¹⁴⁰

Nonetheless, in the late 1960s, two Warren Court decisions on public assistance-related cases—the first largely a matter of statutory interpretation, the second a constitutional ruling—did liberalize eligibility and opened welfare to an increasing number of recipients. The first decision, *King vs. Smith* (1968),¹⁴¹ was based upon the Court's interpretation of the word "parent" in Title IV (AFDC) of the *Social Security Act*.

Since 1935, a number of state public assistance laws had contained what came to be known as "man-in-the-house" rules. Broadly speaking, these rules stated that if an able-bodied, unrelated man was found to be "cohabitating" with an AFDC mother (even if only on weekends or less frequently), the mother and her children could have their assistance payments terminated. The logic behind such regulations, of course, was that the "able-bodied" male should be supporting the woman and her family. In actual practice, the rules were often used to punish state-determined promiscuity, to deny sexual activity to welfare recipients, and as a basis for the cruel humiliation of the "midnight raid."

Thus, in 1966, Alabama welfare authorities terminated aid to a Mrs. Smith and her four children on the basis of Alabama's "substitute father" regulation, a variation on "man-in-the-house." In

this case, the authorities purported that a Mr. Williams was visiting Mrs. Smith on weekends, having sexual relations with her, and, therefore, qualified as a substitute father and provider.¹⁴² Upon termination of aid, Mrs. Smith filed a class action suit in Alabama federal district court seeking declaratory and injunctive relief.

The district court, in turn, found Alabama's rule to be invalid under Title IV of the *Social Security Act*. That is, it ruled that a so-called "substitute father" did not fit the definition of "parent" as stated in the act. On direct appeal, the Supreme Court unanimously upheld the district court's ruling "holding the [substitute father] rule to be inconsistent with the inclusive federal scheme of public assistance to children deprived of parental support or care."¹⁴³

Finally, HEW moved, almost immediately, to imbue the Court's decision with administrative meaning and to close off any remaining opportunities for states to get around that decision. Under the terms of the department's regulations, proper support in compliance with the meaning of parent in the *Social Security Act*, requires a regular ceremonial marriage and a legal obligation of support. The income of any other person is now irrelevant for the receipt of AFDC.¹⁴⁴

One of the tenets of the Elizabethan Poor Law of 1601 was the minimization of local welfare costs. A fundamental and seemingly rational approach to keeping those costs down was to exclude outsiders from the receipt of local aid. Thus, a person was usually required to reside in a given locality for a predetermined period of time before he or she became eligible for relief. Of course, the concept of residency requirements was, much later, to become central to the receipt of public assistance in many states.

In 1969, the Supreme Court determined that state residency requirements were in violation of the equal protection clause of the Fourteenth Amendment in restricting the right of welfare applicants to move interstate and that such requirements denied due process when imposed by Congress.¹⁴⁵

In *Shapiro v. Thompson* (1969),¹⁴⁶ Justice William Brennan, writing for the majority, stated that "inhibiting migration by needy persons into the state" deterred those individuals from exercising their constitutional right to travel and was, therefore, an impermissible purpose of residency requirements. Further, "any classification which

serves to penalize the exercise of that right, unless shown to be necessary to promote a compelling government interest is unconstitutional.”¹⁴⁷

In striking down residency requirements¹⁴⁸ the Court once more paved the way for increasing numbers of public assistance clientele. Consequently, together, the King and Shapiro decisions have sometimes been cited as contributing factors in the “welfare explosion” of the late 1960s and early 1970s. However, two caveats seem to be in order. In the first place, no research has determined that any correlation exists between these decisions and new receipt cases. Second, these decisions did not signal a new long-term activist welfare role for the Court. Quite the contrary is true. As the office of Chief Justice went from Earl Warren to Warren Burger and as Nixon appointees came to dominate the Court, decisions tended to be more conservative or at least to hold the line.¹⁴⁹ The realm of welfare beyond Congressional statutory limits is, apparently, as elusive for the courts as it is for the Presidency.

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PRELUDE TO “EXPLOSION:” THE NEW FRONTIER, THE GREAT SOCIETY, AND THE GROWTH OF WELFARE

By 1967, it seemed that the Great Society was being blamed for everything but original sin. Indeed, the promise had fallen far short of both popular and academic expectations and sarcasm and criticism were swiftly and pervasively becoming the underpinnings of policy “analysis.” Nor was this critical assessment the sole property of the Republican party for it was joined by disenfranchised Democrats, social scientists, a great many middle and lower income Americans, and even a number of “the best and the brightest” who had helped create those very policies, but now found convenient ways to circumvent their own responsibility for failure.

Of course, much of this criticism was probably misdirected at domestic policy—the overflow of ill-feelings and despair over foreign affairs. But much of it centered around what was beginning to be known as the “welfare explosion,” an enlarged variation on the same old theme—the failure of welfare to wither away; its actual and opposite tendency to grow; and the inevitable frustration that followed. In seven years the number of AFDC recipients had grown by 71% to 5.3 million (a number which, of course, appears

rather small in retrospect) and showed no sign of decreasing or even holding constant. The blame, naturally, shifted to the most visible target, Lyndon Johnson, and to his liberal spending policies and those of his predecessor. For the most part, neither was really to blame.

Certainly, the War on Poverty circuitously contributed to the growth of welfare. “. . . [I]ts offshoots such as the National Welfare Rights Organization, community action agencies, and neighborhood legal services heightened awareness and acceptability of welfare among the poor, advancing the notion that welfare was a right of families living in poverty.”¹⁵⁰ In addition, a Congressional action favored by Johnson, the 1965 alternative formula, has sometimes been cited as a reason for already high-benefit states further increasing benefits. Finally, the Kennedy sponsored AFDC-U program added some cases to the public assistance rolls. However, its overall importance is questionable since 23 states have never utilized the option and the language of the program is so restrictive that, as of 1975, fewer than 125,000 families had received such benefits at any given time.¹⁵¹ The more crucial reasons for the “explosion” were, as always, beyond Presidential control.

First, there were, relatively speaking, more poor children (in an absolute sense, there were probably fewer such children). By 1967, the bulk of poor children were crowded together in the most expensive areas of the country—the urban centers. Thus, not only were their necessities more expensive, but they were surrounded by wealth which, in contrast, made their poverty seem even worse and their demands more cogent. Second, although the exact impact can never be known, the King and Shapiro decisions certainly made the application for, and receipt of, aid more facile and less degrading. Finally, the states and the Congressional open-ended grant were, as always, the most important factors in the “explosion:”

The states themselves were more responsible than anyone, raising benefit levels and loosening eligibility standards. Over the 1950s and early 1960s, benefits had risen in proportion to average earnings; but from the beginning of 1965 through 1968 the average benefit went up by a third, or more than double the rise in annual average spendable earnings of a worker with three dependents. At

the same time, states became less restrictive in determining eligibility. Where only 54% of all welfare applications had been accepted in 1953, 81% were approved in 1970.¹⁵²

Presidents Kennedy and Johnson initiated poverty policies which were separate from public assistance. They did not try to “reform welfare” but, rather, attempted to cause the diminution of welfare through social and rehabilitative programs. They failed. Circumventing the *Social Security Act* apparently was not the answer.

Aware of his predecessors’ errors, the next President would attempt to reform and, indeed, to change the essence of Congressional welfare policy. In a small but very significant way, he would win a battle; in a larger and even more significant way, he, too, would lose the war.

Welfare and the New Federalism: The Half-Life of Reform

A measure of the greatness of a powerful nation is the character of the life it creates for those who are powerless to make ends meet.

If we do not find a way to become a working nation that properly cares for the dependent, we shall become a welfare state that undermines the incentives of the working man.

The present welfare system has failed us—it has fostered family breakup, has provided very little help in many states and has even deepened dependency by all too often making it more attractive to go on welfare than go to work.

*I propose a new approach that will make it more attractive to go to work than to go on welfare, and will establish a nationwide minimum payment to dependent families with children.*¹⁵³

Richard M. Nixon

It may not have been surprising that the first President to attempt to reform public assistance itself would be a Republican. After all, the costs of welfare had been rising precipitously for several years, a state of affairs assumed to be especially abhorrent to a good Republican. Nor was it unexpected that this President would emphasize work or, in his words, workfare: “No able-bodied

person will have a ‘free ride’ in a nation that provides opportunity for training and work. . . . This would be the transformation of welfare into ‘workfare,’ a new work-rewarding system. . . .”¹⁵⁴

What was surprising was his proposal “that the federal government pay a basic income to those American families who cannot care for themselves in whichever states they live.”¹⁵⁵ Here was a Republican President (who, less than one year previously, had won the Presidential election over Hubert Humphrey, one of the nation’s longest-time and most ardent supporters of civil and welfare rights) espousing not only a guaranteed income but also a first step toward the federalization of public assistance. All of this, of course, was bound not only to alter the existing Congressional/state public assistance system but also to dramatically increase the costs of welfare. At first glance, then, this hardly seemed like the type of program which would be proposed by a moderate Republican. In fact, however, the notion of a guaranteed federal income had first been advanced not by a liberal nor even by a moderate but, rather, by a conservative economist, Milton Friedman.¹⁵⁶

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NEGATIVE INCOME TAX: MIXED IDEOLOGIES AND THE CONCEPT OF A GUARANTEED INCOME

In 1962, Friedman developed the concept of the “negative income tax” (NIT). Not really a tax at all, under NIT a certain minimum income would be set and the further an individual’s or family’s income was below that level, the higher would be the government’s payment. In other words, the theoretical system was dubbed negative income tax because it worked exactly in reverse of the positive federal income tax. The ingenuity of the plan, supposedly, was that it would pay the working poor as well as the unemployed poor and, thus, through an incentive system, would encourage recipients to work.

In 1965, NIT resurfaced and true to its unpredictable and ideologically confusing history, this time its unsuccessful champion was President Johnson’s Director of OEO, Sargent Shriver:

Hoping to tempt the Johnson White House, Shriver’s zealots each year turned out a new NIT model that they incorporated into OEO’s program memoranda of 1966, 1967, and 1968. These proposed five-year plans, never ac-

cepted by the White House, were kept secret from Congress.¹⁵⁷

Nonetheless, in 1967, Shriver authorized an experimental "trial run" for NIT. The experiment, renamed the Graduated Work Incentive Program because the term "negative" was considered offensive, was carried out by the University of Wisconsin's Institute for Research on Poverty and Mathematica Inc. among 1,300 control and experimental families in New Jersey and Pennsylvania. Running three years, the results of the experiment were disappointingly inconclusive and of the type which could be cited evidentially by both detractors and advocates of NIT.¹⁵⁸

Following the odd historical progression of NIT, then, it seems only perversely logical that, first espoused by a conservative academic economist, later championed by a liberal Democratic administrator, it would finally become the property of a moderate Republican President. Thus, the NIT-guaranteed income cause came to be articulated in the Nixon White House by, among others, perennial cross-administration poverty expert Daniel P. Moynihan and Secretary of HEW Robert Finch. Renamed Family Assistance Plan (FAP),¹⁵⁹ it and revenue sharing became the centerpieces of Nixon's domestic policy scheme, the New Federalism. In his August 11, 1969, speech, Nixon described FAP as follows:

For a family of four with less than \$1,000 income, the [FAP] payment would be \$1,600 a year; for a family of four with \$2,000 income, this payment would supplement that income by \$960 a year. . . .

The new system would do away with the inequity of very low benefits in some states, and of state-by-state variations in eligibility tests, by establishing a federally financed income floor with a national definition of basic eligibility.

States will continue to carry an important responsibility. In 30 states the federal basic payment will be less than the present levels of combined federal and state payments. These states will be required to maintain the current level of benefits, but in no case will a state be required to spend more than 90% of its present welfare cost. The federal government will not only provide the "floor," but it will assume 10% of the benefits now

being paid by the states as part of welfare costs.

In 20 states, the new payment would exceed the present average benefit payments, in some cases by a wide margin. In these states, where benefits are lowest and poverty often the most severe, the payments will raise benefits substantially. For five years, every state will be required to spend at least half of what they are now spending on welfare, to supplement the federal.

For the typical "welfare family"—a mother, dependent children, and no outside income—the new system would provide a basic national minimum payment. A mother with three small children would be assured an annual income of at least \$1600.

For the family headed by an employed father or working mother, the same basic benefits would be received, but \$60 per month of earnings would be "disregarded" in order to make up the costs of working and to provide a strong advantage in holding a job. This wage earner could also keep 50% of his benefits as his earnings rise above that \$60 per month. A family of four, in which the father earns \$2000 in a year, would receive payments of \$960, for a total income of \$2,960.¹⁶⁰

Throughout the 1940s and 1950s, the Presidency had supported (though sometimes grudgingly) the welfare status quo and throughout the 1960s it had endorsed policies which circumvented that status quo. But, on August 11, 1969, the Office of the President publicly espoused a scheme which would completely replace it! It was a proposal bound for trouble.

THE "ZAPPING" OF FAP

The battle lines were drawn almost as soon as the plan was announced and the allies and opponents were as strange a collection of "bedfellows" as those who, 36 years before, had joined forces for and against Roosevelt's FERA. Among the initial FAP enthusiasts were to be found some Republicans, some Democrats, some conservatives, some liberals, some members of Congress, some Administration appointees, some welfare recipients, and some regularly identifiable interest groups. Ironically, that list was just as descriptive of those who opposed the plan.

Perhaps the strongest and most consistent support for FAP came from public opinion. According to Daniel P. Moynihan:

Public opinion remained strongly in favor of FAP. . . .FAP was proposed in a situation in which the public at large had come in preponderant numbers to believe that the existing welfare system was destructive and self-defeating. . . .The President's proposal had begun with that premise. He then proposed that instead of being less generous with low income persons, the nation should be more. . . .Here it might have been predicted public opinion would be more divided. It was not. The predominant impulse was to be more generous rather than less. This disposition was abetted by the President's emphasis on work and work training.¹⁶¹

In addition, FAP received favorable treatment among newspaper editorials. However, the opinion of the press tended to be more fickle than that of the public. At first, "editorial opinion responded favorably to a strong Presidential initiative without fully understanding it. What occurred was more echo than analysis. When opposition views were voiced, the press would echo them also."¹⁶²

Among the most vocal of the anti-FAP forces was the National Welfare Rights Organization (NWRO). Their eventual battle cry, "Zap FAP," stemmed from the organization's predominantly northern and urban membership. According to Vincent and Vee Burke, the reason for NWRO's strenuous opposition to FAP was the plan's thrust toward new recipient groups:

The poorest of poor American families, scattered over the nation but disproportionately numerous in the south, would be helped—vast numbers for the first time—by FAP's eligibility rules and benefit levels, but NWRO feared that the working poor would be helped at the expense of urban welfare mothers. For AFDC families already receiving benefits higher than FAP's floor, the President's program offered no additional benefits and some disadvantages. Many of these welfare mothers would lose their "right" to refuse work, a right that had been confirmed by their designation as inappropriate persons for

work assignment in New York and most other large northern cities. FAP would make it more difficult to gain benefit increases in the future and would reduce some working mothers' supplements. "The working poor would get money but they'd take it from us," worried Mrs. Jeanette Washington, NWRO representative at an autumn 1970 meeting with liberal groups.¹⁶³

Nor were Mrs. Washington's worries unfounded:

FAP would impede future benefit increases because it would increase their cost to state treasuries. . . . Whereas, under existing law, it cost no more than 50 cents in nonfederal funds to raise benefits, under the 1970 FAP bill it would have cost 70 cents per dollar up to the poverty line, 100 cents thereafter. The bill provided federal reimbursement of 30% of the cost of supplementary FAP payments so long as the family's total "counted" income did not exceed the poverty line, initially set at \$3,720 for a family of four.¹⁶⁴

Thus, FAP had strong backing from public opinion, strong opposition from organized welfare recipients, and a first positive then negative response from the press. Other important and potentially important groups joined forces as follows: the AFL-CIO gave conditional, lukewarm support to FAP; the Urban Coalition, under the leadership of John Gardner, favored FAP with certain reservations about its work requirements; "the range of business opinion was as wide as the subject permitted from complete endorsement. . . to complete rejection;" organized religion supported FAP in principle but sought a substantial increase in the \$1,600 floor; and the social welfare profession generally nixed the plan.¹⁶⁵ All of this constituted the confused state of opinion which greeted the 91st Congress in the fall of 1969.

In December of that year, the chairman of the House Ways and Means Committee, Wilbur Mills, correctly simplified the FAP issue in Congress and the reason for its ultimate demise: "The liberals say it's not enough. The conservatives say it's a guaranteed income."¹⁶⁶ But the Family Assistance Plan meant far more than a liberal-conservative battle over income levels and guarantees. In fact, FAP would mean the end of the 34-year old Congressional/state welfare system.

First, it would have abolished the open-ended welfare appropriation. Henceforth, the federal government would guarantee a certain income and stick to that amount. Second, it would have ended state dominance of public assistance. The federal government would provide more than 50% of assistance payments, would provide them directly, and would determine eligibility. Finally, FAP would begin making payments to employed persons, the “working poor.” Each of these provisions marked a “180 degree” change from public assistance under Social Security—a fact which Congress and the states could hardly ignore. Nonetheless, and to nearly everyone’s surprise, Mills had pushed FAP through Ways and Means and the full House with very few changes by April 16, 1970. Thereafter, the plan was expected to flow smoothly through the more liberal Senate Finance Committee.

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In fact, (to make a long and complicated story short and overly simple) the “more liberal” Finance Committee thwarted passage of FAP twice and “the bill die[d] with the 91st Congress. . . .”¹⁶⁷ Thereupon, in January of 1971, Mills revived FAP as Title IV of the Social Security Amendments, raising the guaranteed level to \$2,400. Mills was, consequently, outdone by Sen. Ribicoff and 18 supporting Senators who proposed an initial \$3,000 guarantee and, in effect, would have offered cash to all families of four with incomes below \$5,720.¹⁶⁸

The Ribicoff bill sapped any remaining support from either the original FAP or the new, more liberal House version. Finally, concerned over its effect on the outcome of the 1972 election, Nixon himself backed down and for all practical purposes withdrew his support:

I [Nixon] still believed in the validity of the idea, but I no longer believed in the political timing. . . . By 1971, there was also the prospect of the 1972 election; I did not want to be in a losing fight with the conservatives over FAP in an election year. Therefore, in the summer of 1972 when I was given a choice either to endorse a more costly version of the bill proposed by Sen. Ribicoff or to stay with our original FAP even though it would surely fail, I decided on the latter.¹⁶⁹

On October 15, 1972, more than three years after its introduction, FAP was deleted entirely

from the Social Security Amendments by Senate-House conferees. What had happened was precisely true to Chairman Mill’s 1969 statement. Since FAP’s inception liberal pro-welfare forces had escalated the benefits and, thus, the price of FAP to a point where moderates and conservatives of both parties were unwilling to pay the additional costs.¹⁷⁰

Furthermore, a kind of conservative welfare backlash had begun occurring by 1971—a backlash reflected in federal and state legislation. In Congress, this reaction took the form of the Talmadge amendment, named after Sen. Herman Talmadge (D.-GA). Under the work provisions (WIN) of the 1967 amendments, “appropriate persons” were required to register for job training and jobs. This clause had been interpreted by the last Democratic Secretary of HEW, Wilbur Cohen, as excusing those mothers who were unwilling to work. In contrast, the 1971 Talmadge amendment mandated work registration for almost all adults including mothers with children of school age—the consequence for noncompliance being loss of benefits. In addition, the amendment emphasized “direct placement over training.”¹⁷¹

Some states, too, jumped on the antiwelfare bandwagon:

In the same spirit, some states reduced their benefit levels and most held the line despite inflation, raising needs standards with living costs but failing to raise benefits commensurately. The real average monthly payment declined 2% between January 1970 and 1975. More restrictive application procedures were also adopted, doubling the rejection rate between 1970 and 1973.¹⁷²

In the uncompromising atmosphere of escalating generosity versus increasing niggardliness, FAP was laid to rest with the blessing of its chief antagonist, the chairman of the Senate Finance Committee, Russell Long.¹⁷³ The Social Security Amendments of 1972 left AFDC, the least favored title, as it had always been—insufficient and uncontrollable. However, though hardly noticed amid the death throes of FAP, Congress had significantly changed its most favored titles.

REFORM FOR THE FEW: THE QUIET SUCCESS OF SSI

The Nixon welfare reform concentrated on fam-

ilies with dependent children. Of the 76 paragraphs in his 1969 welfare message to Congress, only three were devoted to anything other than FAP. One of those three stated that the new welfare system would not apply to able-bodied single adults or couples without children. The remaining two, spoke of establishing a minimum monthly payment of \$65 for the aged, blind, and disabled "with the federal government contributing the first \$50 and sharing in payments above that amount."¹⁷⁴

In 1969, public assistance recipients in the adult categories (OAA, AB, and APTD) numbered just under 3 million and accounted for 28.7% of all categorical recipients.¹⁷⁵ This was a number which had barely risen since 1950 and a percentage which had declined dramatically. (In 1950, adult categorical recipients numbered 2.952 million and accounted for 57% of all recipients.)¹⁷⁶ Thus, not only had these categories started out as Congressional favorites but also there was an obvious reason for their remaining so.

Supplemental Security Income (SSI) was wedged into the *Social Security Amendments of 1972* which included the ill-fated and controversial Family Assistance Plan. Its passage constituted a small, quiet, nearly unnoticed revolution in public welfare—but a revolution, nonetheless:

...when the historic law was enacted, politicians ignored it and most newspapers failed to report it. It is probable that many members of Congress who voted for it did not realize what they had accomplished.

When this revolutionary guarantee was established by enactment of the omnibus measure, H.R. 1 [*The Social Security Amendments of 1972*], it was noted by only five members of Congress other than the two committee chairmen responsible for describing the bill!

Except for the few persons who engineered it and for Governors, who anticipated savings from its federally paid floor for the aged, blind, and disabled, few knew what was in Title III of H.R. 1.¹⁷⁷

In fact, just as ADC might not have passed in 1935, except that "there was so little interest"¹⁷⁸ in it in Congress, ironically, in 1972, "neglect probably helped passage of the nation's first guaranteed cash income."¹⁷⁹

The Supplemental Security Income Program,

passed in 1972 and effective in 1974, federalized welfare for approximately 3 million aged, blind, and disabled persons. Initially guaranteed at \$130 per month for a single person and \$195 for a couple, Congress raised benefits twice before the program had been operative for even six months (\$146 for singles; \$219 for couples). Furthermore, between 1973 (the last year of OAA, AB, and APTD) and early 1974 (the first year of SSI) public aid payments for the aged, blind, and disabled rose by \$1.8 billion.¹⁸⁰ The payments are sent directly from the Treasury to the needy individual.

Actually, a recipient of SSI receives the deficit between his or her countable income¹⁸¹ and a guaranteed benefit:

There is a uniform federal floor, but guarantees vary among states, reflecting state supplements to the floor. At the start of Supplemental Security Income in 1974, the 24 states that had been paying an old-age relief check larger than the basic SSI federal floor to the penniless were required to preserve pre-SSI benefits of previous recipients by paying state supplements. Should a state refuse to comply, it would lose federal reimbursement for Medicaid. . . . These higher-benefit states are rewarded if they also supplement the SSI floor for new recipients and if they agree to federal administration of all supplements—reversing the traditional order by turning over state funds to the Social Security Administration for payment to the needy. Their reward is the promise that no matter how much a state's SSI population expands in the future, it never will have to pay for SSI supplements more dollars than its calendar 1972 welfare outlays for the aged, blind, and disabled. Uncle Sam will pay any excess.¹⁸²

In nearly every way, SSI dramatically reversed long-standing methods and relationships of the public assistance system for about 27% of all categorical welfare recipients.¹⁸³ In particular, its significance stems from the following conclusions.

First, and most important, it federalized a significant portion of three public assistance programs originally built upon the notion of state hegemony. Furthermore, it accomplished this quite remarkable feat with nary a whimper from those jurisdictions which were losing control. No one questioned SSI's constitutionality; no one at-

tempted to regain control. The uniqueness of welfare among other programs once more shown clear—no one, recipient, grantor, nor administrator, is sorry to see it go.

Second, SSI represented the first successful Presidential venture into welfare reform. In fact, taken together with FAP, the welfare program of the “New Federalism” marked the first Presidential attempt—successful or unsuccessful—at welfare reform since the inception of the social security system. Perhaps it was as Vincent and Vee Burke have said, that “a conservative Republican President has more power than a liberal Democratic President to initiate bold policy.”¹⁸⁴ Or, perhaps having inherited the “welfare explosion” and having seen the well-intentioned failures of his predecessors, Nixon had no choice politically but to dive head first into welfare itself.

66 Third, in many ways, the enactment of SSI was Congressional “business-as-usual.” That is, many of the same Congressional “means” resulted in a very different welfare “end.” After all, Nixon only laid the groundwork for SSI—Congress shaped and expanded it. Once again, Congress had shown special favoritism toward the “deserving” poor, the old, the blind, and the handicapped. SSI promised to vastly improve the lot of these “worthy” recipients—it was a challenge which Congress hardly blinked at. It simply had to be done. Further, it separated—in a sense, compartmentalized—the “deserving” poor from the vast sea of AFDC recipients. Even more important, it brought the recipients of OAA, AB, and APTD back into the “respectable” fold. The SSI categories were reunited with the Social Security Administration.

Fourth, and from a very human standpoint, most important, SSI has indeed contributed to a better life for many. In 26 states (particularly in the south) SSI has resulted in significantly higher benefit payments for the aged, blind, and disabled. In addition, the uniform federal eligibility standards have qualified many more (more than one million by 1976)¹⁸⁵ persons to receive benefits than were eligible under state plans.

FAP AND SSI: COMPARING FAILURE WITH SUCCESS

If Supplemental Security Income was a quiet success, the Family Assistance Plan was a resounding failure. And, although the “revolution” embodied in SSI embraced 27% of the welfare population, it left nearly three-quarters un-

touched. SSI was successful because its potential recipients were politically “acceptable” and, perhaps, because it was unattended by the sort of intense fanfare which sometimes, through the process of open and bitter debate, stymies legislation. FAP failed for some of the same reasons that SSI succeeded.

First, whereas SSI received the support of the Finance Committee, FAP was, from the beginning, without any base of support in the Senate committee responsible for reporting it. This was, according to Moynihan, partially due to its regional makeup:

This was the anomaly of the Finance Committee: one of the most powerful of the Senate committees, it was one of the least representative. . . . [It] was a committee dominated by Democrats representing southern states where FAP would have its greatest impact on the social order, and Republicans representing western states where welfare was a minimal problem and reform a marginal concern.¹⁸⁶

Nor was this regional bias the only difficulty FAP faced in Finance:

The problem was far more intractable. With the exception of Ribicoff, there was not at the start one member of the committee who supported the President’s bill. Even Ribicoff’s support was conditional, so that in effect no member supported the bill. In particular, not a single Republican member supported it, while senior Republican [John J.] Williams [DE], was adamantly opposed.¹⁸⁷

Thus, the intransigence of the Finance Committee toward FAP stood in contrast to, and was pitted against, Wilbur Mills’ commitment to the reform. This created a deadlocked (but not a lethal) situation—somewhat unusual in its longevity—which allowed competing interests to become more polarized, more visible, and less inclined toward compromise. This intercommittee, interchamber deadlock, then, was, perhaps, the critical factor generating the remaining several reasons for the demise of FAP.

Second, therefore, as the bill floundered in Congress, critical group rhetoric became more intense. This was especially the case with NWRO, lukewarm toward FAP in 1969 but adamantly op-

posed by 1972. NRWO's increasing opposition, in turn, created further defections from the FAP "ranks:"

In April 1970, only one of the eight black members of the House, Mrs. Shirley Chisholm, New York City, voted against FAP (five voted yes; two failed to vote); but in the next Congress, in June 1971, 11 of 12 voted no (all but Rep. Ralph H. Metcalfe, who voted with Mayor Daley's Chicago regulars). . . . [Furthermore], the growing influence of black political power in big cities was demonstrated on April 5, 1971, when NWRO's "Adequate Income Act of 1971" was introduced in the House by all 12 black members and by nine white members (five from New York City, one each from East St. Louis, Los Angeles, Chicago, and a poor rural area of West Virginia).¹⁸⁸

Nor was NWRO's power felt only in the House for by November of 1970, Senate liberals, Eugene McCarthy (D.-MN), Fred Harris (D.-OK), and Albert Gore (D.TN), touched by the arguments of organized recipients, had joined their conservative colleagues in opposition to FAP. Increasingly thereafter liberals and conservatives became uneasy allies—to the liberals, FAP was an insufficient palliative; to the conservatives, it represented an unprecedented "handout," the consequences of which made Russell Long "tremble in fear for the fate of this Republic."¹⁸⁹

Third, as the bill was entering its third year in Congress, the full impact of the "welfare explosion" was becoming increasingly apparent. Far from showing any signs of abating, the AFDC population, which numbered just over 6 million in 1968 at the close of the Johnson years, numbered more than 11 million by 1972.¹⁹⁰ Thus, ironically, three years into Nixon's term of office, the welfare load—for which he had so criticized the Democratic party in 1968—had nearly doubled. Like each President (and member of Congress) before him, Richard Nixon was learning the lesson of welfare the hard way.

Uncharacteristically, the first wave of reaction was felt in the states which reduced or failed to raise benefits and adopted more restrictive procedures of application. In the face of such state attempts to "hold the line," how could Congress which only a few years previously had accused the states of being welfare spendthrifts, enact a

reform which, initially, would be more costly than AFDC and add a new category of working recipients to the rolls?

Finally, the longer FAP remained stymied in and between committees, the more likely did it become that its normal "legislative lifecycle" would end. The timing which had seemed so appropriate in 1969 was wholly inappropriate three years later as elections drew nearer. Apparently, welfare reform was for Presidents, not candidates. Furthermore, and consistent with the length of Congressional inaction, the bill simply lost momentum. Repeated failures, uninterrupted by any significant successes, robbed FAP of its initial political attractiveness and, therefore, its support. No one wanted to be stuck with a "loser."

Perhaps Richard Nixon would have taken a stab at welfare reform after the 1972 election but, in the face of mounting scandal, he clung tenaciously to his area of greatest perceived strength, foreign policy. The bugaboo of welfare was not something to be attacked by the weak or weakened.

For the bulk of the public assistance system (AFDC), the Nixon years ended pretty much as they had begun. The size of the federal role was still "ruled" by the open-ended welfare appropriation and that, in turn, was still "ruled" by state spending. Further, and most significantly, welfare recipients themselves were increasingly "ruled" by high prices, unemployment, and the host of economic and social scourges which plague the poor and potentially poor.

NEGATIVE INCOME TAX: GOING NOWHERE AGAIN

Throughout the Administration of President Gerald Ford, welfare was much talked about but little acted upon. The talking emanated from two sources and, as had occasionally happened in the past, welfare reform fostered strange alliances.

In this case the unlikely partners in reform were Rep. Martha Griffiths (D.-MI) and Secretary of HEW Caspar W. Weinberger. Not only did these would-be reformers belong to different political parties, they tended toward opposite ends of the liberal-conservative spectrum within those parties—Griffiths being the House sponsor of the most liberal, far-reaching, and expensive national health insurance plan to that date and Weinberger having previously served as finance director for

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the conservative Governor of California, Ronald Reagan.¹⁹¹ In large part, this unusual alliance can be explained by the central mechanism of the proposed reform, the negative income tax.

Unlike the ill-fated FAP, the Ford HEW plan, the Income Supplement Program (ISP), was more straightforward in its reliance on the negative income tax and would have replaced AFDC, SSI, and food stamps¹⁹² with a single cash payment. Nonetheless, ISP managed to garner even less support than FAP; the HEW proposal never went much further than the President's desk. A number of factors blocked action on the reform.

First, the proposal was subject to a jurisdictional battle between HEW and the Treasury Department. However, unlike classic and expected territorial expansion fights, in this case the two departments were battling in an attempt to avoid the administration of ISP. Thus, the Weinberger plan proposed that the new welfare be run by the Internal Revenue Service (IRS), while Treasury Department officials claimed that there would be "nothing but trouble for the department and the IRS if the revenue collection agency were to be assigned the job of running ISP."¹⁹³

Second, the plan lacked a strong work incentive program, an omission which threatened immediate hostility on Capitol Hill. Further countering the success of ISP in Congress was the resistance of Senate Finance Committee Chairman Russell Long whose limited welfare proposal was designed to help the working poor but offered no reform for AFDC.

Third, the plan's strongest Congressional supporter, Martha Griffiths, had chosen to retire at the close of the 93rd Congress. At the very least, her strategic position as a senior member of the Ways and Means Committee would have assured a hearing for the plan. Her absence, coupled with a period pegged as recessionary, left little in the way of intense Congressional interest in welfare reform.

Finally, ISP was stymied in the Oval Office because Weinberger was unable to convince President Ford of its merits. Instead, Ford was inclined to stress minor administrative cost-cutting reforms—elections, after all, loomed large in the very near future. Devoid of support, the bill, finally introduced in 1975 by Rep. Robert J. Cornell (D.-WI), floundered and died a quiet death in the 94th Congress.¹⁹⁴ The issue, if not the proposal, would resurface in the 95th.

Throughout the 1976 Presidential campaign, candidate Jimmy Carter frequently announced that welfare reform would be among his key domestic policy goals. Since January of 1977, President Jimmy Carter, with varying degrees of attention and fervor, has attempted to realize that goal in the forms of the "Better Jobs and Income Act" (BJIA) and the "Social Welfare Reform Amendments" (SWRA). The present (and far from resolved) debate is a vivid and current example of the difficulties inherent in reforming welfare. And, it is a topic which will be examined in more detail in Part V of this study. Nevertheless, two recent changes in public assistance—one a Congressional action, the other an Administration action—are worth noting briefly at this point.

Prior to the close of its first session, the 95th Congress amended the AFDC title (IV) of the *Social Security Act*. The heavy emphasis of the amendment was on fiscal relief for state and local governments—an action considered particularly beneficial to the large welfare population states—New York and California. Unlike most previous Congressional attempts to relieve state financial burdens by increasing the federal share of the assistance formula, the 1977 amendments provided for the distribution of \$400 million on the basis of a different two-part formula:

Half of the fiscal relief funds would be distributed to each state in proportion to its share of total expenditures under the program of Aid to Families with Dependent Children (AFDC) for December 1976, and half would be distributed under the General Revenue Sharing formula.¹⁹⁵

Thus, while the emphasis was more overtly on state fiscal relief, the 1977 changes in public assistance were essentially Congressional business-as-usual.

Also in 1977, President Carter reorganized the Department of Health, Education and Welfare and with it, the administration of AFDC. This time, however, instead of being moved farther from the Social Security Administration, AFDC, after 14 years of administrative segregation, was reunited with its parent organization. At least in terms of

departmental organization, the old Roosevelt economic security system was revitalized. Once again, the Commissioner of Social Security was heading

an administrative structure inclusive of SSI (the old OAA, and AB), OASDI (the old OAI), and AFDC (the old ADC).

FOOTNOTES

- ¹ Much of the following discussion is based upon Edwin E. Witte's account of the development of the act. Dr. Witte was the Executive Director of the Committee on Economic Security which was charged with creating the social security package. Edwin E. Witte, *The Development of the Social Security Act*, Madison, WI, University of Wisconsin Press, 1962, pp. 1-196.
- ² Arthur J. Altmeyer, *The Formative Years of Social Security*, Madison, WI, The University of Wisconsin Press, 1966, p. 7.
- ³ Witte, *op. cit.*, pp. 78-79.
- ⁴ Sponsored by Sen. Clarence C. Dill (D-WA) and Rep. William P. Connery, Jr. (D-MA).
- ⁵ Sponsored by Sen. Robert F. Wagner (D-NY) and Rep. David J. Lewis (D-MD).
- ⁶ The Lundeen Bill found its primary supporters among the membership of the American Communist Party. The bill was described by Earl Browder, Executive Secretary of the American Communist Party, "as the principal method of propaganda of the Communists to gain support of the working people. . . ." Lundeen, himself, was later reputed to be a paid undercover Communist agent. Needless to say, the bill mustered little support. Schlesinger, *op. cit.*, pp. 295-96 and Witte, *op. cit.*, p. 86.
- ⁷ Altmeyer, *op. cit.*, p. 10.
- ⁸ Witte, *op. cit.*, p. 86.
- ⁹ *Ibid.*, p. 144.
- ¹⁰ The Social Security Act, Ch. 531, 49 Stat. 620, 42 U.S.C. (1935 Supp.), Title I, Sec. 2.
- ¹¹ While the Senate Finance Committee was holding its executive sessions in May, the Supreme Court held the *Railroad Retirement Act* unconstitutional. This action led many members of Congress to believe that old age insurance would also be unconstitutional and probably delayed final action. Congress' worries, however, were unfounded for in May 1937, the Court upheld the constitutionality of both old age and unemployment insurance. Coming at a time when Roosevelt was launching his attack on the "nine old men," this and other favorable decisions led to the popular joke, "a switch in time saved nine."
- ¹² Witte, *op. cit.*, p. 164.
- ¹³ Brown, *op. cit.*, p. 309.
- ¹⁴ The Social Security Act, Title IV, Sec. 406.
- ¹⁵ Witte, *op. cit.*, p. 163.
- ¹⁶ *Ibid.*, p. 164.
- ¹⁷ U.S.C., title 25, Ch. 4; U.S.C., Supp. VII, title 29, Secs. 31, 32, 33, 34, 35, 37, 39, and 40.
- ¹⁸ Social Security Act, Title V, Sec. 531.
- ¹⁹ The purposes of all the titles are as follows: I—Grants to the States for Old Age Assistance; II—Federal Old Age Benefits (Social Security); III—Grants to the States for Unemployment Compensation Administration; IV—Grants to the States for Aid to Dependent Children; V—Grants to the States for Maternal and Child Welfare; VI—Public Health Work; VII—Social Security Board; VIII—Taxes with Respect to Employment; IX—Tax on Employers of Eight or More; X—Grants to the States for Aid to the Blind; XI—General Provisions.
- ²⁰ Altmeyer, *op. cit.*, p. 45.
- ²¹ Brown, *op. cit.*, p. 327.
- ²² Altmeyer, *op. cit.*, p. 58.
- ²³ *Ibid.*, p. 59.
- ²⁴ This was the same Governor whose allegedly corrupt practices forced Harry Hopkins to federalize FERA in Ohio in 1934. At that time, Governor Davey responded to Hopkins' action with a warrant for Hopkins' arrest on charges of libel. Since libel was not an extraditable offense, the warrant was meaningless.
- ²⁵ Altmeyer, *op. cit.*, p. 76.
- ²⁶ *Ibid.*
- ²⁷ Actually, Governor Davey was "punished" when he was defeated in the primary election. (After he was defeated, he charged that the Social Security Board had singled him out for political punishment because he was opposed to New Deal policies. No facts substantiate the Governor's claims.) In addition, the Ohio State Legislature eventually appropriated over \$1 million to make up for the loss of federal funds.
- ²⁸ Altmeyer, *op. cit.*, p. 79.
- ²⁹ The Social Security Act, Title I, Sec. 2(a); Title IV, Sec. 402 (a); Title X, Sec. 1002(a).
- ³⁰ Brown, *op. cit.*, pp. 350-56.
- ³¹ *Ibid.*, p. 331.
- ³² For the basic study of this type see: Alan T. Peacock and Jack Wiseman, *The Growth of Public Expenditure in the United Kingdom*, Princeton, NJ, Princeton University Press, 1961.
- ³³ Frederick C. Mosher and Orville F. Poland, *The Costs of American Government: Facts, Trends, and Myths*, New York, NY, Dodd, Mead, and Company, 1964, p. 25.
- ³⁴ In fairness to the much-maligned President Hoover, it is interesting to note that late in 1933, a Research Committee on Social Trends (appointed by Mr. Hoover) published a report which recommended old-age pensions, a six-hour day, and unemployment compensation. The report had Hoover's official approval. Brown, *op. cit.*, pp. 141-42.
- ³⁵ Walter Dean Burnham, *Critical Elections and the Main-springs of American Politics*, New York, NY, W. W. Norton and Co., Inc., 1970, p. 10.
- ³⁶ Barbara Deckard Sinclair, "The Policy Consequences of Party Realignment: Social Welfare Legislation in the House of Representatives, 1933-1954," *American Journal of Political Science*, Vol. 22, No. 1, Austin, TX, University of Texas Press, February 1978, p. 102.
- ³⁷ *Ibid.*, p. 95.
- ³⁸ Steiner, *Social Insecurity*, *op. cit.*, pp. 61-62.
- ³⁹ While President Roosevelt did desire stronger controls over the state public assistance function than he eventually got from the Ways and Means and Finance Committees, he was a strong believer in welfare as a state function. In this case, it was the size of the "helping hand" that distinguished the President from Congress. For example, see accounts in Witte, *op. cit.*, Altmeyer, *op. cit.*, and Schlesinger, *op. cit.*
- ⁴⁰ Steiner, *op. cit.*, pp. 19, 21.
- ⁴¹ *Ibid.*, pp. 48-49.
- ⁴² The Social Security Act, Title I, Sec. 1; Title IV, Sec. 401; Title X, Sec. 1001.
- ⁴³ *Helvering, Welch, and the Edison Electric Illuminating Co. vs. George P. Davis*, 301 U.S. 619, May 25, 1937.
- ⁴⁴ Louis Brownlow, *A Passion for Anonymity*, Chicago, IL, University of Chicago Press, 1958, p. 417.
- ⁴⁵ Rufus E. Miles, *The Department of Health, Education, and*

- Welfare, New York, NY, Praeger Publishers, 1974, pp. 17-18.
- ⁴⁶ Steiner, *op. cit.*, p. 90.
- ⁴⁷ Altmeyer, *op. cit.*, p. 105.
- ⁴⁸ *Ibid.*, pp. 99-117.
- ⁴⁹ Interview with Gilbert Y. Steiner in Steiner, *op. cit.*, p. 90.
- ⁵⁰ Altmeyer, *op. cit.*, p. 98.
- ⁵¹ *Ibid.*, pp. 104-05.
- ⁵² *Ibid.*, pp. 107-112.
- ⁵³ Unless otherwise noted, most of the following two sections are based on Altmeyer, *op. cit.*, pp. 118-208.
- ⁵⁴ *Congressional Record*, 76th Cong., 3rd Sess., Washington, DC, U.S. Government Printing Office, January 24, 1940, p. 657.
- ⁵⁵ Message to Congress, *Public Papers of the Presidents*, 1940.
- ⁵⁶ Presidential News Conference, December, 1941.
- ⁵⁷ Altmeyer, *op. cit.*, p. 157.
- ⁵⁸ *Congressional Record*, 80th Cong., 2nd Sess., Washington, DC, U.S. Government Printing Office, June 14, 1948, p. 8092.
- ⁵⁹ Steiner, *op. cit.*, p. 51.
- ⁶⁰ While that vote was obviously nonpartisan, a previous motion to recommit the bill was defeated by a vote of 232 to 113 which very much split the House along partisan lines.
- ⁶¹ This sense of frustration was also expressed in the so-called Noleo (Notice to Law Enforcement Officials) amendment to the 1950 Social Security Act. Simply put, Noleo charged state and local law enforcement officials with locating fathers who had deserted their families, now recipients of ADC. In effect, the amendment transferred a certain amount of discretion from welfare workers (with whom Congress was becoming increasingly disenchanted) to law officers. "The Noleo amendment of 1950 was a sign that legislative good will toward public assistance had passed its peak. . . ." Steiner, *op. cit.*, p. 117.
- ⁶² *Congressional Record*, 81st Cong., 2nd Sess., Washington, DC, U.S. Government Printing Office, June 20, 1950, p. 8887.
- ⁶³ Steiner, *op. cit.*, p. 94.
- ⁶⁴ *Ibid.*
- ⁶⁵ Proceedings of the Governors' Conference, 1951, Chicago, IL, p. 95. *Ibid.*, p. 96.
- ⁶⁶ Dorothy R. Bucklin, "Public Aid for the Care of Dependents in Their Own Homes," *Social Security Bulletin*, Vol. 2, No. 4, Washington, DC, Social Security Administration, April 1939.
- ⁶⁷ U.S. Department of Health, Education, and Welfare, *Health, Education, and Welfare Trends*, Washington, DC, U.S. Government Printing Office, 1962, p. 91.
- ⁶⁸ Miles, *op. cit.*, p. 26.
- ⁶⁹ *Ibid.*, pp. 26-27.
- ⁷⁰ *Ibid.*, pp. 27-28.
- ⁷¹ It is interesting to note that in 1966, "Education" gained its own assistant secretary. "Welfare" still has none.
- ⁷² State of the Union Message, January 7, 1954, *Public Papers of the Presidents*, 1954, p. 19.
- ⁷³ Altmeyer, *op. cit.*, p. 242.
- ⁷⁴ Annual Budget Message to the Congress, Fiscal Year 1956, January 17, 1955, *Public Papers of the Presidents*, 1955, pp. 144-45.
- ⁷⁵ *Congressional Record*, 84th Cong., 2nd Sess., Washington, DC, U.S. Government Printing Office, July 26, 1956, pp. 14828-34.
- ⁷⁶ *Congressional Record*, 85th Cong., 2nd Sess., Washington, DC, U.S. Government Printing Office, May 26, 1958, p. 9458.
- ⁷⁷ Wilbur J. Cohen and Fedele F. Fauri, "The Social Security Amendments of 1958: Another Significant Step Forward," *Public Welfare*, XVIII, Washington, DC, American Public Welfare Association, January, 1959 p. 5.
- ⁷⁸ Steiner, *op. cit.*, p. 57.
- ⁷⁹ Altmeyer, *op. cit.*, p. 285.
- ⁸⁰ Statement by the President Upon Signing the Social Security Amendment, August 29, 1958, *Public Papers of the Presidents*, 1958, p. 661.
- ⁸¹ Steiner, *op. cit.*, p. 99.
- ⁸² At one point, a group of welfare recipient supporters toyed with the idea of applying to the United Nations for emergency aid from its UNICEF fund. Miles, *op. cit.*, p. 39.
- ⁸³ *Ibid.*
- ⁸⁴ Steiner, *op. cit.*, p. 100.
- ⁸⁵ Miles, *op. cit.*, p. 40.
- ⁸⁶ In June of 1961, Title IV was temporarily amended to extend eligibility for ADC to children from unsuitable homes. This amendment was made permanent in the *Public Welfare Amendments of 1962*.
- ⁸⁷ For instance, in 1963, Illinois ruled that a second illegitimate birth occurring in a home where one child was already on ADC was prima facie evidence of unsuitability.
- ⁸⁸ Special Message to the Congress on Public Welfare Programs, February 1, 1962, *Public Papers of the Presidents*, 1962, pp. 99, 102-03.
- ⁸⁹ Michael Harrington, *The Other America*, New York, NY, Macmillan Publishers, 1962.
- ⁹⁰ Arthur M. Schlesinger, Jr., *A Thousand Days*, Boston, MA, Houghton Mifflin Company, 1965, p. 1009.
- ⁹¹ In 1961, Rep. Winfield Denton (D-IN) said, "We were hopeful, I know, at one time, that Social Security would take the place of most of the welfare. It doesn't seem to be doing that, does it? . . . we were told that this public assistance was a stopgap . . . [but] I recognize there is not much we can do." U.S. Congress, House Subcommittee of the Committee on Appropriations, Hearings, "Department of Labor and Health, Education, and Welfare Appropriations for 1962," 87th Cong., 1st Sess., 1961, p. 654. Steiner, *op. cit.*, p. 26.
- ⁹² James L. Sundquist, *Politics and Policy: The Eisenhower, Kennedy, and Johnson Years*, Washington, DC, The Brookings Institution, 1968, p. 127.
- ⁹³ *Ibid.*
- ⁹⁴ As of October 1, 1976, 27 states, the District of Columbia, and Guam were receiving public assistance under the AFDC-U program. Leon D. Platky, "Aid to Families with Dependent Children: An Overview, October, 1977," *Social Security Bulletin*, *op. cit.*, October 1977, p. 20.
- ⁹⁵ Steiner, *op. cit.*, pp. 64-69.
- ⁹⁶ *Ibid.*, pp. 101-02.
- ⁹⁷ Theodore J. Lowi, *The End of Liberalism: Ideology, Policy, and the Crisis of Public Authority*, New York, NY, W.W. Norton and Company, Inc., 1969, pp. 214-49.
- ⁹⁸ The phrase "tireless tinkering . . ." was borrowed from a chapter heading in Gilbert Y. Steiner, *The State of Welfare*, Washington, DC, The Brookings Institution, 1971, p. 31.
- ⁹⁹ Statement by the President Upon Approving the Public Welfare Amendments Bill, July 26, 1962, *Public Papers of the Presidents*, 1962, p. 580.
- ¹⁰⁰ Lowi, *op. cit.*, p. 227.
- ¹⁰¹ In fact, only one of the 23 members, Justice Josephine Wise Potter of New York, was unattached to a school of social work or a welfare agency. Steiner, *op. cit.*, p. 38.
- ¹⁰² Ad Hoc Committee on Public Welfare, *Report to the Secretary of Health, Education, and Welfare*, Washington, DC, September 1961, p. 13. *Ibid.*, p. 38.
- ¹⁰³ Memorandum for the President, November 1, 1962 (President's Office Files, HEW, 1961, John F. Kennedy Archives, Waltham, MA) as quoted in Martha Derthick, *Uncontrollable Spending for Social Services Grants*, Washington, DC, The Brookings Institution, 1975, p. 7.
- ¹⁰⁴ Steiner, *op. cit.*, p. 39.
- ¹⁰⁵ Sundquist, *op. cit.*, p. 130.

- ¹⁰⁶ Steiner, *op. cit.*, p. 19.
- ¹⁰⁷ Special Message to the Congress Proposing a Nationwide War on the Sources of Poverty, March 16, 1964, *Public Papers of the Presidents*, 1964, p. 377.
- ¹⁰⁸ For various interpretations and appraisals of the Great Society programs see for example: Robert H. Haveman, ed., *A Decade of Federal Antipoverty Programs: Achievements, Failures, and Lessons*, New York, NY, Academic Press, 1977; and Sar A. Levitan and Robert Taggart, *The Promise of Greatness: The Social Programs of the Last Decade and Their Major Achievements*, Cambridge, MA, Harvard University Press, 1976.
- ¹⁰⁹ In this temporary title the word poverty was specifically excluded because it was believed that the term would offend the potential client group. Sundquist, *op. cit.*, p. 137.
- ¹¹⁰ President Johnson paraphrased in Walter Heller speech at Indiana State College, Indiana, PA, March 25, 1965 as quoted in *Ibid.*
- ¹¹¹ *Ibid.*
- ¹¹² Joseph A. Kershaw, *Government Against Poverty*, Washington, DC, The Brookings Institution, 1970, p. 24.
- ¹¹³ *Ibid.*
- ¹¹⁴ Daniel P. Moynihan, *Maximum Feasible Misunderstanding: Community Action in the War on Poverty*, New York, NY, The Free Press, 1969, p. 87.
- ¹¹⁵ Sundquist, *op. cit.*, p. 493.
- ¹¹⁶ *Ibid.*, p. 151.
- ¹¹⁷ For a discussion of employment and training programs see ACIR, *Reducing Unemployment: The Changing Dimensions of National Policy*, *op. cit.*
- ¹¹⁸ Sar A. Levitan and Robert Taggart, *op. cit.*, p. 169.
- ¹¹⁹ In 1962, Aid to Dependent Children (ADC) was renamed Aid to Families with Dependent Children (AFDC).
- ¹²⁰ *The Economic Opportunity Act of 1964*, P.L. 88-452, August 20, 1964. The following abbreviations were used in describing the act; all refer to the administering department or agency:
 OEO—Office of Economic Opportunity
 DOL—Department of Labor
 HEW—Department of Health, Education, and Welfare
 USDA—Department of Agriculture
 SBA—Small Business Administration
- ¹²¹ Lawrence M. Friedman, "The Social and Political Context of the War on Poverty: An Overview," *A Decade of Federal Antipoverty Programs: Achievements, Failures, and Lessons*, Robert H. Haveman ed., *op. cit.*, p. 38.
- ¹²² As late as February of 1967, the Gallup Poll found that public opinion supported federal spending for War on Poverty programs. Thus, 67% of all respondents felt that federal spending should remain the same or be increased for the Head Start program; 75% felt spending should remain the same or increase for job training programs; and 54% even felt that federal spending should remain at the present level or be increased for the Community Action Program. Lloyd A. Free and Hadley Cantril, *The Political Beliefs of Americans*, New Brunswick, NJ, Rutgers University Press, 1967, pp. 11-12.
- ¹²³ Levitan and Taggart, *op. cit.*, p. 51.
- ¹²⁴ Kirsten A. Grønberg, *Mass Society and the Extension of Welfare, 1960-1970*, Chicago, IL, The University of Chicago Press, 1977, pp. 211-12.
- ¹²⁵ *Ibid.*, p. 212.
- ¹²⁶ Levitan and Taggart, *op. cit.*, p. 51.
- ¹²⁷ Miles, *op. cit.*, p. 128.
- ¹²⁸ *Ibid.*, p. 129.
- ¹²⁹ U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, Bicentennial Edition, Part II, Washington, DC, U.S. Government Printing Office, 1971, p. 1125.
- ¹³⁰ U.S. Bureau of the Census, *Statistical Abstract of the United States: 1971*, 92 ed., Washington, DC, U.S. Government Printing Office, 1971, p. 291.
- ¹³¹ U.S. Department of Health, Education, and Welfare, Social and Rehabilitation Service, National Center for Social Statistics, 1967 AFDC Study, NCSS Report AFDC-1, 67, 1968, p. 9.
- ¹³² *Congressional Record*, Vol. 113, Part 17, 90th Cong., 1st Sess., Washington, DC, U.S. Government Printing Office, 1967, p. 23053.
- ¹³³ Derthick, *op. cit.*, p. 13. Actually Mills and other Congresspersons seemed to base their assessments of the public mood on letters. Thus, Mills said, "The letters have come from every state in the Union in truckloads. See to it, before we are taxed more, that the giveaway programs and programs that can be pared to the bone are pared to the bone." *Congressional Record*, Vol. 113, pt. 17, 90th Cong., 1st Sess., Washington, DC, U.S. Government Printing Office, 1967, p. 23053.
- ¹³⁴ Wilbur Cohen was then Undersecretary of HEW. In 1968, he became Secretary. Derthick, *op. cit.*, p. 14.
- ¹³⁵ The phrase was related to Derthick by an HEW source, *op. cit.*, p. 13.
- ¹³⁶ *The Social Security Act as amended 1967*, P. L. 90-248. Also, Laurence E. Lynn, "A Decade of Policy Developments in the Income-Maintenance System," in Haveman ed., *op. cit.*, pp. 74-75; and Steiner, *op. cit.*, pp. 40-54.
- ¹³⁷ *Ibid.*
- ¹³⁸ U.S. Bureau of the Census, *Statistical Abstract of the U.S.: 1971*, Washington, DC, Department of Commerce, p. 292.
- ¹³⁹ OASDI and Unemployment Insurance, respectively, *Steward Machine vs. Davis*, 301 U.S. 548, and *Helvering vs. Davis*, 301 U.S. 619, 1937.
- ¹⁴⁰ Stephen L. Wasby, "The Supreme Court as Enunciator of Welfare Policy" in *Analyzing Poverty Policy*, Dorothy Buckton James ed., Lexington, MA, D.C. Heath and Company, 1975, p. 205.
- ¹⁴¹ *King vs. Smith*, 392 U.S. 309, 1968.
- ¹⁴² *Harvard Law Review*, Vol. 82, No. 1, Cambridge, MA, Harvard Law Review Association, November 1968, pp. 291-96.
- ¹⁴³ *Ibid.*, p. 292.
- ¹⁴⁴ 33 Fed. Reg. 11290, 1968.
- ¹⁴⁵ It is interesting that the Court chose to base an individual's right to travel on the equal protection clause rather than the commerce clause. Apparently, the logic here was that a "right to travel based on the commerce clause might vanish for equal protection purposes if Congress affirmatively authorized the states to restrict travel." *Harvard Law Review*, Vol. 83, No. 1, Cambridge, MA, Harvard Law Review Association, November 1969, p. 120.
- ¹⁴⁶ *Shapiro v. Thompson*, 394 U.S. 618 (1969). Actually this case represented three cases consolidated for the purpose of appeal: *Smith v. Reynolds*, 277 F. Supp. 65 (E.D. PA 1967); *Harrell v. Tobriner*, 279 F. Supp. 22 (D. DC 1967); *Thompson v. Shapiro*, 270 F. Supp. 331 (D. CT 1967).
- ¹⁴⁷ 394 U.S. at 634 as quoted in *Harvard Law Review*, *op. cit.*, Nov. 1969, p. 118.
- ¹⁴⁸ The Burger Court later reinforced this ruling by unanimously striking down a 15-year residence requirement for aliens. *Graham v. Richardson*, 403 U.S. 365, 1971.
- ¹⁴⁹ It is interesting to note that, notwithstanding statements to such effect by President Roosevelt and others, the Court has never established the idea of a "right" to welfare. According to Stephen Wasby: "Justice Brennan did talk in one case of the 'important rights' involved in removing welfare benefits to which a person was statutorily entitled and suggested (in footnote) that such benefits might be seen as a form of property rather than as charity. However, there was not much follow-through on this idea, which was clearly distasteful to President Nixon's appointees. They reinforced the older idea of welfare as charity, carrying with it rela-

- tively few rights." Wasby, *op. cit.*, pp. 205-06.
- ¹⁵⁰ Levitan and Taggart, *op. cit.*, p. 51.
- ¹⁵¹ Robert D. Plotnick and Felicity Skidmore, *Progress Against Poverty: A Review of the 1964-1974 Decade*, New York, NY, Academic Press, 1975, p. 13.
- ¹⁵² Levitan and Taggart, *op. cit.*, p. 51.
- ¹⁵³ President Richard M. Nixon, "Family Assistance Plan," August 11, 1969, statement presented as part of "The New Federalism: An Address and Statements," August 8-13, 1969, p. 17.
- ¹⁵⁴ *Ibid.*, pp. 26-29.
- ¹⁵⁵ *Ibid.*, p. 17.
- ¹⁵⁶ Milton Friedman, *Capitalism and Freedom*, Chicago, IL, University of Chicago Press, 1962.
- ¹⁵⁷ Shriver was convinced of the efficacy of the plan by his director of Research, Plans, Programs, and Evaluation, economist Joseph Kershaw, later of The Brookings Institution. Vincent Burke and Vee Burke, *Nixon's Good Deed: Welfare Reform*, New York, NY, Columbia University Press, 1974, p. 19. For Kershaw's explanation of NIT see Kershaw, *op. cit.*, pp. 111-27.
- ¹⁵⁸ For a complete discussion of the experiment as well as both negative and positive assessments of its policy implications see: Joseph A. Pechman and P. Michael Timpane, eds. *Work Incentives and Income Guarantees: The New Jersey Negative Income Tax Experiment*, Washington, DC, The Brookings Institution, 1975.
- ¹⁵⁹ Actually, in one of the lighter recorded moments to come out of the Nixon White House, members of the task force which created the bill attached a tongue-in-cheek title to the inner-office copy. The title (meant to allay fears that FAP was a radical proposal) read, "The Christian Working Man's Anti-Communist National Defense Rivers and Harbors Act of 1969." Burke and Burke, *op. cit.*, p. 59.
- ¹⁶⁰ Nixon, "Family Assistance Plan," *op. cit.*, pp. 21-23. Emphasis in original.
- ¹⁶¹ Daniel P. Moynihan, *The Politics of a Guaranteed Income: The Nixon Administration and the Family Assistance Plan*, New York, NY, Vintage Books, 1973, pp. 269-70.
- ¹⁶² *Ibid.*, p. 250.
- ¹⁶³ Burke and Burke, *op. cit.*, p. 159.
- ¹⁶⁴ *Ibid.*
- ¹⁶⁵ Moynihan, *op. cit.*, pp. 236-347.
- ¹⁶⁶ Rep. Wilbur Mills as quoted in Burke and Burke, *op. cit.*, p. 152.
- ¹⁶⁷ Burke and Burke, *op. cit.*, p. xix.
- ¹⁶⁸ Estimates of the costs of this program varied. Ribicoff said the measure would make 30 million people eligible at first year cost of \$13 billion over existing welfare expenditures. Other estimates went as high as that of Sen. Carl T. Curtis (R. NE) who conjectured that by 1976, the Ribicoff measure would provide benefits to 72 million persons or one-third of the population! *Ibid.*, pp. 180-81.
- ¹⁶⁹ Richard M. Nixon, *The Memoirs of Richard Nixon*, New York, NY, Grosset and Dunlap, 1978, p. 428.
- ¹⁷⁰ At one point, Sen. Eugene McCarthy (D.-MN) introduced the Adequate Income Act of 1970 which guaranteed a minimum income of \$5,500 a year. According to Moynihan, "No one in Congress [took] it seriously." Moynihan, *op. cit.*, p. 338. Furthermore, the Adequate Income Act of 1971, sponsored by NWRO, proposed to guarantee \$6,500 a year to a family of four with no work provisions. Burke and Burke, *op. cit.*, p. 174.
- ¹⁷¹ Levitan and Taggart, *op. cit.*, p. 52.
- ¹⁷² *Ibid.*, pp. 52-53.
- ¹⁷³ The history of public assistance is overflowing with irony, some of which has been noted in the text. In this case, of course, it is interesting that Long's father, Huey, had been one of the first, most vocal, and certainly most colorful advocates of a guaranteed income. In fact, the elder Long's "Every Man A King" program was several times more generous (for the wealthy who would have been taxed 100% it was, of course, a nightmare) than the modest FAP which his son so strenuously opposed.
- ¹⁷⁴ Nixon, "Family Assistance Plan," *op. cit.*, p. 23.
- ¹⁷⁵ The remaining 71.2% was accounted for by recipients of AFDC. One year later, in 1970, adult categorical recipients made up only 24.2% of the welfare population. U.S. Bureau of the Census, *Statistical Abstract of the U.S.: 1971*, Washington, DC, U.S. Government Printing Office, p. 291.
- ¹⁷⁶ *Ibid.*
- ¹⁷⁷ Burke and Burke, pp. 195-97.
- ¹⁷⁸ Witte, *op. cit.*, p. 164.
- ¹⁷⁹ Burke and Burke, *op. cit.*, p. 197.
- ¹⁸⁰ U.S. Bureau of the Census, *Statistical Abstract of the U.S.: 1977*, 98th ed., Washington, DC, U.S. Government Printing Office, 1977, p. 345.
- ¹⁸¹ "Countable income" is considered to be resources which do not include a house, car, or any other reasonable (as determined by HEW) personal or household goods.
- ¹⁸² Burke and Burke, *op. cit.*, p. 6.
- ¹⁸³ In 1976, all SSI recipients numbered about 4.2 million while AFDC recipients numbered about 11.2 million for a total categorical welfare population of 15.4 million—thus, 27%. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1977*, *op. cit.*, p. 345.
- ¹⁸⁴ Burke and Burke, *op. cit.*, p. 6.
- ¹⁸⁵ U.S. Bureau of the Census, *Statistical Abstract: 1977*, *op. cit.*, p. 345.
- ¹⁸⁶ Moynihan, *op. cit.*, pp. 455-56.
- ¹⁸⁷ *Ibid.*, p. 458.
- ¹⁸⁸ Burke and Burke, *op. cit.*, pp. 173-74.
- ¹⁸⁹ *Congressional Record*, Vol. 118, Part 25, 92nd Cong., 2nd Sess., October 4, 1972.
- ¹⁹⁰ U.S. Bureau of the Census, *Statistical Abstract of the U.S.: 1971*, *op. cit.*, p. 291, and 1977, *op. cit.*, p. 345.
- ¹⁹¹ John J. Iglehart, "HEW Wants Welfare Programs Replaced by Negative Income Tax," *National Journal Reports*, Vol. 6, No. 42, October 19, 1974, p. 1561.
- ¹⁹² The Food Stamps Program is discussed in detail in Part IV of this paper.
- ¹⁹³ Iglehart, *op. cit.*, p. 1564.
- ¹⁹⁴ Joel Havemann and Linda E. Demkovich, "Making Some Sense Out of the Welfare Mess," *National Journal*, Vol. 9, No. 2, January 8, 1977, p. 54.
- ¹⁹⁵ U.S. Congress, Senate, Committee on Finance, *Report on H.R. 5322, The Social Security Amendments of 1977*, Senate Report 95-572, 95th Cong., 1st Sess., November 1, 1977, p. 6.

From Small Potatoes to Market Basket Welfare: The Special Case of Food

Neither AFDC nor SSI exists in a “welfare vacuum.” In fact, for all but a few recipients, these cash assistance programs simply do not provide sufficient benefits for a decent life, particularly under inflationary conditions. In most cases, cash welfare alone is not adequate to purchase food, housing, clothing, medical care, transportation, fuel, and education and its accoutrements. Of course, substantial increases in cash benefits would create a situation in which at least necessities could be freely purchased. However, this condition of cash sufficiency does not now exist. Thus, in-kind assistance provides a very important supplement.

This dual welfare system, in turn, has led to some of the most basic (and most inflammatory) welfare debate. On the one hand, advocates of combination cash and in-kind assistance tend to fall into at least one, and usually more than one, of three categories. One group argues that both types of assistance are necessary so that the poor will be sure to meet basic housing, nutritional, and medical needs—the thinking here being that, because they are poor, they will unwisely or unwittingly fritter away whatever money they have. The second group—at one time the largest—favors both types because assuring the purchase of particular commodities helps some other group (the sellers or producers) in society. Finally, the third, and now probably largest group, within this category believes that in-kind assistance is a necessary supplement because the American public

and/or economy would not stand for the distribution of straight cash allotments large enough for even subsistence living.

Opponents of the combination technique or, put another way, proponents of straight and sufficient cash assistance, themselves employ one or two arguments. First, these advocates of a sufficient and guaranteed cash benefit argue that in-kind assistance is demeaning—that it robs the poor of dignity and brands them as being different from others. Second, they contend that a cash-only system would be a much simpler device and far more administratively efficient than the combination of programs which now exists, thus resulting in considerable long-term savings. Needless to say, the debate is far from resolved.

Certainly, among basic human necessities, food is the most vital and the federal government now operates ten separate food-related, need-determined programs: Nutrition Programs for the Elderly, the Special Supplemental Food Program (WIC), the Food Donations Programs, the School Milk Program, the National School Lunch Program, the School Breakfast Program, the Summer Food Program, the Child Care Food Program, the Community Food and Nutrition Program, and the Food Stamp Program. Together, these programs cost an estimated \$8.8 billion in 1977. One of these programs, Food Stamps, accounted for 62% of those expenditures.¹

Like cash welfare, the recognized need for federal food programs arose as a result of the Great Depression. However, unlike cash assistance, the enabling legislation—the *Potato Control Act of 1935*²—was only marginally concerned with poor relief. According to Section 32 of the act, the Secretary of Agriculture was authorized to encourage exports of agricultural products in order to finance adjustments in production. Ultimately more important, he was to “encourage the domestic consumption of such commodities or products by diverting them, by payments of benefits or indemnities or by other means, from the natural channels of trade and commerce.”³ Through this authorization, the Secretary was permitted to purchase surplus farm products for distribution to poor families. The program was to be administered by the Federal Surplus Commodities Corporation (FSCC) which, in turn, gave the program its thrust since “the primary aim of the FSCC . . . was not to meet the food needs of recipients, but, rather to support farm prices.”⁴

After only a few years in operation, the commodity distribution program came under attack:

Dissatisfaction with the surplus commodities program on the part of recipients and food retailers contributed to the initiation of the first food stamp program, which operated from 1939 to 1943. Advocates for needy households complained that direct distribution was unsatisfactory because foods (including perishables) were distributed monthly. This caused difficulties for recipients in budgeting food consumption. Much higher consumption (mostly of perishables) occurred immediately after distribution than later in the month. Moreover, because the kinds of food received depended on whatever happened to be in surplus, nutritional needs of recipients were largely ignored. . . . Food retailers joined the call for reform in food assistance because they disliked having their normal trade channels bypassed by the FSCC. Eventually, lobbying efforts on behalf of the food industry led to agreement on a food stamp plan that began in May 1939, with funding authorized by Section 32.⁵

Nonetheless, the metamorphosis of the community distribution program into a food stamp program hardly meant that the emphasis was changing from agricultural surplus to poor people. Quite the contrary, agriculture was still its primary concern and now business was being emphasized as well. Thus, the objectives of the 1939 food stamp program read as follows:

It broadens the market for food products, thus helping the farmer.

It provides more adequate diets for needy families, thus helping the consumer and building up our national health defenses.

It moves all surplus commodities through the regular channels of trade, thus helping business.⁶

As ultimate recipients of food stamp benefits, the poor were just one group among three.

The 1939 plan utilized a two-stamp method. That is, recipients were required to purchase a certain number of orange stamps at face value and would thereupon receive free blue stamps—usually half as many as the orange stamps. While or-

ange stamps could be used to purchase any food items, blue stamps could only be used to buy Department of Agriculture (USDA) designated surpluses. This, indeed, was a complicated and round about method for achieving any of the designated objectives.

In a few significant ways the program was successful. First, it gave recipients more choices than did commodity distribution. Second, it allowed them to utilize the services and conveniences of regular retailers. Finally, there was probably less stigma attached to using food stamps than there was to standing in line at designated times of the month to receive food "handouts."⁷

Unfortunately for the short life of the program, its liabilities tended to outweigh its assets. First, only persons receiving public assistance were eligible for the program. An even larger number of nonassistance poor people were never able to benefit. Second, many of those who were eligible simply could not afford to purchase the minimum allowable number of orange stamps required to receive blue stamps. Third, "nonfood items were sometimes exchanged for stamps and many non-surplus foods were purchased with the blue [surplus food] stamps. These and other violations accounted for over 25% of expenditures under this program."⁸ Finally, it appeared that participants did not buy any more food than they would have if no blue stamps had been available. Instead, they spent their blue stamps but tended not to use all of their orange stamps. "In other words, surplus foods purchased with the blue stamps replaced food that would otherwise have been purchased, so that there was little increase in the total purchases of the surplus items."⁹

FOOD STAMPS IN LIMBO: THE 18-YEAR GAP

As important in the demise of the 1939 food stamp program as its several liabilities was the increased demand for surplus food which accompanied American involvement in World War II.¹⁰ In fact, from 1942—when the program was dismantled—until 1954, little in the way of Congressional or Presidential attention was given to food stamps.¹¹

Very simply, Congressional interest was at a minimum and this apathy was complemented by strong resistance to any such scheme on the part

of Ezra Taft Benson, President Eisenhower's Secretary of Agriculture. An "Eisenhower man" through and through, Benson opposed both high price supports and large surpluses. Thus, the most obvious and direct approach was heavy reliance on commodity distribution at the state and local levels, a policy which "left no room for a food stamp program. . . ."¹²

In 1954, food stamps gained a legislative advocate of unparalleled tenacity. Destined to "fight the good fight" for ten years, Rep. Leonor K. Sullivan (D.-MO) of St. Louis not only championed food stamps but gave the program its shape and focus. Furthermore, she repeatedly introduced a food stamp plan throughout every Congress during which Eisenhower was President despite the fact that she was not a member of the Agriculture Committee.

In the early rounds, Sullivan's proposal appeared to run into difficulty on at least three counts. First, the Congresswoman was an Agriculture Committee outsider and even though committee Chairman Harold D. Cooley (D.-NC) was supportive of her program, her position meant that her bills were not assured most favored treatment.¹³

Second, the purpose of food programs, always something of an enigma, was becoming increasingly obscure as the different sides emphasized different outcomes. Were food programs primarily supposed to feed the hungry (the welfare orientation) or were they supposed to reinforce the farm economy (the agricultural markets orientation)? To Sullivan and her cadre of food stamp supporters, the major emphasis was on welfare and only incidentally on the well-being of farmers. Proponents of direct commodity distribution, on the other hand, were more concerned with absorbing surpluses and certainly, direct and controlled distribution of those surpluses was the obvious means to that end. Moreover, the latter group was clearly bolstered in its arguments by the placement of existing food programs in the Department of Agriculture and in the Agriculture Committees of both Houses—an organizational position which, for the most part, persists today.

Third, food stamps, very early became an extremely partisan issue. The USDA under Secretary Benson opposed the plan on the grounds of its potential costs and its assumption of federal preeminence and the Republican members of Congress were not about to buck the Administra-

tion on this issue. The party line nature of food stamp advocacy became clear when the bill was brought to the floor of the House under a suspension of the rules in 1958—a procedure requiring a two-thirds majority for passage. Eighty-two percent of the voting Democrats voted for the bill while 85% of the voting Republicans opposed it. (Although the final vote was 196-187, food stamps failed again.)

Not one to be discouraged easily, Sullivan continued to push her bill the following year. This time she would be victorious but it would be a bitter victory, indeed.

On August 14, 1959, the House Committee on Agriculture reported the food stamp bill. Hardly an example of unified committee action, the entire Republican membership filed a minority report which had a distinctly Eisenhower flavor to it:

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(1) It [food stamps] represents the inexcusable invasion of state and local rights and responsibilities in the administration of their welfare programs; (2) It would not help farmers, taxpayers, or the needy. It would not alleviate our major surpluses while tremendously increasing the cost and decreasing the efficiency of our present distribution system. It places the Department of Agriculture directly into the welfare field, an area more related to the Department of Health, Education, and Welfare.¹⁴

Such dissension bode ill for the bill and it was, consequently, tabled by the Rules Committee.

Nonetheless, Chairman Cooley was able to convince Rep. Sullivan to introduce the measure as an amendment to P.L. 480, an annual bill which governs agricultural surpluses abroad. This time, the House responded by a vote of 156-96 in favor of food stamps and, with some modifications, the Senate followed suit. The legislative authority was now there but Presidential sympathy was clearly lacking,¹⁵ and Eisenhower's statement upon signing the bill was hardly that of an administrator who would gladly go forth and execute:

The food stamp plan [that P.L. 480] authorizes carries the implication that more surplus foods would be made available to the needy people of the United States. Actually the bill would not do this. Needy people received

federal surplus foods last year by direct distribution through state and local facilities. If implemented, this authority would simply replace the existing distributory system with a federally financed system, further increasing the already disproportionate federal share of welfare expenses. The food stamp administrative mechanism would be much more complex and it is extremely doubtful that it would provide any greater benefit to needy people than the present direct method.¹⁶

Not surprisingly, the Eisenhower USDA never implemented Sullivan's plan.

Fortunately for the future of food stamps, Benson's Democratic successor, Orville L. Freeman, was far more receptive to the general notion of such a plan and President Kennedy, relatively fresh from his Appalachian tour, had become particularly sensitive to the problems of poverty. Therefore, Kennedy and Freeman proposed a series of pilot programs based upon the authority granted in the 1959 law:

I have instructed the Secretary of Agriculture, consistent with the bill enacted by the Congress last year authorizing establishment of pilot food stamp programs, to proceed as rapidly as possible to establish pilot programs for needy families in localities in West Virginia, Pennsylvania, Eastern Kentucky, Northern Minnesota, Southern Illinois, and the Detroit area. It is my hope that this pilot program, while providing additional nutrition to those now in need, will pave the way for substantial improvement in our present method of distributing surplus food.¹⁷

In fact, the pilot programs were instituted in the spring and summer of 1961, but under authority derived from the 1935 *Potato Control Act*, rather than Sullivan's 1959 amendment. (The 1935 authority was permanent while that in the 1959 law was due to expire the following year.) Oddly enough, no program was instituted in Sullivan's home district—an oversight which was quickly corrected. Less surprising, though from a political standpoint, extremely short-sighted, nearly all of the pilot projects were located in Democratic districts.¹⁸ Republican Party support for a program from which it realized few benefits would be difficult to come by.

AGRICULTURAL LOGROLLING AND THE BIRTH OF A PERMANENT PROGRAM

On April 22, 1963, Rep. Sullivan introduced the Kennedy Administration's food stamp bill. This was to be the beginning of 16 months of often bitter debate which centered around partisan loyalties, civil rights, states' rights, and the agriculture/welfare dilemma. When food stamps finally became law, none of these problems really had been solved. Rather, "to the victors went the spoils" of one of the more obvious cases of legislative "horse trading."

From the start, food stamps in the House of Representatives had been a partisan issue and the placement of pilot projects had done little to weaken the strong party division. Nor were Democratic supporters of food stamps particularly concerned about garnering Republican support, for with strong Democratic backing they would win regardless. Nonetheless, Republicans had two potential weapons in their arsenal and it was these strategies—convincing conservative Democrats to oppose food stamps and employing parliamentary procedure to delay action—that, for good reason, had the bill's backers worried.

Republican members of the House, led by Rep. Charles B. Hoeven (R.-IA), ranking minority member of the Agriculture Committee, quickly decided upon a strategy of luring southern members away from the Democratic fold—a strategy which, given the right circumstances, should not have been tremendously difficult. Thus, their first anti-food stamp argument raised the specter of civil rights. Indicative of the tactics used was the following query posed by Rep. Paul Findley (R.-IL):

The President has been giving a lot of attention to segregation recently. I was wondering whether in the operation of the pilot food stamp program you limited it to stores which are racially nondiscriminatory?¹⁹

And, although Secretary Freeman answered "no" to the Congressman's question, the implication was not lost on his southern colleagues faced with pending massive new civil rights legislation—receipt of food stamps could be used to buy integration.

Second, Republicans again argued that food stamps were the stuff of welfare, not agriculture. They claimed that the relationship between food

stamps "and the disposal of surplus commodities is incidental"²⁰ and that it would be "more proper that this program be charged to the Department of Health, Education, and Welfare. . . ."²¹

Finally, because the proponents had to admit that food stamps did more to aid poor people than farmers, Republicans and southern Democrats alike contended that the states should be required to share the costs just as they did with other welfare programs. Furthermore, they argued that the bill gave the Secretary of Agriculture, in particular, and the federal government, generally, too much discretionary power over states, localities, and retail outlets.

In March of 1964, the Republican members of the Agriculture Committee summed up their grievances:

We oppose the enactment of H.R. 10222 because the establishment of a nationwide food stamp plan is not needed; it would be extremely expensive and inefficient; it would destroy the rights and usurp the responsibilities of local and state governments; it would aggravate the problems of commodities now held in surplus stocks by the government; it would add hundreds of new employees in the Department of Agriculture; it would give the Secretary of Agriculture new broad and sweeping powers; it would be adverse to the needy people it is designed to help; and it would be of little benefit to U.S. farmers.²²

This sort of unified Republican opposition coupled with the rural and southern Democratic backing which the GOP had accumulated threatened to kill food stamps for good—it did, that is, until wheat and cotton appeared on the scene.

On March 6, 1964, an important wheat-cotton bill came before the House. To be more precise, the bill was of considerable importance to rural constituents and, therefore, to their representatives. On the other hand, it was hardly a vote-getting bill for the urban members of Congress. In fact, precious few agriculture bills were. There was, however, an exception—food stamps—and by late March the terms of a major trade were becoming obvious, if still only tacit. Urban members were willing to vote for wheat-cotton if rural members would vote for food stamps.

Thus, food stamps passed the House of Representatives on April 8, 1964. The wheat-cotton bill passed only a few hours after that. The process

was a textbook example of successful logrolling²³ and from his analysis of the votes, Randall Ripley derived the following conclusions:

[A]n analysis of all three roll call votes taken together indicates the degree of success of the trade of food stamps for wheat-cotton among Democrats. Twelve Democrats were absent for all three votes. Six more were absent for one or more of the three roll calls but supported the Administration when they voted. One-hundred-eighty Democrats supported the Administration on all three roll calls and might best be labeled as "reliable traders." Twenty-six members were "greedy liberals," voting with the Administration twice on the food stamp bill and against the wheat-cotton bill. Twelve members were "greedy conservatives," voting against the food stamp bill twice and for the wheat-cotton bill. Eight members were "halfhearted traders," voting with the Administration on one food stamp roll call and against it on the other and voting for the wheat-cotton bill. Eight Democrats were against both programs on all three roll calls. Three members voted in wholly unique patterns.

In short, the trade was 82% successful in that only the "greedy liberals," "greedy conservatives," and "halfhearted traders" refused to participate in the bargain. Even if only the "reliable traders" are counted the trade was 71% successful.²⁴

Food stamps virtually sailed through the Senate where the program enjoyed bipartisan support. Sen. Aiken, after all, was the first post-1943 supporter of such a program. Thereafter, the House accepted the Senate's minor changes without going to conference. In signing the bill on August 31, 1964, President Johnson hailed the Food Stamp Program as:

... a realistic and responsible step forward toward the fuller and wiser use of our agricultural abundance. . . . As a permanent program, the food stamp plan will be one of our most valuable weapons for the war on poverty. It will enable low income families to increase their food expenditures, using their own dollars.²⁵

Where AFDC had failed to become a part of the War on Poverty, food stamps succeeded.

USDA'S BURGEONING WELFARE ROLL: HOW A DIFFERENT KIND OF WELFARE, IN A DIFFERENT KIND OF SETTING, WITH A DIFFERENT KIND OF FUNDING GREW

Inauspicious Beginnings: The Initial Failure of the Food Stamp Program, 1964-67

The 1964 Food Stamp Act claimed to strive for the same goals as all previous food programs. Its purpose, then, was "to promote the general welfare, that the nation's abundance of food should be utilized cooperatively by the state, the federal government, and local government units to the maximum extent practicable to safeguard the health and raise the levels of nutrition among low income households."²⁶ In other words, it was supposed to use up surplus foods by making them available to people with low incomes. Yet, findings from pilot projects showed that while the Food Stamp Program did indeed enhance the purchasing power of the poor, it was limited in its ability to absorb surplus foods. Thus, those members of Congress favoring the welfare orientation of food stamps could be satisfied that, if properly implemented, the program would serve as a valuable supplement to cash assistance. Even those with an agricultural markets point of view had no immediate and critical reason to oppose the program:

... since the act granted the option of establishing food stamp projects to state agencies authorized to administer local public assistance programs, members of Congress from conservative areas could vote for passage, secure in the knowledge that their constituents could still decide not to offer the program. (The act prohibited operation of both a food stamp and a food distribution program in the same locality.)²⁷

Furthermore, despite the fact that the cost of the "bonus" stamps was borne by the federal government, the states were allowed to set eligibility levels so that there was a great deal of variation from

state to state, consistent with cash assistance policies. As Table IX shows, the state orientation of welfare programs had been compromised only in terms of major costs.²⁸

Current figures on food stamp expenditures and even the title of this section belie the scope and effectiveness of the program during its first years in operation. Certainly, to most of those who viewed food stamps as a means of providing poor people with adequate diets, the program could only be called a “flop,” and even those whose main concern was agricultural enhancement could not have been satisfied with the 1969 findings of the Senate Select Committee on Nutrition and Human Needs:

Nationally only 21.6% of the poor people living in counties with food stamp programs participate in the program. Only in the State of Washington and the District of Columbia do food stamp programs reach over 40% of the poor. Seven states have programs that reach less than 15% of their poor. Only 116, or 10%, of all counties with food stamp programs reach 40% or more of their poor.²⁹

In fact, among counties switching from commodities distribution to food stamps between 1961 and 1968, there was a 40% decline in the number of persons participating.³⁰

There appear to be a number of explanations for the early recessive stance of food stamps—a program which, by 1977, was expending a quite unrecessive \$5.5 billion. First, politically the program was on precarious ground. Unpopular with Republicans, southern Democrats, “agricultural purists,” and states’ rights/responsibilities advocates, its subsequent amendments and appropriations bills were continually subject to Sullivan-struck bargains of the type which attended its original enactment in 1964. Underlining and exacerbating this condition of hostility was the regional origin of the four Congressional committee and subcommittee chairmen directly concerned with food stamp oversight: Rep. W.R. Poage (D-TX), chairman of the House Committee on Agriculture; Rep. Jamie Whitten (D-MS), chairman of the House appropriations Subcommittee on the Department of Agriculture; Sen. Allen Ellender (D-LA), chairman of the Senate Committee on Agriculture; and Sen. Spessard Holland (D-FL), chairman of the Senate Appropriations Subcom-

mittee on the Department of Agriculture. None of these powerful southerners was “sold” on the idea of food stamps, particularly its noncost-sharing aspect. This became eminently clear in 1967 when Chairman Poage delayed reporting of the food stamp amendments until the bill was rewritten to include a state cost-sharing provision.³¹ However, due to the efforts of Rep. Sullivan, the provision was subsequently defeated on the floor of the House.

Second, for many poor people the stamps were far too costly. Until 1967, the minimum purchase price for \$12.00 worth of stamps was \$2.00 per person. As unsettling as the thought may be, there were a great many people, particularly in the south, whose poverty was so profound that they simply could not afford \$2.00 twice, or even once, a month. This was a problem that “came home” in a very painful way when Senators Joseph Clark (D-PA) and Robert Kennedy (D-NY) led a small delegation of Senators to the Mississippi Delta region in April of 1967. There they discovered poor black babies who ate as little as a biscuit a day. The parents of these children could not meet the “high” price of food stamps, and therefore, they were effectively cut off from federal food programs. As demeaning as direct commodity distribution may have been, at least it was free.³²

Third, apparently there was very little effort made to inform potential recipients about food stamps. An attempt to remedy this situation, the “outreach” amendment, found little adherence at the state level until as late as 1975 when a series of court actions began forcing implementation.³³

Thus, ignorance, poverty, and Congressional antipathy (or, more appropriately, group ambivalence) thwarted the growth of food stamps. Beginning in 1968, the size of the Food Stamp Program would slowly start to grow and by the early 1970s it would mushroom. Legislation which made this growth possible needed some impetus and that impetus, in part, was a public campaign against hunger in America. Just as John Kennedy had spearheaded the “discovery” of poverty, his brother, Robert, would spearhead the “discovery” of hunger.

“Hunger in America,” 1967-68

The 1967 Clark-Kennedy trip to the Mississippi Delta has already been noted; its impact has not. Accompanying the two Democrats were a liberal

Table IX

MAJOR PROVISIONS OF THE FOOD STAMP ACT OF 1964, P.L. 88-525

Territorial Coverage:	50 states only and the District of Columbia.	Frequency of Coupon Issuance:	No specific provision. Department regulation requires at least semi-monthly issuance for households that receive income on weekly or semi-monthly basis.
Individual Coverage:	Group of related or nonrelated individuals living as one economic unit sharing cooking facilities and for whom food is customarily purchased in common. Not residents of institutions or boarding houses.	Method of Coupon Purchase:	Transfer for cash.
Product Coverage:	Any food or food product except alcoholic beverages, tobacco, imported packaged food, and imported meats and meat products.	Price of Coupons:	Amount equivalent to household's normal expenditure for food.
Store Coverage:	Establishment of house-to-house trade route that sells food to households for home consumption.	Total Value of Coupons:	Such amount as will provide household with an opportunity more nearly to obtain a low cost nutritionally adequate diet.
Income Eligibility:	States set standard on maximum income, must be consistent with income standard used by state in own welfare programs.	Federal Administrative Responsibility:	Secretary of Agriculture.
Resource Limitation on Eligibility:	State agency to determine.	State and Local Administrative Responsibility:	State welfare agency is responsible for intrastate administration.
Method of Certification:	General procedure used in public assistance programs; use of state merit system personnel used in certification.	Payment of Administrative Costs:	Federal government finances cost of bonus coupons and their printing and 62.5% of travel and salaries of state personnel engaged in certifying nonassistance households.
Challenge to Certification:	No specific provision.	Simultaneous Commodity Distribution and Food Stamp Issuance:	Not unless emergency situation caused by a natural or other disaster as determined by the Secretary, interpreted to exclude long-term non-natural disasters.
Penalties:	Criminal offense to knowingly acquire coupons in unauthorized manner.	Recipient Informational Programs:	No specific requirement.
Place of Coupon Issuance:	State agency responsible for making issuance arrangements may delegate to other agencies of local governmental units.		

Source: Kenneth W. Clarkson, *Food Stamps and Nutrition*, Washington, DC, American Enterprise Institute for Public Policy Research, 1975, pp. 17-19.

Republican, Jacob K. Javits of New York, and a conservative Republican, George Murphy of California. According to all accounts,³⁴ the four Senators, members of a newly formed Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public Welfare, were shocked at the poverty they witnessed and the starving children who were the offspring of that poverty. And, while all of the Senators were moved by the experience to do something, journalist Nick Kotz describes the twist which “escalated the politics of hunger.”

“If people are starving,” said Sen. George Murphy, “I don’t think the procedure is to go to the Department of Agriculture. I think more drastic means are needed, and I would respectfully suggest that this committee notify the President of the United States that there is an emergency situation, and [to] send investigators and help immediately.”

Clark, stunned by Murphy’s reaction, sensed that he was about to be upstaged and his Democratic Party embarrassed by a conservative Republican. He immediately became far more forceful. His young subcommittee counsel, William C. Smith, hastily drafted a statement expressing Clark’s resolve to investigate hunger and carry the issue to President Lyndon Johnson. Ironically, it was former movie actor George Murphy, friend of the California grape grower, who had pushed the liberal Democrats into action on the hunger issue.³⁵

A unified subcommittee, thrust into action by its most conservative member, could begin making demands or, at the very least, a lot of noise. Furthermore, to make the matter more compelling, the press and public would be sure to sit up and take notice, “principally because Robert Kennedy was news.”³⁶

For a time, these factors did, indeed, result in both action and publicity. As to the action, the full Committee on Labor and Public Welfare presented President Johnson with a list of recommendations including free stamps to persons with no cash incomes:

The President responded by delegating authority to the fledgling Office of Economic Opportunity, which provisionally accepted a

claim by the USDA that USDA could not legally authorize the desired actions under the Food Stamp Act. Nevertheless, bowing to continuing pressure from what came to be called the “hunger lobby,” USDA reduced purchase requirements in Mississippi to 50 cents per person per month late in 1967, and began to negotiate with Mississippi officials to guarantee federal funding of households that could not pay even the reduced purchase prices.³⁷

Publicity and public interest heightened with the release of two hunger studies in 1968. In April of that year, a self-appointed Citizens Board of Inquiry released its findings on *Hunger U.S.A.*³⁸ The study classified 256 counties as “hunger counties” in which the percentage of poor people was twice the national average; the infant mortality rate was twice the national average; and the level of participation in welfare and government food programs was less than 25% of all the poor people in the county.

Even more significant from the standpoint of public opinion was a CBS television program aired in May which examined “Hunger in America.”³⁹ The program’s narrator, Charles Kuralt, concluded that “[t]en million Americans don’t know where their next meal is coming from,”⁴⁰ and that the government programs designed to alleviate the condition of hunger, were, themselves, failures.

Hunger U.S.A. and “Hunger in America” touched off a storm of controversy. Government officials most directly concerned with food stamps were generally outraged. Representative Jamie Whitten claimed that both studies presented a deliberately “framed picture” and that the photographs used to illustrate *Hunger U.S.A.* “looked suspiciously familiar, reminding him of old Agriculture Department photos of poverty in faraway lands.”⁴¹ Chairman Poage accused both studies of being “quite inaccurate and misleading.”⁴² And, Secretary Freeman called “Hunger in America” “a biased, one-sided, dishonest presentation of a serious national problem.”⁴³

On the other hand, the CBS documentary was well received by the viewing public and evoked a level of sympathy which public assistance had never been able to draw forth. Part of the reason for this, according to sociologist Kirsten Grønberg is that,

Hunger is [viewed as] qualitatively different from poverty in that it is assumed that food is so crucial to people that they will do their best to get food and avoid starvation. Therefore people are clearly desperate and deserving if they can't get enough food, while poverty is much more likely to be seen as a condition which is not necessarily one of extreme destitution, and which may well be a chosen condition and thus not one to have met with extensive sympathy.⁴⁴

The conclusions of the report also added potent fuel to the Reverend Ralph Abernathy's Poor People's Campaign which, thereafter, directly confronted the USDA with its demands for an end to hunger.⁴⁵ Nor did government appear as a monolith opposed to the hunger findings. Under the leadership of Sen. George McGovern (D.-SD), hearings were instituted before a newly formed Senate Select Committee on Nutrition and Human Needs.

Thus, hunger created a momentary stir in 1968 and appeared as a potent potential issue in the election campaign. Like so many other "issues" in 1968, however, its potential impact was dulled by preoccupation with the Viet Nam war.

The official solution to hunger, the Food Stamp Program, had grown somewhat between 1967 and 1969: two more states had joined; 651 additional areas were participating; the number of participants had nearly doubled from 1.8 million to 3.2 million; and federal expenditures for bonus stamps had increased by \$123 million.⁴⁶ Despite this growth, food stamps was still not a big program and it was still not benefiting the majority of the poor people. At the same time that AFDC was beginning to "explode," the growth of food stamps could still be measured in budgetary inches. For a short time, the "food stamp explosion" was lying dormant—but only for a short time.

Program "Explosion," 1969-78

In 1970 food stamps joined the "welfare explosion." Through two Republican Administrations the program changed from one criticized for being too small to one criticized for being an uncontrollable behemoth. From a program which former Secretary of Agriculture, Ezra Taft Benson refused even to implement, it grew to be the largest item in the USDA budget.⁴⁷

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Table X

FOOD STAMP PROGRAM OVERVIEW, 1964-76

Fiscal Year	Number of States	Number of Program Areas	Participants (in thousands)	Federal Bonus Stamp Cost (in millions of dollars)
1964*	22	43	360	\$28.6
1965	29	110	632	32.5
1966	41	324	1,218	64.8
1967	42	838	1,831	105.5
1968	44	1,027	2,419	173.1
1969	44	1,489	3,222	228.8
1970	46	1,747	6,457	549.7
1971	47	2,027	10,584	1,522.7
1972	47	2,126	10,594	1,797.3
1973	48	2,228	12,106	2,131.4
1974	50	3,062	13,524	2,714.1
1975	50	3,075	19,238	4,404.9
1976**	50	***	18,000	5,319.0

* pilot phase.

** preliminary estimates; number of program areas not available.

*** all counties participating.

SOURCE: W. Hoagland, "Federal Aid for Food Assistance," Unpublished Manuscript, Congressional Budget Office, February, 1976, p. 10, (for 1974 through 1975) and U.S. Bureau of the Census, *Statistical Abstract of the United States*, Washington, DC, Department of Commerce, p. 120, (estimates for 1976).

Table X illustrates the growth of the Food Stamp Program. In the seven-year period from the inauguration of Richard Nixon to the election of Jimmy Carter, federal expenditures for bonus stamps grew 23-fold, from \$228.8 million to \$5.3 billion. Moreover, between 1969 and 1975, the number of participants mushroomed, with an additional 16 million recipients receiving benefits. In some ways, the expansion of the Food Stamp Program paralleled (though slightly later) the expansion of cash welfare; in other ways, its growth was quite unique.

By the time Richard Nixon was inaugurated in 1969, Sen. McGovern had already completed the first round of his nutrition hearings and he

and a number of other prominent Democrats were pushing for antihunger legislation of some kind. The public, too, still harboring the horrifying pictures and statistics of starving children from CBS's "Hunger in America," appeared to be demanding relief for those poor families.⁴⁸ "Nixon was compelled to answer the challenge."⁴⁹

The first of several "answers," a May 6, 1969, legislative proposal, was predictably clothed in antihunger rhetoric.⁵⁰ Claiming that "[s]omething like the very honor of American democracy is at issue. . .,"⁵¹ Nixon endorsed a plan which would have made all families of four with incomes of less than \$4,000 eligible for stamps on a sliding scale.

As an initial step toward making the Food Stamp Program available to poor families (and individuals), the plan was warmly received by liberals in Congress. It was not, however, so received by the framers of the Family Assistance Plan who were running into significant cost problems. Convinced that the guaranteed cash income itself had been fixed at the lowest feasible point, they felt compelled to cut costs elsewhere. The answer was to eliminate food stamps.

Thus, in a dramatic turnaround, Nixon's August 11 FAP address to Congress stated that: "For dependent families there will be an orderly substitution of food stamps by the new direct monetary payments."⁵² In only three months, the President had gone from endorsing a major expansion of the Food Stamp Program to endorsing its eventual elimination for most welfare recipients. Needless to say, Sen. McGovern was outraged, believing that the \$1,600 floor would hardly compensate for the loss of food stamps.⁵³

Accused of renegeing on his original food stamp proposal, Nixon once again, "about-faced" on hunger, endorsing the same plan he had advanced on May 6. Based on the Department of Agriculture's definition of an "economy diet," \$100 per month for a family of four, the plan set an upper limit of 30% of income for food stamp expenditures. Families with no incomes were to receive the stamps free of charge.

It took slightly more than one year for Congress to enact the Nixon food stamp proposals. In the interim, many of the proposals, as well as modifications which, on the average, doubled benefits, had been implemented by administrative action. The 1971 amendments to the *Food Stamp Act*⁵⁴ offered legislative sanction to the President's 1970

actions and further expanded the scope of federal involvement in in-kind assistance.

First, the amendments extended the Food Stamp Program for three years and authorized \$1.75 billion for fiscal year 1971. Significantly, authorizations for 1972 and 1973 were left open-ended. Second, the legislation authorized the Secretaries of Agriculture and HEW to jointly establish uniform federal standards (income and resource levels) for participation.⁵⁵ Thus, it federalized the decisionmaking aspect of food stamps by placing program requirements squarely in Washington's hands and leaving participating states as mere administrative distributors. Third, it enacted the 30% upper limit for stamp expenditures established by Nixon. Fourth, it provided for yearly cost of living adjustments. Fifth, it increased the federal share of administrative costs to 50%. Finally, it instituted what was, by this time, the requisite welfare "stick" (that which would now cause food stamp use to "wither away")—a work requirement. In this case, the requirement stated that all able-bodied adults (except those with child caring responsibilities, students, or the already employed) between the ages of 18 and 65 must register for employment and accept suitable work if that becomes available (including work which paid below the federal minimum wage).

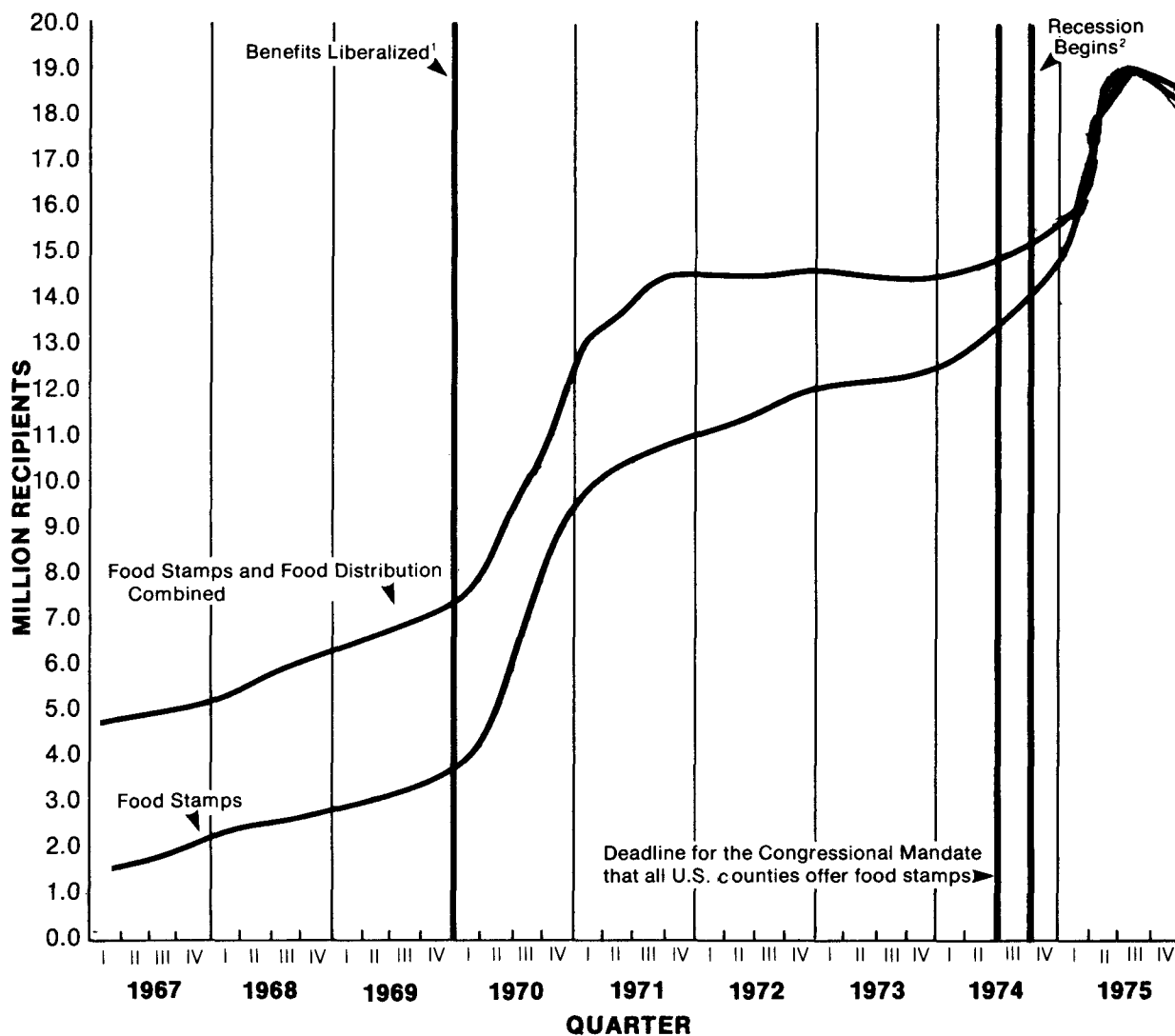
In 1973, Congress again amended the *Food Stamp Act*.⁵⁶ One year hence, it would cover the entire nation. Maurice MacDonald of the Institute for Research on Poverty explains the Congressional action:

[The 1973] amendments mandated that all counties across the country offer food stamps as of July 1974, to complete the switchover from food distribution to food stamps. Thus by conscious Congressional design, the Food Stamp Program finally became available to all eligible low income persons.

In part, the 1973 Congressional decision to expand the program can be explained by the earlier failure of Congress to adopt President Nixon's Family Assistance Plan. Since it is generally agreed that the defeat of this plan was very narrow—an indication of broad support for a guaranteed income—one Congressional motive for mandating a nationwide Food Stamp Program could have been a desire to alleviate a generally recognized need for a guaranteed family income. In other

Figure III

SEASONALLY ADJUSTED QUARTERLY AVERAGE NUMBERS OF RECIPIENTS; FOOD STAMPS, AND FOOD STAMPS AND FOOD DISTRIBUTION COMBINED



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¹Administrative modifications doubled average benefits in 1970.

²Official National Bureau of Economic Research starting point.

SOURCE: Maurice MacDonald, "Food Stamps: An Analytical History," *Social Science Review*, December 1977, p.653.

words, extending food stamps to all areas can be interpreted as a gradual welfare reform.⁵⁷

In addition to completing the nationalization of food stamps, the 1973 amendments required that coupon allotment undergo semi-annual adjustments to reflect changes in the price of food.⁵⁸ The stage was now completely set for the “food stamp explosion.”

SOURCES OF GROWTH

The dramatic growth of the federal Food Stamp Program between 1970 and 1974 can be attributed to three major and two relatively minor factors. Figure III clearly illustrates the effects of the major factors.

Thus, a radical increase in participation occurred in the 1970-71 period after President Nixon, and later, Congress liberalized program benefits. This liberalization resulted in a considerable reduction of the price of food stamps and an increase in stamp allotments.⁵⁹ (See Table XI.) More than 4 million people, previously denied stamps because of their cost or scarcity, were now able to share in the program benefits.

Again, in the 1974-75 period, the number of participants rose dramatically from 13.5 million to 19.2 million. In this case, two factors resulted in the growth. In July of 1974, the deadline for all counties to begin participating was reached. Between 1973 and 1975, 800 additional counties be-

gan distributing stamps. Even more important, however, was the gloomy economic climate. Recession, high food prices, and high rates of unemployment undoubtedly increased the need for food assistance. Moreover, the 1971 and 1973 amendments had made the program quite sensitive to such changes in the economy and receptive to high rates of participation when economic factors worsened. This program sensitivity becomes clearer in Figure IV which charts the enormous and sudden rise in the number of nonpublic assistance recipients from 1974 to 1975. The cost of food was forcing the working poor to rely on federal assistance.⁶⁰

Two other factors, though not as easy to chart, probably contributed to the “food stamp explosion.” First, under the 1971 amendments, participating jurisdictions were required to “advertise” the food stamp program in order to increase participation.⁶¹ Thus, beginning in 1971, and especially in 1975 when the courts began enforcing the “outreach” amendments, potential recipients received food stamp education.⁶²

Second, like AFDC or SSI, food stamps probably benefited from the conceptual after-effects of the War on Poverty which made welfare more acceptable. Certainly, in lieu of a very substantial guaranteed income, such groups as the NWRO encouraged the use of food stamps. Furthermore, and equally related to “outreach,” food stamps were given far more favorable press coverage than AFDC. That is, their use was specifically encour-

Table XI

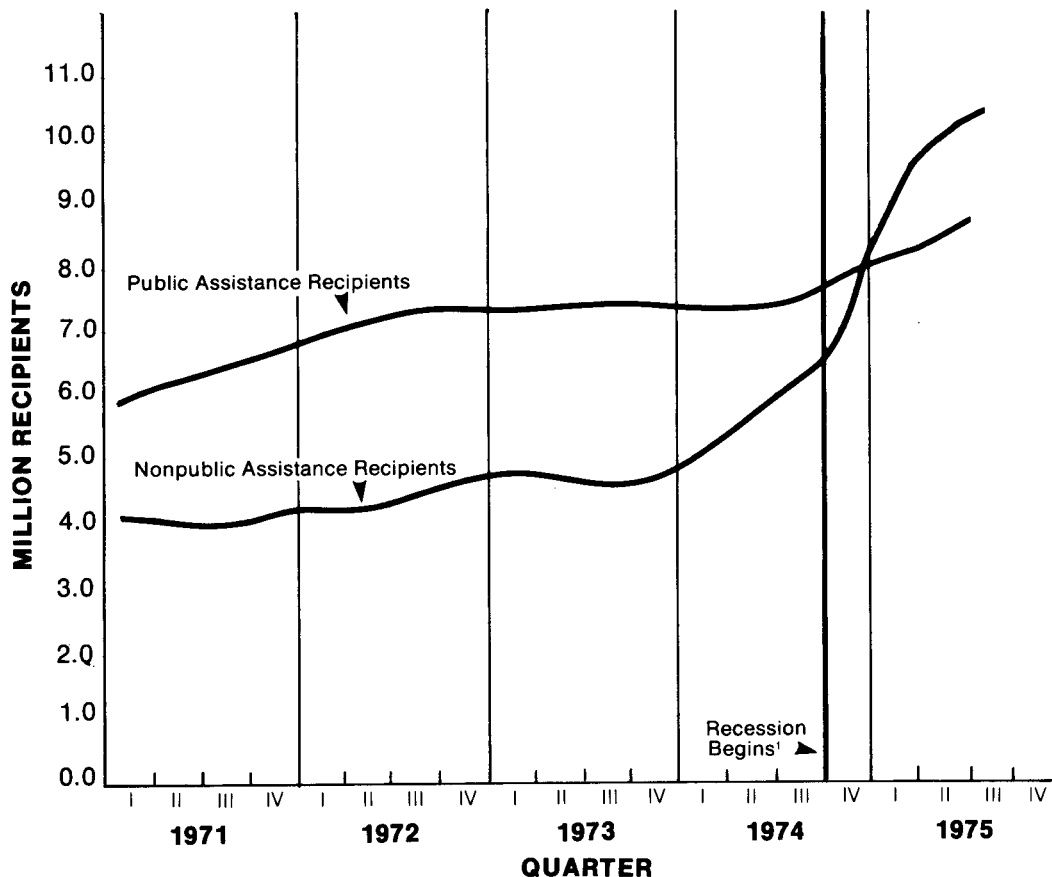
FOOD STAMP RECIPIENTS AND AVERAGE MONTHLY BENEFITS, 1970-77

Fiscal Year	Average Monthly Participation	Average Monthly Benefit
1970	4,300,000 persons	\$10.50 per person
1971	9,400,000	13.50
1972	11,100,000	14.00
1973	12,200,000	14.50
1974	12,900,000	17.50
1975	17,100,000	21.50
1976	18,600,000	24.00
1977	17,500,000	24.50

SOURCE: U.S. Library of Congress, Congressional Research Service, Education and Public Welfare Division, *Welfare Reform Background Paper: Data on Current Selected Programs*, 77-208 ED, September 12, 1977, p. 40.

Figure IV

**SEASONALLY ADJUSTED QUARTERLY AVERAGE NUMBERS
OF FOOD STAMP RECIPIENTS, PUBLIC ASSISTANCE AND
NONPUBLIC ASSISTANCE CATEGORIES**



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¹Official National Bureau of Economic Research starting point.

SOURCE: Maurice MacDonald, "Food Stamps: An Analytical History," *Social Science Review*, December 1977, p. 654.

aged and made to appear much less like welfare, prompting a great many of the working and elderly poor to apply for this in-kind benefit.

**FIRST SIGNS OF "BACKLASH:"
TIGHTENING THE RULES, 1976-78**

Despite the fact that food stamp usage had been both officially and unofficially encouraged, the program's incredible growth during the 1974-75

recession was more than many policymakers had bargained for. The initial sounds of alarm were voiced by the Republican Administration.

In January of 1976, President Ford proposed the first of a number of bills which would strive to reduce participation.⁶³ Two classes of beneficiaries were the targets of this and other proposed reductions. The first of these included households with incomes well above the poverty level. Because allowable deductions under the *Food Stamp*

Act were far more liberal than those which defined receipt of cash assistance, it was indeed conceivable that families with incomes as high as \$10,000 or more could be eligible for stamps. In fact, this seldom occurred but the possibility of its occurrence led to some memorable rhetoric, such as Treasury Secretary William Simon's declaration that the program was "a haven for chislers and rip-off artists."⁶⁴

Also coming under attack as "rip-off artists" were college students who, as individuals with individually low incomes, were eligible to participate in the program. In this case, "chisling" was accused because a number of the student recipients were the offspring of middle and upper income parents. As the cost of the Food Stamp Program rose, so too did the feeling that "mommy and daddy," not Uncle Sam, should pay the meal ticket.

The thrust of the Ford Administration bill clearly was toward reducing the number of participating one and two-person households (in other words, students) and "wealthier" households. This program trimming measure was to be accomplished by implementing a uniform stamp purchase price of 30% of household income.⁶⁵ The bill subsequently failed in Congress. Nonetheless, it set the stage for debate which would result in the third major reform of the Food Stamp Program.

The reform finally materialized with passage of the omnibus *Food and Agriculture Act of 1977*. Its primary thrust is to hold the line on program costs by reducing eligibility limits, strengthening work requirements, and improving administration at all levels.

Among the factors which distinguished the Food Stamp Program from cash public assistance was its high income eligibility levels. That is, net income limits were set higher than the poverty level. This policy, of course, was instituted in order to attract recipients. Several years later it was blamed for attracting too many recipients. Therefore, in order to deflate the burgeoning food stamp rolls, the 1977 amendments set net monthly income below the poverty level and reduced the

amount of assets that a household could possess.⁶⁶ According to USDA estimates, this could result in as many as 400,670 households being "scratched" from the rolls during the first four months of 1979.⁶⁷

Second, work requirements have been strengthened and, consistent with much of the "rip-off" rhetoric, the onus of this strengthening has come down heavily on college students. No longer automatically exempt, they must now fulfill special work registration requirements in order to qualify for food stamps.⁶⁸

Finally, the amendments offer incentives for improved program administration. Thus,

[p]rovision is also made for (1) Federal payment of 75% of the cost of food stamp-related investigations and prosecutions, and (2) an increase in the federal share of regular state and local administrative expenses (to 60%) if certain standards for improved administration are met.⁶⁹

Although the new amendments stress cost savings and participant reduction, at least two provisions will result in program improvements for current recipients and may result in additional demand for stamps. Most important in this regard, the law eliminates purchase requirements, long the bane of the very poor. Beginning in January of 1979, "[e]ach participating household's monthly food stamp allotment [will be] determined by reducing the maximum monthly allotment to which it would be entitled if it had no countable income by 30% of any countable income."⁷⁰ Further, the semi-annual benefit increase as mandated in the amendments is expected to raise food stamp benefits by 5% during the first month of 1979.⁷¹

According to Secretary of Agriculture Bob Bergland, the result of the combined liberalizations and program "retrenchment" will be "slightly higher benefits . . . for most of the 4.38 million families remaining and for thousands of elderly poor couples. . . . [Additional] families are expected to be attracted to the streamlined program."⁷²

FOOTNOTES

¹ Lawrence and Leeds, *op. cit.*, pp. 66, 144-52.

² *The Potato Control Act of 1935*, P.L. 72-320.

³ *Ibid.*, Section 32.

⁴ Maurice MacDonald, *Food, Stamps, and Income Maintenance*, New York, NY, Academic Press, 1977, p. 2.

⁵ *Ibid.*

⁶ Kenneth W. Clarkson, *Food Stamps and Nutrition*, Wash-

- ington, DC, American Enterprise Institute for Public Policy Research, 1975, p. 10.
- ⁷ MacDonald, *op. cit.*, pp. 2-3.
- ⁸ Clarkson, *op. cit.*, p. 10.
- ⁹ *Ibid.*, pp. 10-11.
- ¹⁰ Unless otherwise noted, most of the following two sections are based upon Randall B. Ripley's excellent history of the 1964 Food Stamp Act. Randall B. Ripley, "Legislative Bargaining and the Food Stamp Act, 1964," *Congress and Urban Problems*, Frederic N. Cleaveland and Associates eds., Washington, DC, The Brookings Institution, 1969, pp. 279-310.
- ¹¹ During this eight-year period, the only consistent support for a food stamp program came from Sen. George D. Aiken (R.-VT). Furthermore, the only legislative initiative during this period occurred in 1944 when Senators Aiken and LaFollette cosponsored a bill which would have reestablished the 1939 program. The Agriculture Committee took no action on the bill.
- ¹² Ripley, *op. cit.*, p. 281.
- ¹³ In 1957, the House Agriculture Committee refused to even report her bill and Sullivan was forced to bring it to the floor herself.
- ¹⁴ Ripley, *op. cit.*, p. 287.
- ¹⁵ Actually, the Eisenhower Administration had always had the authority to institute food stamp programs under Section 32 of the 1935 *Potato Control Act*.
- ¹⁶ Ripley, *op. cit.*, p. 288.
- ¹⁷ *Ibid.*, p. 289.
- ¹⁸ In fact, the first 26 pilot projects were all in Democratic districts.
- ¹⁹ Rep. Paul Findley as quoted in Ripley, *op. cit.*, p. 294.
- ²⁰ Rep. Clifford G. McIntire (R.-ME) as quoted in *ibid.*
- ²¹ Rep. Charles B. Hoeven as quoted in *ibid.*
- ²² United States House of Representatives, Committee on Agriculture, "Minority Report on the Subject of H.R. 10222," 88th Cong., 2nd Sess., March 9, 1964 as quoted in *ibid.*, p. 299.
- ²³ It might also stand out as a textbook case of timing and parliamentary maneuver. At 6 p.m. on April 8, the Republicans sought to delay action by requesting an engrossed copy of the bill. The Democrats, having anticipated such a move, could be assured of the copies within a few hours. Nonetheless, in the interim, debate opened on the wheat-cotton bill, meaning that that bill could well come up for a vote before food stamps. This, obviously, was an undesirable situation for food stamp supporters and they quickly informed the speaker of their dilemma. Thereupon, Speaker McCormack "interrupted the debate and declared a recess, acting under the agreement that was thought to involve only the recess for [paying respects to the body of General Douglas] MacArthur." When the House reconvened, an angry group of Republicans discovered that the engrossed copies of the food stamp bill were ready—so was the vote. *Ibid.*, p. 304.
- ²⁴ *Ibid.*, p. 306.
- ²⁵ *Public Papers, op. cit.*, August 31, 1964.
- ²⁶ *The Food Stamp Act of 1964*, P.L. 88-525, 78 Stat.
- ²⁷ MacDonald, *op. cit.*, p. 8.
- ²⁸ Even on this point, it could be argued that the states bear an enormous burden in administrative costs. Kenneth W. Clarkson estimates that in 1973 (a point at which the program had grown considerably) state and local food stamp operating costs were \$111 million, 30% higher than those of the federal government. Clarkson, *op. cit.*, p. 27.
- ²⁹ *Poverty, Malnutrition, and Federal Food Assistance Programs: A Statistical Summary*, prepared by the Senate Select Committee on Nutrition and Human Needs, 91st Cong., 1st Sess., 1969, p. 29.
- ³⁰ Steiner, *op. cit.*, p. 213.
- ³¹ *Ibid.*, p. 211.
- ³² Nick Kotz, *Let Them Eat Promises*, Garden City, NY, Doubleday and Company, Inc., 1971, pp. 1-18.
- ³³ *Beginning with Bennett v. Butz*, 1974, 386 F. Supp. 10-59, C.D. Minn.
- ³⁴ See for example, Kotz, *op. cit.*, pp. 1-18 and Steiner, *op. cit.*, pp. 220-32.
- ³⁵ Kotz, *ibid.*, pp. 5-6.
- ³⁶ *Ibid.*, p. 6.
- ³⁷ MacDonald, *op. cit.*, p. 9.
- ³⁸ *Hunger U.S.A., A Report by the Citizens' Board of Inquiry Into Hunger and Malnutrition in the United States*, New Community Press, 1968.
- ³⁹ The transcript of "Hunger in America" appears in the *Congressional Record*, 90th Cong., 2nd Sess., May 29, 1968, S6637.
- ⁴⁰ *Ibid.*
- ⁴¹ Kotz, *op. cit.*, p. 109.
- ⁴² As quoted in Steiner, *op. cit.*, p. 231.
- ⁴³ As quoted in *ibid.*
- ⁴⁴ Letter from Kirsten Grønberg, Associate Professor of Sociology, Loyola University of Chicago, Chicago, IL, May 1, 1979.
- ⁴⁵ MacDonald, *op. cit.*, p. 9.
- ⁴⁶ *Ibid.*, p. 12.
- ⁴⁷ Actual USDA outlays for the Food Stamp Program amounted to about \$5.5 billion in 1978. In fact, the Food and Nutrition Service of USDA which handles all of the domestic welfare food programs, experienced a total 1977 outlay of \$8.6 billion. Office of Management and Budget, *The Budget of The United States Government, 1980*, Washington, DC, U.S. Government Printing Office, 1979, p. 386.
- ⁴⁸ Just after the television program, thousands of letters were received by members of Congress and the President. Typical of these letters was one written by a mother who pleaded, "I have just put two well-fed children to bed . . . for God's sake, do something about those children!" Burke and Burke, *op. cit.*, p. 117.
- ⁴⁹ *Ibid.*, p. 118.
- ⁵⁰ In March of 1969, Nixon told Secretary of Agriculture, Clifford Hardin, "You can say that this Administration will have the first complete, far-reaching attack on the problem of hunger in history. Use all the rhetoric, so long as it doesn't cost any money." From the official White House minutes of the meeting. Kotz, *op. cit.*, p. 200.
- ⁵¹ As quoted in Burke and Burke, *op. cit.*, p. 119.
- ⁵² Nixon, "Family Assistance Plan," *op. cit.*, p. 23.
- ⁵³ Burke and Burke, *op. cit.*, p. 121.
- ⁵⁴ P.L. 91-671.
- ⁵⁵ Lynn, *op. cit.*, p. 77.
- ⁵⁶ P.L. 93-86.
- ⁵⁷ MacDonald, *op. cit.*, p. 10.
- ⁵⁸ Clarkson, *op. cit.*, p. 16.
- ⁵⁹ Maurice MacDonald, "Food Stamps: An Analytical History," *Social Science Review*, December 1977, p. 652.
- ⁶⁰ *Ibid.*, p. 654.
- ⁶¹ Clarkson, *op. cit.*, p. 16.
- ⁶² Sar A. Levitan, *Programs in Aid of the Poor*, 3rd ed., Baltimore, MD, The Johns Hopkins University Press, 1976, p. 76.
- ⁶³ MacDonald, *Food, Stamps, and Income Maintenance, op. cit.*, p. 109.
- ⁶⁴ As quoted in *ibid.*
- ⁶⁵ *Ibid.*
- ⁶⁶ Library of Congress, Congressional Research Service, Education and Public Welfare Division, "Welfare Reform Background Paper: Data on Current Selected Programs," 72-208 ED, September 12, 1977, p. 37.

⁶⁷ "New Regulations on Food Stamps are Spelled Out," *The Washington Post*, Washington, DC, Post Publishing Co., October 11, 1978, p. A4.

⁶⁸ Congressional Research Service, "Welfare Reform Background Paper," *op. cit.*, p. 37.

⁶⁹ In this case "standards" would be met if states reduce error rates. *Ibid.*, p. 38.

⁷⁰ *Ibid.*, p. 34.

⁷¹ *Washington Post*, October 11, 1978, *op. cit.*

⁷² Paraphrased in *ibid.*

Picking up the Remnants of The Better Jobs and Income Plan: The Limits of Reform from H.R. 9030 to S. 3498

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BARRIERS TO REFORM

In a 1973 study, Henry J. Aaron, then of The Brookings Institution, queried, "Why Is Welfare So Hard To Reform?" His introductory remarks, as appropriate today as they were six years ago, bear repeating in detail:

Many quarrel with [the] definition of reform, but few question the . . . judgement that the existing welfare system requires extensive change. Welfare has been indicted for encouraging family dissolution, promoting illegitimacy, degrading and alienating recipients, papering over the sins of a society that generates poverty, shielding the dissolute and lazy from their just desserts, failing to support life by providing too little assistance, and fostering sloth by providing too much. Conservatives, liberals, and radicals unite in attacking the welfare system but divide over its specific faults.

Much of the controversy about the welfare system and welfare recipients rests on unresolvable ethical and philosophical differences, and some of it on persistent, if unconscious, racial and ethnic prejudice. Welfare recipients are disproportionately black, Chicano, and Puerto Rican. Adult recipients are largely deserted mothers and mothers of il-

legitimate children—and illegitimate mothers and their children continue to provoke antipathy. Furthermore, welfare recipients are less likely to vote than other groups, a fact well known to elected officials. As one observer noted in explaining why welfare for the aged commands greater support and generates less controversy than welfare for children and their mothers, "Perhaps the most crucial difference . . . is that the aged poor are primarily white, they vote, and they don't have illegitimate children."* The most basic reason why welfare reform is difficult to achieve is that welfare recipients are politically unpopular and weak, and socially set apart from the great mass of the population.¹

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Nor is the long-standing political unpopularity of the welfare clientele the only factor that stands in the way of effective welfare reform. The list of variables which continually block reform is almost endless—many components based on psychological and philosophical subtleties too elusive to pinpoint. Nonetheless, a few barriers to reform may be suggested by previous sections.

First, the welfare "system" is composed of a plethora of virtually unconnected cash, in kind, and service programs—confusing and sometimes unintelligible to recipients, administrators, and lawmakers. (See *Table XII*.) The enormity of this chaotic situation was summed up by former Secretary of Health, Education, and Welfare, Joseph A. Califano:

We know that our present welfare system is an administrative nightmare. Administration and policy control for existing programs fall within the jurisdiction of nine federal executive departments, 21 Congressional committees, 54 state welfare agencies, and more than 3,000 local welfare offices.

The complexity of the rules and regulations is legendary. The forms used by the Los Angeles welfare department, for example, measure 70 feet long when laid end to end—the manuals stack 6 feet high. In Atlanta, 229 separate forms are used in the AFDC application process. Welfare offices and poor Americans are buried in a demoralizing blizzard of paper all over the country. And each assistance program has separate and different forms, eligi-

bility requirements, benefit schedules, regulations, and administrative policies and procedures. . . .²

Such chaos, easy to create and easy to ignore, requires a monumental effort to reform.

Second, the terms and limits of work requirements, the final "panacea" for the realization of the withering away fallacy, remain the subject of constant debate. Thus, policymakers and recipients alike argue between and among themselves over a series of instrumental questions including: who should work, who should provide work, what should be the incentives (and sanctions) to work. These questions, in turn, touch upon fundamental notions regarding the virtues of private versus public employment; the relationship of a father and mother to their children; and, indeed, the value to the individual and society of work for work's sake.

Third, the facts of welfare policy appear to indicate that any far-reaching reform will include substantial cost increases, at least in the short run. Difficult to justify in the best of times, such increases tend to be perceived as politically unwise in times of high inflation; as political suicide in an election year. The problem, thus, was put succinctly in 1978 by the chairman of the House Ways and Means Committee, Al Ullman (D-OR), "We are in May of an election year and all the options that might otherwise be possible are not available to us. We cannot get \$20 billion welfare reform under any circumstances. That just cannot be done."³

Fourth, and crucially related to the third point, opposition to welfare programs and recipients may be increasing among the public—in particular, among its most politically active and viable segments. In his article, "Will Public Attitudes Defeat Welfare Reform?" Arthur H. Miller of the Center for Political Studies concludes that while

. . . opposition to particular public welfare programs has not increased during the recent past. . . , the public is deeply divided over these policies with nearly equal proportions of the population supporting and opposing the programs. . . .

. . . [However], attitudes toward people on welfare have become noticeably more negative. Between 1972 and 1976 the proportion

of the population expressing a negative attitude toward welfare recipients increased from 30 to 37%.⁴

In addition, and especially significant, was the source of this opposition:

...opposition to [welfare] programs came primarily from the upper middle class, the most politically active subset of the population. Thus, politicians who may personally favor more liberal welfare policies are unlikely to support such legislation because of their concern over possible electoral consequences.⁵

In fact, negative public attitudes about government spending on welfare may be becoming slightly more pervasive in the wake of the so-called "tax-cut fever." In an October 1978, public opinion poll conducted for Time Inc., by Yankelevich, Skelly, and White, 51% of the sample indicated that it felt government was spending too much on welfare.⁶ According to *Table XIII* welfare stands in stark contrast to all but foreign aid as an area where too much government spending is perceived and was alone among the listed domestic programs receiving this unwelcomed distinction.

Whether these polls are indicative of a new, long-range, and escalating middle class antipathy toward welfare and its clientele is somewhat doubtful. Welfare has weathered its ups and downs in the past. Historically, it has always been imbued with a negative connotation by nonrecipients and recipients alike and, at the very best, has been a continual source of public ambivalence. Moreover, according to Kirsten Grønberg, "[P]ublic assistance is uniquely at the crossroads of major American public ideologies: humanitarian impulses and the laissez faire state, which makes it particularly difficult to get welfare reform off the ground, because it will almost invariably be caught in the middle."⁷ The significance of such polls, then, lies primarily in their short-range impact upon policymakers. The "May of an election year" is no time to test the reliability of poll results nor the staying power of public opinion.

Fifth, and particularly important in the past, are the problems of government jurisdiction over welfare. Consciously built upon the principle of ultimate state responsibility, the bulk of the now massive federal role in cash public assistance has

remained financial. AFDC is still very much a state program or, more properly, 54 separate programs. Yet, most large-scale reform proposals would federalize AFDC and, to some degree, it remains a point of contention whether such transference would overburden Washington, while leaving too little prerogative to the states and their localities.⁸

Sixth, since 1935 the federal role in at least cash assistance has grown incrementally.⁹ And, incremental progression, once established, tends to be resistant to massive changes. This incrementalism (in the forms of formula adjustments and benefit increases), in turn, has been spawned not by any Congressional desire to eventually "enlarge" or federalize welfare but, rather, in an attempt to provide periodic fiscal relief to the states. Such a policymaking rationale is not the stuff of radical reform.

PRESIDENTIAL PROPOSAL, CONGRESSIONAL ALTERNATIVES: JIMMY CARTER, THE 95th CONGRESS, AND WELFARE

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In September of 1977, President Carter submitted to Congress a welfare reform plan for "Better Jobs and Income." In some ways the proposal bears striking similarities to both the Nixon-Moy-nihan Family Assistance Plan and the Weinberger-Griffith Income Supplement Program. Certainly, it lends continuity to executive branch (if not Presidential) attempts throughout the 1970s to reform welfare. And, significantly, it seems to bear at least one other similarity to its two predecessors—the propensity for failure. In this respect, it is rife with contemporary examples of the impediments to welfare reform.

Developing Reform

In January of 1977, following his inauguration, President Carter instructed Secretary of Health, Education, and Welfare Joseph A. Califano, to begin the process of developing welfare reform legislation. In an obvious move to head-off the sort of dissension and factionalism to which FAP was eventually subjected, he further mandated an "open" consulting process, designed to be accomplished through public hearings, regional "town meetings," and open weekly discussions. In addition, the group, itself, was widely representative—representative, that is, of government. In-

cluded on the planning committee were representatives from nine federal executive branch bodies (Departments of Health, Education, and Welfare, Housing and Urban Development, Labor, Agriculture, Treasury, and Commerce and the Office of Management and Budget, the Council of Economic Advisors, and the White House staff); six Congressional committees (House Committees on Ways and Means, Education and Labor, and the Budget, and Senate Committees on Finance, Human Resources, and the Budget); and the "New

Coalition" of state and local governments (the National Governors' Association, the National Conference of State Legislatures, the National Association of Counties, the National League of Cities, and the U.S. Conference of Mayors). Given the most vocal opposition to Nixon's welfare proposal, the omission of any welfare recipients appears rather glaring in retrospect. Yet, it was only after considerable pressure that HEW finally permitted the Legal Services Corporation to select three recipient representatives.¹⁰

Table XII

PROGRAM DESIGN OF AFDC, SSI, AND FOOD STAMPS, SEPTEMBER 1977*

	Aid to Families With Dependent Children (AFDC)	Supplemental Security Income	Food Stamps
Accounting Period	State discretion. Usually monthly prospective.	Quarterly, prospective.	Monthly, prospective.
Filing Unit	Single parent families with children; incapacitated parent (with spouse in all but three states) and children; unemployed father with spouse and children in 26 states, D.C., and Guam.	Eligible individual or eligible and eligible spouse.	Household.
Assets Test	Home value at state discretion. Other assets at state discretion up to \$2,000 per family member.	Value of home is excluded.	\$1,750 per household, \$3,000 for households with elderly persons.
Work Requirement	Able-bodied recipients must register for work. Exempt are mothers of children under six and certain other persons.	No provision.	Able-bodied persons must register for work, fulfill "job search" requirements, and accept suitable job offers. Exempt are persons caring for children under 12 and certain others. Separate work rules for college students. Persons who voluntarily quit a job are ineligible for 60 days.

In April the committee handed the President four broad proposals embracing all the major means of reforming the welfare system from a federal guaranteed income to incremental tinkering with existing programs. Presumably, Carter would have about a month to decide on the best proposal. And, from this presumption stemmed the first Carter-Congress welfare misunderstanding.

On May 4, Califano presented to the Subcommittee on Public Assistance and Unemployment Compensation of the House Ways and Means

Committee the President's welfare reform statement. The statement, which relied heavily on generalities and the usual array of welfare goals, was disconcerting to subcommittee members who, apparently, had fully expected concrete proposals. Thus, Rep. Charles B. Rangel (D.-NY) complained:

I have studied the President's statement attached to your testimony and I don't think anyone can disagree with the objectives there. It is what every American would want, but

Table XII (cont.)

PROGRAM DESIGN OF AFDC, SSI, AND FOOD STAMPS, SEPTEMBER 1977*

	Aid to Families With Dependent Children (AFDC)	Supplemental Security Income	Food Stamps
Financing	Open-ended federal appropriations for 50% to 78% of each state's payments. Federal funds pay 50% of cost of state-local administration.	Federal general revenues. State supplementary payments are state financed and administrative costs are federally funded if the state supplement is federally administered.	Open-ended federal appropriation. States and localities pay 50% of their administrative costs.
Administration	State administration or (18 states) local administration under state supervision.	Federal administration through Social Security Administration regional and field offices.	USDA administers through state and local welfare offices.
Benefit Reduction Rate for Earnings	Disregarded: First \$30 plus one-third of the rest plus work-related expenses.	Disregarded: First \$65 plus one-half of the rest.	Benefits are reduced by 30% of net income after deductions.** A flat 20% of earned income is deductible.
Maximum Benefit Level	State discretion. Range (July 1976) \$60 in Mississippi per four-person family to \$514 in Hawaii and \$476 in New York.	Maximum federal benefits in July 1977, \$177.80 per individual and \$266.70 per eligible couple. States may supplement.	Varies by family size (July 1977): 1 person \$52, 2 person 94, 3 person 134, 4 person 170.
Form of Benefit	Cash grants.	Cash grants.	Monthly food stamp allotment.

* Includes only the three programs studied in this chapter. Excludes Medicaid, housing assistance, other food programs, the array of social services, special categorical assistance, and state general assistance all containing still different administrative, financial, and qualifying requirements!

** Each household receives a standard \$60 monthly deduction. In addition, up to \$75 monthly may be deducted for each excess shelter costs and/or dependent care expenses.

SOURCE: U.S. Library of Congress, Congressional Research Service, Education and Public Welfare Division, "Welfare Reform Background Paper: Data on Current Selected Programs," 77-208 ED, Washington, DC, U.S. Government Printing Office, September 12, 1977, p. 9.

Table XIII

HOW DO YOU FEEL ABOUT GOVERNMENT SPENDING ON

	Too Much	Too Little
Foreign Aid	72%	4%
Welfare	51	25
Defense	27	31
Education	22	45
Health Care	17	51
Crime	9	59

SOURCE: "The Tax-Slashing Campaign: Wishing More for Less," *Time*, New York, NY, Time, Inc., October 23, 1978, p. 29.

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there is no program. You have not given us any assistance in determining action except for a stronger America and jobs for those who can work; be honest and eliminate fraud; at some unpredictable time give assistance to state and local governments and job programs.

What I don't understand is how was the President able to get a handle and a fix on the complex defense budget, and how was he able to pull together in such a short period of time legislative recommendations for an energy program, and as it relates to welfare reform, he is merely stating what Gerald Ford and everybody have said, is what should be the goal of Congress.¹¹

Or, stated more succinctly by Rep. Guy Vander Jagt (R.-MI):

...I think the President or you [Califano] could have sat down New Year's afternoon and written those down, who isn't for fairness, and who isn't for equity?¹²

One day later, the scene was repeated in the Subcommittee on Public Assistance of the Senate Finance Committee where the members reportedly exuded sarcasms such as: "it was very nice of the Secretary, thank you, to tell us what the problem is, but could he now tell us what he proposed to do about it."¹³ The "what to do about it"

component would not be forthcoming for four more months.

After publicly announcing the outline of his program in August, Carter finally presented a legislative package to Congress in September of 1977. Indeed, Congress was far more prepared for this "go-around" at reform than it ever had been in the past. As evidence of this initial eagerness to tackle welfare, the House of Representatives initiated a special 29-member Subcommittee on Welfare Reform composed of members from Ways and Means, Agriculture, and Education and Labor under the tutelage of Rep. James C. Corman (D.-CA). The bill, introduced as H.R. 9030, was subsequently sent to the Senate as S. 2084. Ironically, though not by accident, the man responsible for welfare reform in the Senate was the chairman of the Subcommittee on Public Assistance, now Sen. Daniel Patrick Moynihan (D.-NY).

The Carter "Program for Better Jobs and Income" was actually a restatement of several previous welfare reform proposals and employment plans. Furthermore, it was a policy "restatement" which combined the most comprehensive features of its predecessors. Thus, its job component was more pervasive and more intense; its cash component larger and more inclusive.

Although the content of this chapter is largely confined to cash and, to a lesser extent, in-kind assistance, the linkage between jobs and assistance makes it necessary to briefly describe the employment component of the Carter reform package.¹⁴ For well over a decade, policymakers have retained their firm commitment to the notion that the availability and attractiveness of employment would eventually rid the welfare rolls of nearly all but the disabled and aged. This solution or myth (depending upon one's point of view) has manifested itself in a variety of programs from the first Job Corps to WIN. The Carter proposal presents yet one more variation.

To admittedly oversimplify, the program utilized two basic work proposals. The first would "create up to 1.4 million public service jobs for the primary earner in families with children."¹⁵ In order to insure that such jobs would not become insitutionalized, they would be available to an individual participant for no more than one year's time. Upon completion of the year-long public service job, a participant would be expected to spend at least five weeks searching for a job in the private sector. The program would be

administered by CETA prime sponsors¹⁶ and existing state employment service offices. Of course, willingness to accept jobs would determine the level of assistance eligibility.

The second job proposal primarily was designed to make private employment more attractive than public jobs. This would be accomplished through expansion of the Earned Income Tax Credit (EITC).¹⁷ "Specifically, the proposed EITC will maintain the 10% added payment on earnings up to \$4,000, as under current law. It will add a 5% supplement to earnings from \$4,000 up to the point at which cash assistance benefits stop. Thereafter it will phase out."¹⁸ This incentive would be provided only to private sector workers over and above cash supplements. Presumably, then, the private sector employee, working for the same wage as the public employee, would ultimately receive more money.

More important for the purposes of this paper is the cash assistance component of the "Better Jobs and Income Act" (BJIA). Proposed as an amendment and new Title XXI to the *Social Security Act*, it sought to *consolidate AFDC, SSI, and the Food Stamp Program into a single cash system*. Other major features of the cash component would:

- Permit families headed by two parents to receive income supplements if the husband's earnings are insufficient to support the family;
- Provide a basic federal benefit floor [\$4,200 for a family of four] for all persons, which will substantially increase income support in [low benefit] states;
- Provide for a transition period of three years after the new rules go into effect during which federal support will help states maintain benefits to particular recipients of current programs;
- Provide for a three-year preparatory period before the new rules go into effect, during which a centralized computer system will be constructed. States, at their option, may perform intake for the new consolidated program. The federal government will compute benefits and make payments; and
- [Overlapping with the jobs component,] expand the Earned Income Tax Credit for workers in private sector and regular pub-

lic sector jobs as a supplement to the income of low wage earners and as a positive incentive for the maintenance of their work effort.¹⁹

Thus, the program would guarantee income, cash out food stamps, and, most important, federalize the bulk of the welfare system. It was, of course, bound for trouble.

Diluting Reform: A Case of Political "One-Down'-manship"

TO EACH HIS OWN (OBJECTION)

From the outset, BJIA produced advocates, opponents, and a significant collection of interests who seemed not to know what they wanted. Naturally, the Administration, along with its Congressional sponsors, Corman and Moynihan, favored the bill. Furthermore, the New Coalition proved to be among its most ardent supporters for the program offered the ultimate in fiscal relief for states and localities—the federalization of major benefit and administrative costs. It is, after all, the anomaly of welfare in the 1970s that it stands almost alone among major programs as the one which no government really wants.

Opponents of the program first materialized in Congress. Unfortunately for the life of the bill, they were powerful opponents indeed. Thus, the similarities between BJIA and FAP forewarned of the opposition of Sen. Long. Nor was Rep. Ullman any more receptive, a stance which in time translated into the introduction of his own bill.

Yet, the real nemesis of the program was not the initial opposition of powerhouses, Ullman and Long. Rather, they were: (1) the half-hearted supporters and ambivalent commentators, unwilling to discard the entire program but each critical of certain component parts; (2) the costs which rose in an election year from estimate to estimate and source to source; and, (3) finally, the Administration's own delay in presenting the program and its over extension into other foreign and domestic policy areas which eventually sapped BJIA of critical and sustained Presidential support.

Those who voiced criticism of at least certain components of BJIA were representative of nearly every major group which could be expected to have an interest in welfare policy. Thus, some

welfare recipients opposed the program because the public jobs component proposed to pay the minimum wage rather than higher prevailing wage rates;²⁰ others opposed unclear day care provisions²¹ and the idea of requiring mothers of school aged children to work at all; still others, described the \$4,200 cash grant as “lousy.”²²

Neither was labor entirely receptive to the Carter plan. It too opposed the minimum wage requirement on the grounds that it “would create a second-class workforce and would undercut the wages of regular workers.”²³ Most vociferous in its opposition was the AFL-CIO’s American Federation of State, County, and Municipal Employees (AFSCME) whose President, Jerry Wurf, testified that,

98 The placement of 1.4 million minimum wage workers in the public sector will undermine employment standards, fragment government services, create a dual structure of second class workers, and play havoc with public sector labor relations.²⁴

Furthermore, for a time, the issue united labor and business which feared “that the number of subsidized jobs inevitably would be expanded until the government became the ‘employer of first resort’.”²⁵

Rounding out the list of ambivalent commentators and sometime opponents were social workers who decried the basic benefit level and certain portions of the job program; policy research organizations such as the Institute for Research on Poverty which offered half-hearted endorsement at best and labeled the jobs component “fraught with uncertainty, and the possibility of . . . ineffective[ness];”²⁶ and professional associations such as the National Academy of Public Administration which warned against federal administration, cashing out food stamps, and the package inclusion of SSI.²⁷

Like most who seek to reform welfare, President Carter chose to make costs an issue. As early as May of 1977, when he presented his 12 welfare goals to Congress, Carter listed as number one among those goals: “No higher initial cost than the present systems.”²⁸ In the succeeding months it became clear that this would have been better left unsaid.

By the time BJIA reached Congress, the Administration already had changed its mind about cost

containment. In September of 1977, four months after its first cost goal had been articulated, the Carter Administration was claiming an increase over current costs of \$2.8 billion excluding the additional price tag of an expanded EITC.²⁹ Nor was this figure the final estimate, for by April of 1978, Administration officials were saying that the September \$2.8 billion figure had been an honest, albeit \$6 billion, mistake.³⁰ In seven months, the Administration’s additional cost figure had risen to \$8.77 billion. Furthermore, the Congressional Budget Office (CBO) found itself in slight—\$8.43 billion—disagreement with Carter. In the same month of 1978 its own estimates of the additional cost of BJIA stood at \$17.2 billion.³¹ In May of 1977, the President had made program costs the number one welfare issue—unfortunately for Pres. Carter, one year later, it was still number one.

Finally, it would appear that the Administration’s commitment to welfare reform slackened as the debate wore on. Standing at least a poor 12th on the list of Presidential priorities, it lagged behind energy legislation; inflation; civil service reform; tax reform; Mideast peace, on the one hand and Mideast weapons sales, on the other; creation of an urban policy; the ERA extension; Panama Canal treaties; full employment a la Humphrey-Hawkins; and of course, the election of a Democratic Congress. Welfare reform seemed almost fated to complete its 95th Congress life on the backburner—the victim, once more, of its powerless, unpopular constituency.

TO EACH HIS OWN (REFORM)

Almost four months before the 95th Congress ended its second session on October 15, 1978, it was clear that the Carter welfare reform bill was a dead issue. Yet, before and after the death of BJIA, Congressional proposals of nearly every ilk “de-escalated” the content of reform toward an acceptable cost and content level.

As important as any transitory factor in the demise of BJIA was the Administration’s late introduction of the bill. Very simply, by the time the Corman subcommittee had completed its markup of H.R. 9050, it was February of 1978—February, that is, of an election year. Furthermore, the Special Welfare Reform Subcommittee’s clean version of BJIA—H.R. 10950—was even more costly than the original, bearing an additional 1982 pricetag of \$20.22 billion.³² Nor was this accom-

plished without considerable division in the ranks. Thus, a December subcommittee vote, taken over the issue of cashing out food stamps, was uncomfortably close at 16-12. Even more significant, three of the subcommittee's five Agriculture Committee members (including the chairman) voted against the cash out, expressing their own commitment to the major program overhaul they had just completed.³³

The dissension of the Agriculture Committee members was further exacerbated by the position to Al Ullman who, as chairman of the Ways and Means Committee, automatically sat on the subcommittee and, therefore, became, de facto, its most powerful member. Having opposed most of the bill's key elements from the beginning, Ullman had no intention of limiting his opposition to subcommittee votes. Rather, he introduced his own "Welfare Reform Act of 1977," H.R. 10711, an incremental adjustment to the present welfare system which retained all the existing programs. Ullman's bill was completed seven days before the introduction of Corman's H.R. 10950.

By the end of February 1978, the original Administration bill, now in the safekeeping of Sen. Moynihan as S. 2084, had been joined by two new bills, H.R. 10950 (Corman) and H.R. 10711 (Ullman).³⁴ This, of course, left the Senate lagging 2-1 in welfare reforms, a situation which was corrected the following month.

On March 22, Senators Howard Baker (R.-TN), Henry Bellmon (R.-OK), Abraham Ribicoff (D.-CT), Mark O. Hatfield (R.-OR), Ted Stevens (R.-AK), John C. Danforth (R.-MO), and Milton R. Young (R.-ND) introduced S. 2777, the "Job Opportunities and Family Security Act of 1978." Like the Ullman bill, the so-called Baker-Bellmon bill retained all of the existing welfare programs. The reform component appeared in the establishment of a minimum payment for AFDC recipients and extension of AFDC-U to all states.³⁵ And, then there were four.

Between April and late June, the Administration and Congress began the process of compromise for by the Spring of 1978, the prospects of BJIA's passage were dim and growing dimmer. Three key committee chairmen stood in firm opposition: Ullman opposed to the cost; Long opining that, "you don't need any more people on welfare;"³⁶ and Thomas S. Foley (D.-WA), chairman of the House Committee on Agriculture, against the cashing out of food stamps. Reform

had, thus, de-escalated. S. 2777 (Baker-Bellmon) and H.R. 10711 (Ullman) had replaced S. 2084 (Moynihan) and H.R. 10950 (Corman) as the keys to reform.

Having agreed upon at least a few basic components, the Administration-Congressional compromise talks were expanded in May to include a representative of the New Coalition, the Democratic Governor of Massachusetts, Michael A. Dukakis. According to *Congressional Quarterly* and *National Journal* reports,³⁷ Dukakis' presence and the New Coalition's commitment to massive fiscal relief (particularly in the form of BJIA) gave the talks a new lease on life. But it was a lease issued too late. Paralleling the history of FAP, time had run out for large-scale welfare reform—it had floundered too long. On June 22, 1978, Speaker of the House Thomas P. O'Neill (D.-MA) declared the death of welfare reform. According to O'Neill, "...there isn't any point in bringing up even a truncated version of the President's bill which in any case would have rough going in the House's present budget-cutting mood."³⁸ BJIA was dead, but welfare, not yet forgotten.

Six days after the House of Representatives announced the termination of its efforts to reform welfare, Senators Daniel Moynihan and Alan Cranston (D.-CA) introduced a "no-frills" welfare bill, "The State and Local Welfare Reform and Relief Act of 1978." Far from a reform in the guaranteed income sense, the major innovation of S. 3470 involved the replacement of the open-ended AFDC funding mechanism with a two-part block grant:

The first part of the block grant to each state would be based on the actual federal funding provided to that state for its AFDC costs in fiscal 1978. The second part of the block grant would be a fiscal relief element allocated among the states in proportion to their June, 1978, AFDC expenditures and in proportion to their General Revenue Sharing allocations. (This is essentially the same formula used to allocate the fiscal relief payment provided for in the 1977 *Social Security Amendments*.) Both elements of the block grant would be updated annually to reflect changes in the cost of living. For fiscal year 1980 (the first full fiscal year) the fiscal relief element is estimated to total \$1.5 billion.³⁹

Thus, in effect, the Moynihan-Cranston "no-frills" approach would institutionalize a new form of

providing fiscal relief, via welfare, to the states through the block grant funding mechanism, replacing the 43-year-old open-ended approach.⁴⁰ A structural reform at best, S. 3470 claimed little for recipients other than an increase in EITCs and the provision of incentives to private employers who hire welfare recipients. It was, then, a welfare bill for the near or working poor rather than the very poor.

Of course, the inclusion of an expanded EITC and the low cost features of the bill assured it of the full support of Russell Long. "The new bill has exactly what Long wanted, and nothing that he doesn't want. Any trading that will be done will be done on his terms."⁴¹ Subsequently, Long became a co-sponsor of the bill. In the waning days of the 95th Congress, welfare "reform" had de-escalated as far as it could.

100 Although its own bill was dead, the Carter Administration was forced, once again, to enter the welfare fray—this time as a negative participant. Denouncing the Moynihan-Cranston-Long "no-frills" plan as a "substantial roadblock"⁴² to welfare reform, the Administration, in turn, prompted a series of angry replies from its former welfare ally, Sen. Moynihan.⁴³ Nor was the Carter Administration the only adversary to whom Moynihan was forced to reply. Spokespersons for the New Coalition, precisely the group that S. 3470 was designed to help, accused the so-called reform of being "a case of false advertising,"⁴⁴ a fiscal nightmare for counties,⁴⁵ and a disincentive to low benefit states.⁴⁶ According to Mary Marshall, spokesperson for the National Conference of State Legislatures, "One must be happy with half loaves when whole loaves are not available, but this is half of the wrong loaf."⁴⁷

In a truly last ditch effort to defray support from the Moynihan-Cranston-Long bill and to set the stage for debate in 1979, Sen. Edward M. Kennedy (D.-MA) introduced the last in the 95th Congress' long series of welfare reform bills (S. 3498) on September 14, 1978. Immediately endorsed by the Carter Administration, the New Coalition, and AFL-CIO, the Kennedy bill retained the basic structure of the welfare system. AFDC, SSI, and food stamps would all remain intact. Thus, the bill was a genuine middle ground compromise:

... [S. 3498] would establish a minimum national benefit level of 65% of the poverty level, mandate coverage to "intact" families

[AFDC-U], establish a new set of "rights and responsibilities" for welfare recipients, provide fiscal relief for states and localities through increased federal payments for Aid to Families with Dependent Children (AFDC), establish incentives and penalties designed to improve administration and cut down errors, and expand the Earned Income Tax Credit for the working poor.⁴⁸

With an estimated \$7.1 billion cost for fiscal year 1979 (\$11 billion less than the Administration's proposal), the Kennedy plan or some variation thereof, appeared to be the most likely candidate for passage in the 96th Congress.

Killing Reform

The final days of the 95th Congress have been called everything from unusually and positively productive to frantic, frenzied, and chaotic. By all accounts, those days were distinguished by the passage of good or bad (depending upon perspective) but, at any rate, major legislation on energy, tax reduction, imports, agency appropriations, and full employment—all within an incredibly short, almost unprecedented, period of time. One piece of legislation, however, was notable by its absence. In its final days, the 95th Congress did not pass welfare reform—the subject never even came up.

Welfare reform floundered and died in the period 1977-78 because of a legislative sequence which began with delayed introduction and ended going no further than committee. In between it was the victim of a kind of group anarchy, in which each of several critical interests sniped idiosyncratically at the particular component it most disliked. Thereafter, cost estimates escalated and succeeding proposals deescalated until reform became an empty word used to describe any change in any part of the welfare system. Mostly, however, welfare reform died because no one was willing to pay the price (in the end, any price) in an election year—particularly, an election year which came to be dubbed, whether correctly or incorrectly, as the "Year of the Middle Class Taxpayers' Revolt."

Welfare Reform in the 96th Congress: A Postscript

Like the second session of the 95th Congress,

the first session of the 96th has been, at least thus far, an inauspicious one for welfare reform. Three major proposals, all offshoots of 1978 bills, compete for Congressional attention. And, as was the case in 1978, Congressional attention is largely focused elsewhere.

Major components of the "Job Opportunities and Family Security Act of 1978" are now embodied in the Rangel-Javits "Family Security Act of 1979," while the Moynihan-Cranston-Long "no-frills" block grant plan has had its reincarnation in the 1979 Rousselot-Long "Family Welfare Improvement Act." However, nowhere is a measure of the times (or, for that matter, the fate of welfare reform generally) more apparent than in the vastly scaled-down Administration bill. Announced on May 23, 1979, the "Social Welfare Reform Amendments" (SWRA) differ considerably from the "1978 Better Jobs and Income Plan," including the fact that the new amendments have the critical support of Ways and Means Chairman Ullman.

In some ways resembling the 1978 Kennedy welfare reform bill, the Carter Administration's 1979 offering would: (1) add only \$5.7 billion (\$3.5 billion if the jobs component is excluded) to current welfare expenditures, at least \$12 billion less than BJIA; (2) keep all current welfare programs intact, as opposed to BJIA's proposed phasing-out of food stamps and consolidation of AFDC, SSI, and food stamps; (3) mandate a national minimum AFDC payment but not federalize welfare; and (4) provide only 600,000 new jobs, instead of the original 1.4 million.

On September 20, 1979, the House Ways and Means Committee reported out its final version of the "Social Welfare Reform Amendments"

(SWRA), H.R. 4904. The bill's major changes over present law include: (1) requiring a national AFDC minimum payment equal, on October 1, 1981, to 65% of the poverty level; (2) mandating to all states the now optional AFDC-Unemployed Parent Program (note also, that the program would be changed from Unemployed Father to Unemployed Parent); (3) replacing the "30 plus one-third" earnings disregard with a 20% of gross monthly earnings and \$160 child care disregard; (4) increasing the EITC; and (5) cashing-out food stamps for some SSI recipients and instituting a pilot study of payments in lieu of food stamp benefits for AFDC recipients.⁴⁹

Like everything in the short-run political environment, the fate of SWRA is highly uncertain. In favor of the Administration's bill are its relatively low cost estimates; the support of Chairman Ullman; the fact that if nothing is done about welfare in 1979, it is hardly likely that any changes will occur in 1980, a Presidential election year; and, perhaps most important, its overall nonradical, welfare-as-usual form.

Boding ill for SWRA, however, are some equally strong factors including its failure to reach the floor of either chamber before the October recess; the opposition of Senate Finance Committee Chairman Long; two competing Senate welfare reform bills, including Long's; the presence of other, more Congressionally salient issues; and the general Congressional reticence to alter the basic structure of public assistance, no matter how minutely. In the autumn of the year, welfare reform a la 1979 may, in fact, be less a postscript to 1978 than a mirror image of that year and the 42 years preceding it.

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FOOTNOTES

¹ Henry J. Aaron, "Why Is Welfare So Hard To Reform?" *Studies in Social Economics*, Washington, DC, The Brookings Institution, 1973, pp. 1-2.

² Joel F. Handler, "Federal-State Interests in Welfare Administration," paper prepared for delivery at the Joint Economic Committee-Institute on Poverty Conference on Income Maintenance Programs, July 1972, processed, p. 8.

³ U.S. Congress, House, Committee on Ways and Means, *The President's Welfare Reform Statement and the Welfare Reform Report Prepared by the Department of Health, Education, and Welfare for the President, Hearings*, before the Subcommittee on Public Assistance and Unemployment Compensation, 95th Cong., 1st sess., May 4, 1977, p. 10.

⁴ Martin Donsky, "Congress Could Approve Welfare Reform Bill in 1978, Key Figures in Debate Say," *Congressional Quarterly Weekly Report*, Washington, DC, Congressional

Quarterly, Inc., May 20, 1978, p. 1250.

⁵ Arthur H. Miller, "Will Public Attitudes Defeat Welfare Reform?" *Public Welfare*, Vol. 36, No. 3, Washington, DC, American Public Welfare Association, Summer 1978, p. 50.

⁶ *Ibid.*, p. 49.

⁷ "The Tax-Slashing Campaign: Wishing More for Less," *Time*, New York, NY, Time, Inc., October 23, 1978, p. 29.

⁸ Letter from Kirsten Grønberg, associate professor of sociology, Loyola University of Chicago, Chicago, IL, May 1, 1979.

⁹ Increasingly, it appears that the new spokespersons for the states and localities, the members of the New Coalition (the National Governors' Association, the National Conference of State Legislatures, the National Association of Counties, the U.S. Conference of Mayors, and the National League of Cities) support federalization. This point shall be returned to shortly within the text.

¹⁰ This incrementalism, of course, refers to the periodic benefit increases and formula adjustments, not to the "welfare ex-

plosion," a phenomenon quite apart from the lawmaking routine of Congress.

¹⁰ Apparently, even this gesture, completed under pressure, may have been primarily for show. In August 1977, the *National Journal* interviewed one of the recipient representatives, Nezzie Willis. For nine weeks, from February through April, Willis was flown from Chicago to Washington for the weekly meetings. However, when the process ended she received no further updates nor communications from HEW. In fact, it was only after the *National Journal* alerted HEW that Willis was even provided with a copy of Carter's plan—after it had been made public. Linda E. Demkovich, "Welfare Reform: Can Carter Succeed Where Nixon Failed?" *National Journal*, Vol. 9, No. 35, Washington, DC, The Government Research Co., August 27, 1977, p. 1333.

¹¹ U.S. Congress, House, Committee on Ways and Means, *The President's Welfare Reform Statement and the Welfare Reform Report Prepared by the Department of Health, Education, and Welfare for the President, Hearings before the Subcommittee on Public Assistance and Unemployment Compensation, 95th Cong., 1st sess., May 4, 1977, p. 42.*

¹² *Ibid.*, p. 44.

¹³ Linda E. Demkovich, "Fulfilling Moynihan's Prophecy," *National Journal*, Vol. 9, No. 21, Washington, DC, The Government Research Co., May 21, 1977, p. 795.

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¹⁴ The following overview of the Better Jobs and Income Plan is largely derived from: U.S. Department of Health, Education, and Welfare, Office of the Secretary, "Better Jobs and Income Act, H.R. 9030: A Summary and Sectional Explanation," September 13, 1977, mimeographed.

¹⁵ Thirteen major categories of public service jobs have been identified:

- 200,000 jobs aiding the elderly and sick,
- 200,000 jobs building and repairing local recreation facilities,
- 150,000 jobs improving public safety,
- 150,000 jobs providing child care,
- 150,000 jobs for paraprofessionals in schools,
- 125,000 jobs running local recreation programs,
- 100,000 jobs improving school facilities,
- 100,000 jobs cleaning up neighborhoods and controlling insects and pests,
- 75,000 jobs involving cultural activities, and
- 50,000 jobs monitoring environmental quality.

Ibid., pp. 1, 16.

¹⁶ *Comprehensive Employment and Training Act*, the government's major job training and employment program. For a full description and explanation of CETA, see ACIR, *Reducing Unemployment: The Changing Dimensions of National Policy*.

¹⁷ The EITC is a means of providing relief to the working poor. The current EITC entitles working parents "to reduce their taxes by up to 10% of the first \$4,000 they earn in wages—for a maximum credit of \$4,000." In a sense, then, it can be thought of as NIT through the back door. The EITC program presently provides \$1.3 billion to about 6 million people. The program is a favorite of Sen. Long who is pushing for a major extension and enlargement. Art Pine, "Long is Pushing Own Tax Credit Plan To Aid Poor," *Washington Post*, Washington, DC, The Post Publishing Co., October 3, 1978, p. 2.

¹⁸ HEW, "Better Jobs and Income Act," *op. cit.*, p. 5.

¹⁹ *Ibid.*, pp. 2-3.

²⁰ James W. Singer, "The Welfare Package: 1.4 Million Jobs, 1.4 Million Questions," *National Journal*, Vol. 9, No. 46, Washington, DC, The Government Research Co., November 12, 1977, p. 1764.

²¹ Linda E. Demkovich, "A Job For Every Welfare Mother, But What About the Kids?" *National Journal*, Vol. 10, No. 9,

Washington, DC, The Government Research Co., March 4, 1978, pp. 341-44.

²² Demkovich, "Welfare Reform: Can Carter Succeed Where Nixon Failed?" *op. cit.*, p. 1333.

²³ Singer, *op. cit.*, p. 1764.

²⁴ *Ibid.*, p. 1767.

²⁵ *Ibid.*, p. 1765.

²⁶ *Ibid.*

²⁷ Rufus E. Miles, Jr., "The Carter Welfare Reform Plan: An Administrative Critique," *An Occasional Paper*, Washington, DC, *The Academy of Public Administration*, 1978, pp. vii-ix.

²⁸ *Statement by the President, May 2, 1977*, in U.S. Congress, House, *The President's Welfare Reform Statement . . . Hearings*, May 4, 1977, p. 11.

²⁹ The additional costs would be reflected in 1982, the first year of program operation.

³⁰ Linda E. Demkovich, "The Numbers Are the Issue in the Debate Over Welfare Reform," *National Journal*, Vol. 10, No. 16, Washington, DC, The Government Research Co., April 22, 1978, p. 633.

³¹ U.S. Congress, Congressional Budget Office, "The Administration's Welfare Reform Proposal: An Analysis of the Program for Better Jobs and Income," *Budget Issue Paper for Fiscal Year 1979*, Washington, DC, U.S. Government Printing Office, April, 1978, p. 38.

³² U.S. Congress, House, Committees on Agriculture, Education and Labor, and Ways and Means, Subcommittee on Welfare Reform, *Explanatory Material to Accompany H.R. 10950, The Better Jobs and Income Act, 95th Cong., 2nd Sess.*, Washington, DC, U.S. Government Printing Office, 1978.

³³ "Will Congress Kill Food Stamp Program?" *Congressional Quarterly Weekly Report*, Washington, DC, Congressional Quarterly, Inc., January 21, 1978, p. 128.

³⁴ For those keeping a tally, a previous bill, H.R. 7200, some provisions of which had been enacted as part of the *Social Security Amendments of 1977*, was still floating around, also. H.R. 7200 was less comprehensive than the other four bills and was much less reform than minor amendments.

³⁵ For a detailed explanation and comparison of S. 2084, H.R. 10950, S. 2777, and H.R. 10711 see: U.S. Congress, Senate, Committee on Finance, Subcommittee on Public Assistance, *Staff Data and Materials on Public Welfare Programs, 95th Cong., 2nd Sess.*, Washington, DC, U.S. Government Printing Office, 1978, pp. 75-133.

³⁶ Statement before the Senate Subcommittee on Public Assistance, Committee on Finance, as quoted in Martin Donsky, "Compromise Talks Open in Effort to Salvage Some Welfare Reform," *Congressional Quarterly Weekly Report*, Washington, DC, Congressional Quarterly, Inc., April 29, 1978, p. 1065.

³⁷ See Martin Donsky, "Congress Could Approve Welfare Reform Bill in 1978," *Congressional Quarterly Weekly Report*, May 20, 1978, p. 1250; "Administration, House Leaders Agree on Basics of Welfare Reform," *Congressional Quarterly Weekly Report*, Washington, DC, Congressional Quarterly, Inc., June 10, 1978, p. 1514; and Linda E. Demkovich, "State and Local Officials Rescue Welfare Reform—Too Late," *National Journal*, Vol. 10, No. 25, Washington, DC, The Government Research Co., June 24, 1978, pp. 1007-09.

³⁸ Spencer Rich, "Major Welfare Revision Is Dead for This Congress," *Washington Post*, Washington, DC, Post Publishing Co., June 23, 1978, p. 2.

³⁹ U.S. Congress, Senate, Committee on Finance, Subcommittee on Public Assistance, "Press Release No. 67," August 28, 1978, mimeographed.

⁴⁰ It is not surprising that the Moynihan-Cranston bill was designed to aid large states with large welfare populations. In

particular, of course, it would help New York and California.

- ⁴¹ Senate staff aide as quoted in Martin Donsky, "Another Welfare Bill Proposed in Senate," *Congressional Quarterly Weekly Report*, Washington, DC, Congressional Quarterly, Inc., July 15, 1978, p. 1773.
- ⁴² Barry Van Lare, Commissioner of Social Security as quoted in Alice Bonner, "Moynihan Raps Carter on Welfare Revision," *Washington Post*, Washington, DC, Post Publishing Co., September 13, 1978, p. 2.
- ⁴³ Moynihan accused the Carter Administration of making the decision "to kill welfare reform by saying we'll take nothing if we can't have everything—which we can't afford." He further said he was "disappointed" in Administration officials and said he "sense[d] treachery" in the Administration's actions. As quoted in *ibid*.
- ⁴⁴ Mary Marshall, spokesperson for the National Conference of State Legislatures as quoted in *ibid*.
- ⁴⁵ Frank Jugas, spokesperson for the National Association of Counties, said the proposal would limit federal spending, not county costs. *Ibid*.
- ⁴⁶ Stephen Farber, spokesperson for the National Governors' Association said the bill would neither encourage low benefit states to raise benefits nor provide for expanding case-loads. *Ibid*.
- ⁴⁷ As quoted in *ibid*.
- ⁴⁸ Martin Donsky, " 'No-Frills' Welfare Bill Assailed; New Plan Offered by Kennedy," *Congressional Quarterly Weekly Report*, Washington, DC, Congressional Quarterly, Inc., September 16, 1978, p. 24686.
- ⁴⁹ U.S. House of Representatives, Committee on Ways and Means, Report, together with Dissenting and Additional Dissenting Views, to accompany H.R. 4904, *Social Welfare Reform Amendments of 1979*, Rept. 96-451, 96th Cong., 1st Sess., Washington, DC, U.S. Government Printing Office, September 20, 1979, pp. 14-21.

A Summary Assessment of The Federal Role in Public Assistance

In 1935, in the midst of the nation's worst economic disaster, the President and Congress of the United States created a monumental income security system. Its cornerstone was composed of two social insurance programs designed to protect Americans against joblessness brought on by the inevitable progression of time and age (old age insurance) and the variable of temporary and youthful happenstance (unemployment insurance). Because it was composed of insurance programs (or, at least, insurance-type programs) the "cornerstone" could not provide benefits immediately and in 1935, immediacy was a key to survival. Therefore, the framers of the economic security package created a subsidiary system of public assistance—a federal, state, and local effort designed to get the nation's poor "over the hump." 105

In 1935, most of the politically visible and profoundly poor were the nation's aged—people whose poverty stemmed from the abrupt loss of individual "nest eggs." Or, they were the youthful and suddenly unemployed—people who had worked hard all their lives and were now the helpless victims of economic collapse. The new economic security system enveloped just such victims of poverty. Government insurance would eventually overcome the vulnerability of "nest eggs" and the capriciousness of economic reversals. In other words, the government would insure the nation against what were believed to be the primary causes of poverty and as a consequence, the need for federal involvement in auxiliary assistance programs would all but vanish.

In 1935, the President, the Congress, and the people of the United States came to view poverty in a new light. No longer was it automatically assumed to be the result of personal, individual deficiencies. Rather, poverty came to be viewed as a systemic phenomenon brought on by a massive systemic failure. Significantly, Americans were right about the phenomenon and they were right about the notion of systemic failures. Just as significantly, however, they were wrong in believing that such failures would necessarily be massive or systemwide or arbitrary. They neglected to reckon with the possibility that the system could be cruelly selective, failing segments of the population without failing the whole. Further, they neglected to see—in fact, were unable to know—that, in years to come, poverty would migrate to congested pockets in urban areas; that this congestion and contact would, in turn, encourage communications; and that such communication would foster demands for greater benefits, additional forms of welfare, and a share in the prosperity of the majority.

Hence, a federal public assistance system, designed to wither away, grew. Because no one planned for its growth, it grew aimlessly and fostered antipathy or, at best, the ambivalence born of disappointment and failure. In short, public assistance grew into a massive, chaotic, seemingly unalterable nonsystem, despised by everyone—especially its “beneficiaries.”

THE GROWTH OF FEDERAL CASH ASSISTANCE

Forces of Expansion: Influences on the Size and Scope of the Federal Role

ECONOMIC CRISIS

Never has a federal domestic function been assumed so suddenly, visibly, massively, and completely (nonincrementally) as income maintenance. In the wake of a national economic crisis which caused unprecedented nationwide suffering and financial impotence, Franklin Roosevelt and the United States Congress created, within only two years, a permanent economic security system designed to insure, in the future, against the loss or lack of personal fortunes brought on by the inevitable aging process or capricious individual unemployment. More important, for the

purposes of this chapter, was the direct assumption by the federal government (at first temporary in 1933) of a public assistance function. The currency and pervasiveness of the great depression, the superior resources of the federal government, and the innovative and driving leadership of President Roosevelt destroyed the firm antiwelfare precedent set by Franklin Pierce in 1854.

Based upon the 1933 precedent, which he had set, Roosevelt and the 74th Congress created a permanent program of public assistance for the aged, blind, and dependent children only two years later in 1935. Yet, because public assistance was enacted as part of a legislative package which included two forms of social insurance, the federal government specifically chose for itself a secondary and primarily financial role in deference to the more traditional providers of welfare, the states and localities. Furthermore, the thrust of this new program was toward the aged poor who could not possibly have contributed to, nor benefited from, the new government insurance. In time, it was assumed that participatory social insurance would cover most of the nation and therefore, it was further supposed that the states could eventually reassume total responsibility for the relatively few remaining poor. Thus, a permanent federal welfare function was established rapidly and without precedent between 1933 and 1935. Significantly, that function was based upon a profound misconception.

THE OPEN-ENDED APPROPRIATION

Because public assistance was so universally assumed to be primarily a state and local function, the framers of the *Social Security Act* developed a federal role which would be both secondary and financial. That is, the states and localities would administer the programs; would largely determine eligibility; and would set the level of individual payments. Thereupon, based on Congressionally established formulas, the federal government would match state welfare spending after the fact. Significantly, then, the size of the federal role in the bulk of cash assistance is determined by the states—by state welfare decisions, by state welfare caseloads, and, ultimately, by state welfare spending.

DEMOGRAPHIC CHANGES

The 1935 public assistance program was de-

signed primarily to aid the aged poor—those whose productive years had not been covered by old age insurance. Those were the “permanently poor” of the depression years. The temporarily poor, the young jobless, would thereafter be protected by a system of unemployment insurance.

But poverty changed. Unanticipated and, for a long time, unnoticed, poverty became urban and compacted, young and familial, and itself productive of successive generations of poverty. Furthermore, poverty became a selective rather than arbitrary force. It attacked segments of the population and, therefore, became disproportionately, a black, Hispanic, and female phenomenon. That is, it disproportionately attacked members of those segments of the population who were the least likely to find and retain socially insured jobs because of pervasive discrimination, a lack of education and training, and/or legislative provisions which made it unwise or even illegal to pursue gainful supplementary employment. Thus, Old Age Assistance, “withering” to at least manageable proportions, was replaced by assistance which was impervious to social insurance, the new “growth” assistance—AFDC.

ATTITUDINAL CHANGES

Through the Kennedy and Johnson years, society came, once again, to change its attitudes toward and definitions of poverty. Poverty came to be defined relatively rather than absolutely. In the midst of prosperity, the poor were no longer asked to be destitute. Even more significant, the receipt of welfare became less a source of shame and, through the advocacy of welfare rights organizations, came to be seen by the poor as the right of the poor.

THE NEED FOR STATE FISCAL RELIEF

The traditional Congressional means of providing state fiscal relief through public assistance have been the formula adjustment and the maximum benefit increase. These actions, which have been detailed throughout, have occurred with great frequency over the 44-year history of the Social Security Act. However, in the 1977 amendments to the Social Security Act, Congress became bolder and less elusive in its long established policy of providing relief to the states through the public assistance mechanism. Thus, \$400 million was earmarked for direct (block

grant-like) distribution to the states based on each state’s share of AFDC expenditures (1976) and the General Revenue Sharing formula. Under one of the current welfare reform proposals, this type of funding mechanism would become permanent and replace, rather than supplement, the open-ended appropriation.

CURBING STATE ABUSES AND INEQUITIES

Actions designed to curb state abuses and interstate inequities appear to have had one of three types of effects depending upon which federal branch was the instigator. First, administrative actions have tended to impose new regulations on state welfare administration. The result has been a slight enhancement of the still relatively limited federal regulatory role in cash public assistance (now excluding SSI). An obvious example of this type was the imposition of merit personnel systems on state and local welfare offices in 1939.

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Second, Congressional actions have tended to encourage and, sometimes, impose new functions on the states. This was true of the 1967 imposition of WIN, a case of Congressional retaliation for perceived state irresponsibility.

Finally, judicial actions have taken away from the states areas of former state discretion. Thus, in *King vs. Smith*, states were disallowed from using so-called man-in-the-house rules while in *Shapiro vs. Thompson*, they were forced to discontinue the use of residency requirements. Consequently, these judicial decisions are believed to have resulted in larger caseloads.

Policy Development

THE CONGRESSIONAL ROLE: CONSERVATISM, GRADUALISM, AND FINANCIAL ENHANCEMENT

When Franklin Roosevelt submitted his Social Security Program to Congress, it became Congressional policy. Reshaped to fit the conservative, states’ rights, and, then, even racist policies of the House Ways and Means Committee. Public assistance has since been impervious to Presidential reforms and attempted spending reductions.

The Congressional role in public assistance has been one of gradual financial enhancement through benefit increases, formula adjustments, and a sometimes near fatalistic response to state spending patterns. Thus, while incremental and

lacking innovation, the Congressional role has been positive.

Yet, Congressional control of public assistance is notable not for its group advocacy nor firm individual entrepreneurial support, but rather for its ambivalence. Congress "captured" welfare policy and has retained public assistance because aid to the elderly was a popular and "worthy" program. As part and parcel, however, it inherited a small program of aid to dependent children and therein lay the seeds of Congressional ambivalence. It is an ambivalence which allows Congress to enact benefit increases while initiating stringent work requirements; to increase benefits to the aged and disabled by \$5 while responding to dependent children with \$2 or \$3; to guarantee an income for the strictly "unemployable," but not the "employable;" and to speak of reform but remain unable to do reform.

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THE PRESIDENCY: IN SEARCH OF A ROLE

The federal public assistance role was Presidentially initiated between 1933 and 1935. Since that time, Presidents have attempted in three distinct ways to regain a welfare role. In all three ways, they have been unsuccessful.

First, beginning with the Truman Administration, Presidents have attempted to curb welfare spending by asking Congress to hold the line on the federal share of benefits. Congress, in turn, generally has responded to such Presidential requests by increasing benefits, or the federal share in benefits, or both.

Second, Presidents Kennedy and Johnson sought to get a handle on welfare by circumventing the Congressional public assistance system. Heeding the clarion call of social welfare workers, they sought to "eliminate" the welfare clientele through social rehabilitative services. The programs were largely unsuccessful, the number of clientele grew.

Finally, Presidents Nixon and Carter sought to reform welfare through federalization, guaranteed uniform incomes, and program consolidation. Thus far, the bulk of cash public assistance (AFDC) has proven resistant to reform.

BUREAUCRACY AND THE COURTS

It is a fluke of public assistance that while Presidents have been unable to touch Congressional

welfare policy, their chief welfare administrators have found far less Congressional resistance, albeit, in much smaller matters. For example, Arthur Altmeyer (despite eventually arousing considerable Congressional animosity) succeeded in gaining Congressional approval for a number of new regulations and, in time, came to realize his long sought after variable formula. Moreover, Altmeyer's lead was followed by successive welfare administrators (generally thereafter, Secretaries of Health, Education, and Welfare) who found favorable Congressional reactions to minor regulatory measures, worked closely with Congress on amendments to the *Social Security Act*, gained legislative approval for both major and minor administrative reorganizations.

The Supreme Court, under Chief Justice Earl Warren, probably contributed to enlarged welfare caseloads through two decisions, *King vs. Smith* and *Shapiro vs. Thompson* issued in 1968 and 1969, respectively. Both decisions struck down state rules which denied welfare to certain classes of recipients. Yet, overall, the courts have been reticent to issue broad rulings in the area of welfare. Because public assistance is the programmatic offspring of unusually inclusive and specific statutory language, the courts have generally been able to rule only on the particulars of that language rather than on broad constitutional concepts. As a result, the courts have had a minimal impact on public assistance.

POLITICAL PARTIES

The effect of the political parties on public assistance, tremendously powerful at its legislative outset in the 1930s, has since become increasingly less discernable. Certainly, enactment of the *Social Security Act* was a highly partisan endeavor, with Democrats overwhelmingly in favor and Republicans overwhelmingly opposed. (In fairness to "parties past," even before enactment of *Social Security* or *FERA*, major welfare relief for the states was proposed by the Progressive party.)

Throughout the Truman and Eisenhower years, though still generally partisan, the party effect in Congress began to lose its intensity. Benefit increases and the imposition of new regulations were still the purview of Congressional Democrats, but voting crossovers occurred more frequently and partisan welfare rhetoric became less vitriolic. Furthermore, during the 1960s, cash

public assistance appeared to be almost drained of much of its traditional partisanship and controversy by two other related and highly partisan issues, food stamps and the array of War on Poverty programs. Thus, Wilbur Mills, shepherded his 1967 amendments (heavily imbued with work requirements and incentives) through Congress with little partisan controversy.

Since 1969, welfare reform has become the major public assistance issue. Pursued three times since 1969, it was, first, the legislative goal of a Republican President; second, the joint concern of a Democratic Congresswoman and Republican administrator; and finally the aim of a Democratic President. In Congress it is an issue which has garnered proponents and opponents from both political parties. In fact, if any single member of Congress currently can be identified as an opponent to major welfare reform measures and benefit increases for the majority of AFDC recipients, it is Russell Long, the Democratic chairman of the Senate Finance Committee. In 1979 the Democratic and Republican parties are united on at least two points: they are generally united in the belief that welfare must be changed and generally united in not knowing how to do it.

INTEREST GROUP INPUT

The level of group input in cash public assistance has ebbed and flowed a number of times since 1935. At best, interest group activity has been inconsistent and, more often than not, has worked negatively, deleting the particulars of new programs or proposed reforms. Nonetheless, a number of welfare interest groups have been identified.

1. Social Welfare Professionals. If any group can be identified as consistently having been involved in the public assistance policy process, it is the social welfare profession. The roots of modern federal welfare policy, FERA and the public assistance titles of the Social Security Act, were largely developed by New Deal social workers and welfare administrators. Yet, surprisingly, in terms of recipient cash benefits and broad reform proposals, they have been a negative force. Thus, in order to protect their established positions in state welfare bureaucracies, state welfare case workers successfully lobbied for the inclusion of a client restrictive clause in Title IV (ADC) of the Social Security Act in 1935. In succeeding years,

particularly the 1950s and early 1960s, they pressed hard for federal grants to schools of social work and for professionally administered social services. Yet, largely responsible for drafting the 1962 Public Welfare Amendments, they did not push for—in fact, did not even mention—benefit increases for welfare recipients. That was up to Congress.

By the late 1960s, with the rise of militant welfare rights organizations, the social welfare profession was, for the first time, forced to echo the demands of its now vocal clientele. In this role, the profession became a negative echo. For the past 11 years, the profession has voiced objections to work requirements, day care guidelines, and inadequate benefit levels, for these were objections of program beneficiaries, an interest group of growing militancy and political significance.

2. Recipients. Of the nation's many recipient groups, recipients of public assistance have been the least politically potent, the least able to articulate their demands. Following the demise of the Townsend movement in the 1940s, welfare recipients were left unorganized and practically unrepresented for the next 20 years. It was not until the 1960s, politically educated in the organizing techniques of the civil rights movement and anti-poverty programs, that welfare recipients in northern urban areas began voicing their demands as a group. Unsuccessful in thwarting the 1967 WIN amendments (to recipients, the "Slave Labor Amendments"), militant recipients (most notably, the National Welfare Rights Organization) were probably the most potent single determining force in the eventual fate of Nixon's Family Assistance Plan. Waging a "Zap FAP" campaign, NWRO not only garnered the support of critical liberal legislators but, also by their very resistance, robbed welfare reform of its moral and practical efficacy and legitimacy.

Welfare recipients failed to become a powerful and entrenched interest. Few internal resources, little external financial backing, and no discernable public support caused the breakdown of welfare rights organizations and, consequently, their lobbying power by the mid-1970s. However, individual recipient spokespersons are still given at least nominal positions on welfare policymaking boards. Furthermore, current recipient criticisms of proposed welfare reforms (stringent job re-

quirements, inadequate day care, and insufficient income guarantees) are echoed by the more powerful and organized social welfare professionals.

3. State and Local Governments. Obviously, state and local governments have always had a tremendous stake in federal public assistance policy. It was, after all, the inability of these governments to pay for depression relief which led the federal government to assume a welfare function. Moreover, these governments, naturally, have supported maximum federal benefit increases and federal share formula adjustments. Yet, in the past, the states have been reticent to relinquish some rulemaking functions and discretionary powers—powers which allow the exclusion of certain clients and, thus, keep costs down. Despite this, retention or loss of such powers has usually hinged on the actions of a single Governor and the consequent response of Congress, federal welfare administrators, or the courts. A notable exception to this rule was the united stance of the Governors' Conference in 1951 against recipient record confidentiality.

In recent years, however, enormous cost increases and the comparatively few political benefits to be garnered from the provision of relief have made state, county, and city governments the most avid supporters of welfare federalization. Indeed, the most intense and sustained support for President Carter's BJIA came from the New Coalition of state, county, and municipal government associations.

4. Other Interests. Three other interests, churches and private charities, labor unions, and business, have had a peripheral impact on the public assistance policymaking process. Among these groups, the most consistently interested have been churches and private charities. As traditional providers of poor relief, organized religion (particularly the Catholic Church) and private charities were initially reticent to relinquish such an important function to government. For the churches, assistance was an essential medium for recruiting new members; for the charities, it was their *raison d'etre*. Their arguments against a federal public assistance program, however, made little impact in the midst of widespread depression suffering which they were obviously unable to alleviate. In recent years, organized religion has played a small part in welfare reform. Generally supportive of federal reform efforts, the churches

have sought to increase guaranteed income amounts.

Of course, the labor unions and the business community have always been extremely interested in the Social Security Act but, for its insurance components and not for its welfare components. However, in the very recent past, both groups aligned against the jobs component of the proposed Carter welfare reform. The AFL-CIO, and particularly, its member, AFSCME, voiced concern that the creation of 1.4 million public service jobs and the minimum wage nature of those jobs would undermine employment standards and create a permanent second-class labor force. On the other hand, the business community seemed concerned that such jobs would eventually become permanent, expand, and result in the federal government becoming the "employer of first resort."

PUBLIC OPINION

Usually an elusive commodity in the area of welfare, public opinion has played a discernably significant role in public assistance four times. Perhaps surprisingly, only recently has that role been negative.

Undoubtedly, no factor was more important in determining federal entrance into the realm of income maintenance generally than the mass public suffering and resultant mass demands for relief during the depression. Franklin Roosevelt was elected President for just that reason.

Long silent, because welfare itself was long silent, public opinion again became intense during the Great Society years. Overwhelmingly supportive of antipoverty programs,¹ the new public "social consciousness" translated into both increased spending for poverty programs and, directly related to public assistance, the increased respectability of welfare and increased application for aid.

In 1969, Richard Nixon's proposals for a guaranteed income found vast (79%, according to one poll)² support among the public. Furthermore, while polls indicate that this support had diminished considerably by the following year (down to between 57% and 45%),³ author of the Family Assistance Plan, now Sen. Daniel Moynihan, contended that among all forces, public opinion remained the most consistently loyal.

Only recently, amidst escalating tax-cut rheto-

ric, has public opinion become a somewhat negative force in public assistance. Thus, Arthur H. Miller of the Center for Political Studies found in a recent study that opposition to welfare programs and recipients has increased among the "upper middle class, the politically active subset of the population"—that subset to which politicians are most responsive. Furthermore, in October 1978, pollsters Yankelovich, Skelly, and White reported that 51% of their sample felt the federal government was spending too much on welfare. While such polls may not be indicative of long-range antiwelfare sentiment, they are significant to policymakers in the short run, especially in a period perceived by policymakers and defined by journalists as the era of the middle class tax revolt.

Constraints on Federal Expansion: Fallacies, Presumptions, Costs, and a Powerless Clientele

THE WITHERING-AWAY FALLACY RESTATED

From their inception, the public assistance titles of the *Social Security Act* were based upon a profound misconception. Dubbed the "Withering-Away Fallacy" by welfare expert Gilbert Steiner, this widely assumed misconception held that as social insurance began to cover and benefit increasingly large numbers of the population, the need for public assistance would all but disappear and any slack could be taken up entirely by the states. Formed at a time when the aged poor and depression unemployed were the most visible victims of poverty, the misconception did not foresee the demographic and social changes which would result in the bulk of the poverty population being young and impervious to OASDI and unemployment insurance.

Yet, even when the "withering-away through insurance" myth could no longer be sustained, a new variable arose to keep the basic integrity of the myth intact. By the early 1960s, social rehabilitative services replaced insurance as the key. It, thus, became the popular wisdom that political education, preschool programs for disadvantaged children, and training programs for poor youth would eliminate the root causes of poverty and, consequently, the need for public assistance. When follow-ups of Head Start children showed no positive program results, when young adults

failed to get decent jobs, and when the ghettos burst into angry flames, the myth was again deflated—but not dead.

In 1967, the variable was once more replaced. This time, work for recipients (and, subsequently, the self-reliance that is assumed to flow from work) would eventually cause poverty to wither away. This is the myth that continues.

Elusive, subtle, nonsubstantive, and psychological, the withering-away fallacy has, nonetheless, thwarted the kind of planning and comprehensive programming that would, in itself, be an admission of the permanence of poverty and the inevitability of welfare.

THE PRESUMPTION OF STATE AND LOCAL PRIMACY

As enacted in 1935, the public assistance titles of the *Social Security Act* asserted that federal grants would be available "[f]or the purpose of enabling each state to furnish financial assistance, as far as practicable under the conditions in such state, to . . .needy [aged, dependent children, and blind]. . . ." Certainly, the notion that welfare should be a decentralized function was a long established one, dating back as a legal precedent to Elizabethan England; as a moral responsibility, even earlier.

Throughout the years following 1935, some minor and a few major battles were fought over the extent of state preeminence in the field of public assistance: over the right to make recipient records public, over the right to maintain nonmerit welfare personnel systems, and over rights to deny aid to certain groups of individuals on moral and residential bases. Ultimately, most of these battles were engaged in an effort to mitigate extreme interstate variations in the treatment afforded and the benefits offered to recipients. Gains made by the federal government were generally piecemeal and appeared small, indeed, when compared to the dramatic explosion of federal public assistance spending.

Today, enormous variations still exist among state AFDC plans, the largest cash public assistance program. Basic benefits vary dramatically among the states from a low for a family of four in Mississippi of \$1,440 per year to a high in Hawaii of \$6,552 per year. (See Table XIV.) Furthermore, the extent to which states use a number of federal options designed to encompass more potential recipients varies from none to all with

Table XIV

**CURRENT AFDC AND FOOD STAMP BENEFIT LEVELS FOR
A FAMILY OF FOUR, 1979
(poverty level, family of four equals \$7,160)**

State	AFDC	Food Stamps ¹	Total	As Percent of Poverty Level
Hawaii	\$6,552	\$1,332	\$7,884	96%
Vermont	5,724	816	6,540	91
New York	5,712	816	6,528	91
Michigan	5,640	840	6,480	91
Wisconsin	5,496	888	6,384	89
Washington	5,268	948	6,216	87
Oregon	5,124	996	6,120	85
Minnesota	5,088	1,008	6,096	85
Connecticut	5,100	996	6,096	85
California	5,076	1,008	6,084	85
Massachusetts	4,752	1,104	5,856	82
Iowa	4,740	1,104	5,844	82
Alaska	5,400	1,896	7,296	82
New Jersey	4,488	1,188	5,676	79
Utah	4,488	1,188	5,676	79
North Dakota	4,440	1,200	5,640	79
Nebraska	4,440	1,200	5,640	79
Idaho	4,392	1,212	5,604	78
Pennsylvania	4,320	1,236	5,556	78
Rhode Island	4,308	1,236	5,544	77
New Hampshire	4,152	1,284	5,436	76
South Dakota	4,080	1,308	5,388	75
Illinois	3,996	1,332	5,328	74
Montana	3,972	1,344	5,316	74
Maine	3,768	1,404	5,172	72

District of Columbia	3,768	1,404	5,172	72
Oklahoma	3,708	1,416	5,124	72
Colorado	3,684	1,428	5,112	71
Kansas	3,672	1,428	5,100	71
Wyoming	3,660	1,428	5,088	71
Ohio	3,492	1,488	4,980	70
Delaware	3,444	1,500	4,944	69
Virginia	3,408	1,512	4,920	69
Nevada	3,312	1,536	4,848	68
Indiana	3,300	1,536	4,836	68
Maryland	3,204	1,572	4,776	67
Missouri	3,072	1,608	4,680	65
West Virginia	2,988	1,632	4,620	65
Kentucky	2,820	1,680	4,500	63
New Mexico	2,748	1,704	4,452	62
Arizona	2,544	1,764	4,308	60
North Carolina	2,400	1,812	4,212	59
Florida	2,352	1,824	4,176	58
Arkansas	2,256	1,860	4,116	57
Louisiana	2,064	1,908	3,972	55
Alabama	1,776	2,004	3,780	53
Georgia	1,776	2,004	3,780	53
Tennessee	1,776	2,004	3,780	53
Texas	1,680	2,028	3,708	52
South Carolina	1,488	2,088	3,576	50
Mississippi	1,440	2,100	3,540	49

¹ Food stamp bonus benefits are based on the *Food Stamp Act of 1977* and are the allotment values in effect from January to June, 1979. The bonus values also assume the use of the standard deduction (\$65 per month in the 48 states and District of Columbia) and no excess shelter deduction.

SOURCE: Prepared by the Department of Health, Education and Welfare. Cited in U.S. House of Representatives, Committee on Ways and Means, *Report together with Dissenting and Additional Dissenting Views to accompany H.R. 4904, Social Welfare Reform Amendments of 1979*, Report 96-451, 96th Cong., 1st Sess., September 20, 1979.

most jurisdictions embracing two or three. (See Table XV.) Finally, of course, while federal expenditures for AFDC have exploded, so have state expenditures—in 1976, the states spent approximately \$9.9 billion for this welfare program alone.⁴ Hence, AFDC remains less a federal program than a series of state plans supported by federal dollars.

In 1972 (effective 1974) Congress established a guaranteed uniform federal payments floor for about one-quarter of all welfare recipients, the aged, the blind, and the disabled. In collapsing these three “most favored” titles of the Social Security Act into one program of Supplemental Security Income, the federal government made a significant first inroad into state and local welfare hegemony. And, increasingly, state and local spokespersons appear to be willing to give up this now unwanted hegemony over the remaining three-quarters of welfare recipients. The constantly rising costs of welfare and the few political benefits gained by its provision have made the New Coalition the strongest supporters of federalization of AFDC. Yet, the tradition of state and local welfare is one that appears to be dying hard, if not among the state and local elected officials themselves, at least among members of Congress and many state and local welfare administrators. Thus, in 1978, a number of prominent Congresspersons fearful of the costs of welfare federalization, both in terms of budget drains and electoral repercussions, supported the continuation of the welfare status quo—federal, state, and local functional sharing. It is this fear of assuming new and massive costs which feeds and fosters the tradition of state and local primacy in public assistance and works as a constraint to the greater or total federal assumption of the welfare function.

THE COSTS OF FEDERALIZATION

Related to the tradition of state and local welfare primacy are the very real new federal costs which would be incurred with the federalization of AFDC. It was just such escalating cost estimates which thwarted welfare reform in 1978. With estimates running as high as \$20.22 billion in additional federal expenditures per year with implementation of the Corman version of the *Better Jobs and Income Act*, Congress was forced by the realities of election year politics as well as genuine budget concerns to let welfare reform die in the 95th Congress. It is an issue which has re-

turned to haunt the 96th Congress—a Congress elected on the basis of promises to hold constant or reduce government spending.

THE PROBLEM OF CLIENTELE

A final constraint on the size and scope of the federal government welfare function generally is the composition of the welfare clientele itself. Disproportionately black and Hispanic (although in absolute numbers, white), welfare recipients bear the brunt of persistent, if often subtle and unconscious, racial and ethnic prejudices. Nor do adult recipients conform to mainstream (though often hypocritical) notions of middle class morality for adult recipients tend to be deserted mothers or mothers of children born out of wedlock. Finally, welfare recipients are not likely to vote in large numbers and, since the virtual breakdown of the welfare rights movement, are unrepresented by any organized or powerful interest. In short, there is certainly little political incentive for policymakers to massively expand the scope of the current federal role in welfare—particularly, when other programs, more likely to gain voter approval, share the crowded policy agenda.

BUT NOT ALL WELFARE IS CREATED EQUAL: THE GROWTH OF FEDERAL FOOD ASSISTANCE

Because the federal food stamp program is a form of welfare, it shares with cash assistance a number of basic characteristics. Both forms of welfare benefit many of the same clientele, both are primarily the policy forte of Congress, and both are federally funded on the basis of open-ended appropriations. Yet, the contrasts between the two forms of welfare are as notable as the commonalities. Thus, food benefits are received in the form of coupons rather than cash, the state role is confined primarily to administration rather than benefit determination or financing, and the permanent food stamp program began not in 1935 but, rather, 29 years later, in 1964.

Forces Generating Greater Federal Involvement

BASIC FORCES

Two forces, the first, precedent setting, the sec-

ond, productive of a permanent program, might be considered the basic forces which together (though chronologically distinct) generated greater federal involvement in a policy of food assistance.

Basic Force One: Depression Need and Program Precedent. In the midst of the depression, the oft-repeated historical irony of agricultural production appeared even more illogical and, indeed, to grow in intensity. People starved while farmers produced surpluses and, in turn, were themselves victims of profound poverty. In order to alleviate this perverse condition, the Congress, in 1935, authorized the Secretary of Agriculture to purchase surplus farm products for the purpose of distributing them to the poor. The resulting commodity distribution program (criticized by the poor for being demeaning, inconvenient, and nutritionally unbalanced and by food retailers for by-passing their normal trade channels) was replaced in 1939 by a food stamp program which allowed the poor to purchase surplus food directly from retailers with coupons. A complicated and inefficient two-stamp program, it quickly fell into disrepute and in 1942, the victim of its own programmatic flaws and increased surplus food demands fostered by the war, the program authority ceased to be used. Replaced by its predecessor, direct commodity distribution, the short-lived program and the Depression which generated it set an important precedent. It was, however, a precedent that would not be utilized until 1964.

Basic Force Two: The Power of Congressional Logrolling. From 1954 through 1964, Leonor K. Sullivan, the Congressional representative for a poor district in St. Louis, sought to end what she perceived to be the inequities, inconveniences, and humiliation of direct distribution. Impressed by the idea of purchased coupons, Rep. Sullivan fought for food stamps—a program adamantly opposed by the Eisenhower Administration and the Republican members of Congress.

In 1961, the Kennedy Administration accommodated Sullivan and further alienated Congressional Republicans by instituting a number of pilot projects, almost all of which were located in Democratic districts. Thereafter, in an effort to undermine passage of a permanent program, the Republicans convinced southern and rural Democrats that food stamps would be used as an entering wedge for federal civil rights “intrusions”

and that, beyond the question of civil rights, such an obviously welfare-oriented function would be an improper function for the Department of Agriculture and the Agriculture Committees of Congress. Despite or because of this Republican strategy, food stamps were born in 1964, the offspring of a very visible legislative “horsetrade.”

The trade between an important wheat-cotton bill and food stamps promised urban Democratic support for wheat-cotton in return for southern and rural Democratic support for an optional food stamp program. In the wake of bargaining, trade-offs, and parliamentary maneuver, food stamps became law. In succeeding years, these inauspicious legislative beginnings seemed, in turn, to foster (at first) an inauspicious program.

CONTINUING FORCE: OPEN-ENDED APPROPRIATION PLUS

All food stamp benefit costs (though not all administrative costs) are paid by the federal government. This, of course, makes the funding of food stamps radically different from that of AFDC. However, the funding mechanism for the two forms of assistance, the open-ended appropriation, is basically the same. That is, based upon federal eligibility requirements, the federal government must meet the costs of providing stamps to those who qualify. The number of qualifying recipients, then, determines federal expenditures. Unlike AFDC, food stamps are, by statute, responsive to changes in the economy. Allotments are increased semi-annually to reflect food price inflation. The federal cost of food stamps, therefore, rises with food prices.

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OCCASIONAL FORCE: ECONOMIC CONDITIONS

Thus, following from the continuing force, food stamp expenditures and, consequently, the scope of federal involvement, can be expected to grow during periods of high food prices. Indeed, this has been the case. The most spectacular example of this occasional force occurred during the 1974-75 period of recession and food price inflation. Responding to the price of food, stamp allotments were increased. Furthermore, recession, inflation, and higher-than-average rates of unemployment forced a tremendous increase in nonpublic assistance food stamp recipients, from about 5.5 million in 1974 to about 10 million in 1975!

Table XV

CHARACTERISTICS OF STATE PLANS FOR AFDC

State	Children Aged 18-21 in School ¹	Unborn Children ¹	With Unemployed Fathers ²	In Need of Emergency Assistance ²
Total	43	32	28	23
Alabama	X	X		
Alaska				
Arizona	X			
Arkansas	X			
California	X	X	X	
Colorado	X	X	X	
Connecticut	X		X	X
Delaware		X	X	X
District of Columbia	X	X	X	X
Florida				
Georgia				
Guam	X	X	X	
Hawaii	X	X	X	
Idaho	X	X		
Illinois	X		X	
Indiana				
Iowa	X		X	
Kansas	X	X	X	X
Kentucky	X			X
Louisiana	X	X		
Maine	X			
Maryland	X	X	X	X
Massachusetts	X	X	X	X
Michigan	X		X	X

Minnesota		X	X	X
Mississippi				
Missouri			X	
Montana	X	X	X	X
Nebraska	X	X	X	X
Nevada	X	X		
New Hampshire	X			
New Jersey	X		X	X
New Mexico	X	X		
New York	X	X	X	X
North Carolina	X			
North Dakota	X	X		
Ohio	X	X	X	X
Oklahoma	X			X
Oregon	X	X	X	X
Pennsylvania	X	X	X	X
Puerto Rico				X
Rhode Island	X	X	X	
South Carolina	X	X		
South Dakota	X	X		
Tennessee	X	X		
Texas	X			
Utah	X	X	X	
Vermont	X	X	X	
Virgin Islands	X			X
Virginia	X			X
Washington		X	X	X
West Virginia	X	X	X	X
Wisconsin		X	X	
Wyoming	X	X		X

¹ Figures available as of October 1, 1976.

² Figures available as of September 20, 1979.

SOURCES: Leon D. Platky, "Aid to Families with Dependent Children: An Overview, October 1977," *Social Security Bulletin*, October 1977, p. 19, prepared by the U.S. Department of Health, Education, and Welfare and cited in U.S. House of Representatives, Committee on Ways and Means, *Report, together with Dissenting and Additional Dissenting Views, to accompany H.R. 4904, Social Welfare Reform Amendments of 1979*, Report 96-451, 96th Cong., 1st Sess., September 20, 1979.

Policy Development

CONGRESSIONAL ENTREPRENEURSHIP

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In contrast to cash public assistance, in particular, AFDC, the Food Stamp Program has produced some individual, visible, active Congressional policy entrepreneurs. This tradition, as mentioned previously, was begun by Rep. Leonor K. Sullivan in 1954. Indeed, for Sullivan, the first and most consistent food stamp entrepreneur, the program was a sort of legislative *raison d'être* throughout her Congressional career. Waging an almost quixotic battle against a firmly opposed Republican Administration and members of Congress, hostile committee chairmen, and rural and southern reticence, Sullivan waited ten years for the bargain atmosphere which facilitated the creation of her permanent program. Thereafter, the Missouri Congresswoman continued to fight and bargain for friendly provisions and against unfriendly amendments.

Despite the continuing efforts of Sullivan, the Food Stamp Program floundered, the victim of little publicity, high costs, and states and counties which refused to join. This condition was ameliorated for a brief time in the period 1967-68 by a new set of food stamp entrepreneurs. Thus, in 1967, Senators Kennedy, Clark, Javits, and Murphy traveled to the Mississippi Delta region and found widespread hunger. So appalled were these four legislators by the abhorrent conditions under which poor children lived (and starved to death) that they immediately requested the President to issue free emergency food stamps. Thwarted by questions of USDA's legal authority to issue such stamps and intense and diverting divisions generated by the war in Vietnam, the brief entrepreneurial role of these Senators (especially Kennedy, followed by newspeople wherever he went) was valuable, nonetheless, in focusing publicity on the food program—publicity that would “pay-off” the following year.

In fact, the publicity, in the forms of a study and a television program, was, itself, probably a prime factor motivating the appearance of the third Congressional entrepreneur, Sen. George McGovern. Furthermore, McGovern's status as the heir apparent to Robert Kennedy probably piqued his interest in the area of hunger. In any case, the South Dakota Senator initiated hearings in 1968 under the auspices of the newly formed Senate

Select Committee on Nutrition and Human Needs.

From his platform as chairman of the committee (a role he still retains), McGovern began the process of creating antihunger legislation and focusing national attention on the problems which his colleagues had discovered in 1967. However, by 1969, the effective use of antihunger rhetoric had become something of a political plum—one which the new Republican Administration was not about to pass up. Thus, beating McGovern to the punch, President Nixon proposed a sliding scale plan for food stamps under which all families of four with incomes less than \$4,000 would be eligible. When, three months later, the costs of his Family Assistance Plan appeared to be skyrocketing, Nixon reneged, 180 degrees, on his original plan, proposing instead that food stamps be phased out. For his part, McGovern successfully used the opportunity to attack Nixon's poverty policies and the President was forced to return to his original food stamp proposal—instituting most of the components through executive order. From that time, Congressional action on food stamps seemed generally to be preceded, either positively or negatively, by Presidential action, a point which shall be returned to momentarily.

FOR THE PRESIDENCY, A FULLER ROLE

Unlike cash assistance, Presidents, often with the help of strong Secretaries of Agriculture, have generally been quite active and successful in shaping and moving the Food Stamp Program. This active role was first chosen by President Eisenhower and his Secretary of Agriculture, Ezra Taft Benson, but in a negative rather than positive sense. Thus, assured of strong support among the Republican members of Congress, Eisenhower and Benson opposed Rep. Sullivan's food stamp plans on the basis of costs and federal program dominance. Moreover, when Sullivan was finally successful in guiding a limited food stamp bill through Congress in 1959, the Eisenhower USDA simply failed to implement it.

Following the lead of Eisenhower and Benson, President Kennedy and Secretary of Agriculture Orville Freeman chose an active food stamp stance. Their activity, however, took an entirely opposite form. Using the still valid authority of the 1935 *Potato Control Act*, the new Democratic Administration instituted a series of pilot food

stamp projects. The success of these projects, in turn, gave further impetus to Sullivan's proposals for a permanent program, a program which was endorsed and later signed with great relish by President Johnson. Nonetheless, preoccupied by his own social legislation and, later, the war, Johnson took no particular interest in the subsequent development of food stamps. For the remainder of the 1960s the program floundered.

Richard Nixon resumed the tradition of active Presidential interest in food stamps. First positive, then negative, and finally, again, positive, Nixon was spurred on by intense publicity on the national hunger problem and by public demands to alleviate what had come to be called, a national disgrace, particularly among children. Endorsing the 1971 amendments to the *Food Stamp Act* and paving the way through prior executive action, Nixon together with the 92nd Congress, greatly expanded the federal scope of the program by establishing uniform federal income and resource levels, instituting an upper income limit for stamp expenditures, providing for cost of living increases, raising the federal share of administrative costs, and allowing for free distribution of stamps to families with no incomes.

Furthermore, in an indirect way, Nixon was probably responsible for the 1973 amendments which mandated nationwide participation in the Food Stamp Program, and legislated semi-annual food price adjustments. That is, having failed to pass the President's guaranteed income plan, Congress used food stamps as a less dramatic and certainly less noticeable means of potentially guaranteeing a federal income (in the form of in-kind transfers) to all the nation's poor.

Again in 1976, Presidential interest in food stamps waxed, albeit in a negative and largely unsuccessful sense. Responding to the rapid and immense monetary and participant growth of the Food Stamp Program, President Ford proposed legislation to reduce the number of what his Secretary of Treasury called "chiselers and rip-off artists," an allusion to college students and higher income families. Although the bill failed in Congress, its primary thrusts, the reduction of eligibility limits and error reduced administration, were subsequently adopted in the *Food and Agricultural Act of 1977*. In addition, also reflecting the previous Ford "backlash," the Congress instituted more stringent work requirements. However, in an opposite move and at the same time,

Congress eliminated food stamp purchase requirements.

FOR THE HUNGRY, POSITIVE PUBLICITY

The growth of the federal Food Stamp Program has been abetted by two types of publicity: favorable media publicity aimed at the viewing and reading public and Congressionally mandated "outreach" publicity intended to inform potential recipients of program availability and benefits.

In its infancy, the Food Stamp Program failed to reach most of its clientele. In large measure, this was the result of high coupon costs and the refusal of many counties to join the program. However, among those potential recipients who could afford the stamps and who lived in participating jurisdictions, very few were even aware of the program's existence. In order to correct this situation, Congress mandated an "outreach" program, the purpose of which was to require state agencies to take "effective action" to inform low income households about food stamps. The mandate was generally ignored by the states. However, in 1974 the Federal District Court in Minnesota (as a rule, the courts have not engaged in food stamp policymaking) ordered USDA to issue a new and enforceable set of "outreach" rules.⁵ These new rules, in turn, established state outreach coordinators to aid in the development and monitoring of state informational plans. These efforts have contributed, albeit in a very limited way, to expanded caseloads.

Probably more important as an instigator of growth, however, were the well-publicized Mississippi Delta trip of the Senate Subcommittee on Employment, Manpower, and Poverty; the widely reported results of a shocking study detailing the extent of hunger in the United States; a powerful television documentary on "Hunger in America;" and—though probably more limited in public impact and less propitious in terms of timing—a convincing account of government inertia in the area of hunger by journalist Nick Kotz, entitled *Let Them Eat Promises*. The whole of this media focus on hunger, particularly its emphasis on hunger among small children, apparently struck a sympathetic chord among some (though not all) policymakers and public opinion. The publicity (especially that garnered by the CBS documentary) generated a letter writing campaign which

demanded effective antihunger legislation and generally heightened public awareness of and support for an attack on hunger. Thus, heavy and popular media attention (an attention not given to cash assistance) to hunger and the failure of the Food Stamp Program evoked public sympathy which, in turn, caused policymakers to view the issue as politically viable. The 1971 and 1973 amendments to the *Food Stamp Act*—the growth amendments—probably reflected these forces.

FOOD STAMPS: THE SOMETIMES PARTISAN ISSUE

120 Food stamps have enjoyed a rather odd partisan history. Upon the demise of the first food stamp project in 1942, the only voice calling for a renewed and less complex program was that of Sen. George Aiken, a Vermont Republican. Aiken found little support and no momentum for such a program in his chamber. In 1954, of course, the issue was picked up by Democratic Congresswoman, Leonor Sullivan. In contrast to the Senate, where lack of interest (a nonpartisan lack of interest, at that) marked the food stamp “debate,” Republican House members enthusiastically echoed the Administration’s costs and states’ rights objections and in time the issue became highly partisan. This was true of both the 1959 and 1964 votes which split primarily along party lines. Moreover, the Democratic Kennedy Administration seemed almost to invite such partisanship by awarding pilot projects almost exclusively to Democratic districts. Yet, despite the party nature of the issue in the House, the Senate remained bipartisan in its support of food stamps and passed the 1964 act with none of the acrimony which had pervaded the other chamber.

Only marginally (as a result of the wheat-cotton trade) supportive of the program in the first place, the role of food stamp opponent fell to southern Democrats in the mid-1960s who were subsequently undermined in their adversarial role by the bipartisan antihunger rhetoric of the late 1960s and the early 1970s. Finally, although opposition to food stamps had first been voiced by Republican President Eisenhower, the greatest program growth and, indeed, the tools necessary for that growth, were implemented during another Republican Administration—that of Richard Nixon.

Policy Constraints

THE AGRICULTURE/ WELFARE DILEMMA

Since the depression, giving free or low cost food to the hungry has been the policy manifestation of “killing two birds with one stone.” Whether recipients were foreign countries or American victims of poverty, their receipt of food products was designed primarily to expedite the consumption of surplus agricultural products. Hence, farmers were the primary beneficiaries of such programs while the poor were secondary beneficiaries. As such, the oversight of food programs was placed with the agriculture committees of Congress and implementation fell to USDA. For 19 years, from 1942 until 1961, the agriculture/welfare dilemma was the primary factor constraining a federal food stamp role.

Obviously, the most efficient and surest (from the producer’s standpoint) means of “marketing” surplus commodities is the direct distribution of just those products. However, such practices, while beneficial to farmers, tend to engender inefficiencies and waste on the part of (poor) consumers. Monthly distribution of surpluses fosters waste in the form of inevitable spoilage and nutritional inefficiency (man does not live by surplus peanut butter alone). It was just this consumer waste and inefficiency along with the very real human humiliation brought on by publicly receiving such “handouts” which prompted Rep. Sullivan to advocate the reinstatement of food stamps. From that time, an agriculture/welfare accommodation was escalated into an agriculture/welfare debate.

To Sullivan and her supporters the purpose of federal food programs was primarily welfare and only secondarily, agricultural. Secretary Benson, Eisenhower, the Republican members of Congress, and their rural Democratic allies took the opposite position. In the end—1964—the welfare proponents were victorious (claiming that food stamps would cause increased consumption of agricultural products) and a permanent program of food stamps was enacted—one which eventually was more beneficial to the poor than to farmers. However, although the agriculture/welfare dilemma has long since lost its force as a political/economic constraint to program growth, it has persisted institutionally in the agriculture com-

mittees of the House and the U.S. Department of Agriculture.

HOSTILE COMMITTEE CHAIRMEN

Because food stamps were enacted as the result of a logrolling effort, support for the program was tenuous at best. Thus, not only was Republican support lacking but southern and rural Democratic support, garnered only in exchange for a trade, was dubious and until at least 1969, always dependent on further trades and deals. More important, this always precarious position was exacerbated by the regional origin (and loyalties) of the very men responsible for food stamp oversight: W.R. Poage of Texas, chairman of the House Committee on Agriculture; Jamie Whitten of Mississippi, chairman of the House Appropriations Subcommittee on the Department of Agriculture; Allen Ellender of Louisiana, chairman of the Senate Committee on Agriculture; and Spessard Holland of Florida, chairman of the Senate Appropriations Subcommittee on the Department of Agriculture. Most successful in delaying and diluting tactics, their positions on the issue of food stamps were undercut considerably upon the 1967 "discovery of hunger" and the unfavorable publicity which focused upon them and their anti-food stamp stances (particularly from Nick Kotz).

AND FINALLY, COSTS

The cost of food stamps, like so many other components in the program's history, has been an erratic constraint. Used by President Eisenhower as a reason for opposing such a program in the first place, the issue of costs was dulled considerably by the belief (or rationale) that increased consumption generated by food stamps would benefit American farmers. Furthermore, any previous costs or budget constraints appeared rather ludicrous during the first years of the program—years which witnessed the precipitous decline of participants in food programs and subsequent government efforts to raise the levels of participation.

In fact, only recently, following the enormous financial and recipient increases of 1974-75, have the costs of the Food Stamp Program begun to alarm policymakers. In large part, the new restrictive clauses of the *Food and Agricultural Act of 1977* and a great deal of 1979 Congressional de-

bate reflect a growing concern with program costs.

THE POLITICS OF REFORM AND THE FUTURE OF WELFARE

Outside of the inadequacies and inequalities of relief benefits, the most serious problem in public welfare today is found in the multiplicity of agencies, of categories, of standards, of methods of intake, and of definitions of eligibility. The local confusion resulting from this complexity has serious implications for agency staffs and for the recipients or would-be recipients of the various types of aid. Next in importance to supplying federal grants for general relief, and an equalization system for all of the federal grants to the states, is the provision of a planned, coordinated and integrated program, federal, state and local, and some approach to equality of treatment of all persons in need who apply for public aid.⁶

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The quotation noted above might well have been proffered by President Carter, former Secretary of HEW Califano, or any of a number of members of the 95th and 96th Congresses. It was not. Rather, the observation was made 39 years ago by public relief historian Josephine Brown. The problems of welfare, visible a mere five years after the program's creation, remain—so do attempts and pleas to solve those problems. Yet, the bulk of welfare seems impervious to reform.

Despite early and noticeable deficiencies in the welfare system (or nonsystem), real and concerted attempts to reform it were late in coming. The "keepers" of the bulk of cash welfare, the United States Congress and the states have chosen for themselves a role of incremental program enhancement: the Congress, through benefit increases and formula adjustments and the states, through benefit increases. It has been a seemingly entrenched pattern.

Even Presidents, though despairing of welfare costs and the sprawling welfare system, have been generally reticent to assume (and ultimately unable to complete) the task of reform. Though the federal role in welfare has existed and grown through eight Presidencies, only two—one Republican, the other Democratic—have openly proposed actual reform. Of course, Franklin Roosevelt was satisfied with the program he had created and Harry Truman, though occasionally demurring of the costs, supported the program status

quo. However, beginning with Dwight Eisenhower, Presidential concern with the structure, costs, and effects of the welfare system became visible. Fearing ever rising expenditures and unconvinced of the efficacy of what he perceived to be federal intrusion into a properly state and local function, Eisenhower took every opportunity to suggest diminishing the federal role or, at the very least, cost containment. He never proffered reform; his suggestions fell on deaf Congressional ears.

Although no less concerned with costs and more concerned with the effects of welfare on its recipients and society, John Kennedy and Lyndon Johnson were no more inclined to attempt welfare reform than their Republican predecessor. Offering instead a poverty policy (or series of poverty programs) designed to eliminate the causes of poverty, they circumvented the Congressional welfare system—a system which refused to wither away; a system which, in fact, grew even more.

Nor, in his short tenure as President did Gerald Ford propose substantive reform. Speaking often and vaguely of reform, he rejected the proposal of his Secretary of Health, Education, and Welfare for just that and, instead, concentrated on reducing the food stamp caseload. The role of reformer, then, was left to a very unlikely pair.

In 1969, Richard Nixon proposed to change welfare. In 1976, Jimmy Carter did the same. Though their programs for reform differed considerably, the central mechanism of those reforms, a guaranteed federal income, was the same. Furthermore, both failed (Nixon, ultimately and

Carter, at least initially) for some of the same overt reasons: both failed to gain the support of the powerful chairman of the Senate Finance Committee; both were subject to claims of inadequacy on the one hand and over generosity on the other hand; both would add new and perhaps massive expenditures to the federal financial burden; and finally, both ran headlong into elections—elections usually won by currying favor not with the poor but with the middle class.

The future of welfare reform and welfare itself, like most policies in the short run, is uncertain. Clearly, the promise of massive welfare reform has not materialized. And, as predicted in 1978, "Welfare Reform II [1979], like so many studio remakes," has turned out to be a "a low-budget affair."⁷

At present, three major reform bills (or, perhaps more accurately, bills passing for major reform) vie for Congressional attention—attention which is largely occupied with other issues. Only one, the Carter Administration's "Social Welfare Reform Amendments," has even managed to make its way out of the House Ways and Means Committee. None have yet traversed Senate Finance. None have been subjected to floor votes. Moreover, if something approaching welfare reform does not pass in 1979, it seems unlikely that it will in 1980, a Presidential election year. Hence, for the federal welfare system, now in its 44th year, genuine, large-scale reform is probably not imminent—welfare "business as usual" will probably prevail.

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FOOTNOTES

¹ In September-October 1964, the Gallup Poll asked the following question: "... in general, [do] you agree or disagree? The federal government has a responsibility to try to do away with poverty in this country." Seventy-two percent of the respondents agreed with the statement while only 20% disagreed and only 8% had no opinion. More to the point of welfare, in October 1964, the Harris Poll asked respondents to agree or disagree with the following statement: "Government must see that no one is without food, clothing, or shelter." Sixty-eight percent agreed. Hazel Erskine, "The Polls: Government Roll in Welfare," *Public Opinion Quarterly*, Vol. 39, New York, NY, Columbia University Press, summer 1975, p. 259.

² In September 1969, the Harris Poll asked respondents whether they favored or opposed "the Nixon welfare plan—which would give every family on welfare \$1,600 with a provision that anyone able to work either enter a job training program or get a job?" Seventy-nine percent of the respondents were in favor of such a program; only 13% were opposed. *Ibid.*, p. 270.

³ In April of 1970, the Minnesota Poll of the *Minneapolis Tribune* was more specific on upper limits and the retention of food stamps: "Here's how the proposed Nixon welfare program would work for a family of four where the head of the family is willing and able to work. The least a family could receive is \$1,600 a year plus food stamps. As the family earned more of its own money, welfare payments would be gradually reduced and when the family reached \$3,920, welfare payments would stop. Does this sound like a good idea or a poor idea?" In stark contrast to polls taken less than a year before, only 57% of the respondents thought it was a good idea. Nor, apparently, was this decreased support merely the result of the addition of the words food stamps and the \$3,920 ceiling, for in October 1970, a CBS News Poll asked, "It's been proposed that all families in America be guaranteed a minimum income. For example, a family of four would be guaranteed \$1,600 a year. If the family couldn't earn \$1,600, the government would make up the difference. Would you favor or oppose a program for guaranteed income?" (Telephone survey) 50% of the respondents opposed the plan while only 45% favored it. *Ibid.*, pp. 270-71.

⁴ U.S. Department of Commerce, *Statistical Abstract of the United States: 1977*, Washington, DC, U.S. Department of Commerce, p. 348.

⁵ *Bennett vs. Butz*, 386 F. Supp. 10-59, C.D. MN, 1974.

⁶ Brown, *op. cit.*, pp. 425-26.

⁷ Linda E. Demkovich, "A Preview of Coming Attractions," *National Journal*, September 23, 1978, Washington, DC, The Government Research Co., p. 1519.

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The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from states nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

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