

Facts

POVERTY

How many people do we have in a state of poverty?

A Twentieth Century Fund study places:

- 20 million below a minimum level of essentials
- 26 million more at the borderline

Or in all:

- between 40 and 50 million Americans in a state of poverty.
- between 1/5 the and 1/4th of the nation
- in a current trend that is growing and will grow unless it is reversed.

Who are the poor and where are they?

- they are poor farmers in marginal farming areas, making from \$500 to \$1000 a year and unreached by the Federal farm programs.
- They are migrant laborers, unskilled and unorganized workers, scattered throughout the economy.
- They are people in depressed areas: The Appalachia region, Northern Great Lakes region, the rural South.
- A large number are Negroes and Puerto Ricans -- last hired and first fired, and getting only half as much as a white man when they do get a job.
- They are 8 million of our senior citizens in poverty. A million of these live on less than \$580 a year.
- They are citizens with special problems: handicapped, mentally retarded or below average, people who have left rural or mountain areas with one kind of culture to live in confused poverty in cities.

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Why Have They Escaped Our Notice?

- - because the affluent middle class, twice as large and prosperous as every before, has flown to the suburbs and left the poor behind in the cities, where out of sight, they are out of mind.
- - because old folks don't live with their children any more, but in upper rooms, in gray houses, on back streets.
- - because they are disorganized and have no one to speak for them, plead a cause, make a case.
- because slick paper magazines and journals don't take pictures of dirty, dismal places, and lives of grimy dullness.
- because they have fallen through the cracks of an affluent society made so by a technological revolution in industry that has kicked a lot of people suddenly and hard.
- - because for some insensitive people the old proverb holds: "it is easy to impose upon the poor, the rich won't stand for it."

What Should Be Done About It?

- - Expanded Public Works
- Expanded job-retraining programs.
- - Better Welfare Services
- - A Domestic Service Corps to work with many of these people.
- - Help in relocation.

Long range and fundamental:

- - Urban renewal and redevelopment
- Management of automation and technology to make new work.
- - Regional redevelopment.
- Massive assault on basic problems of education, general

What to do about it (continued)

and vocational, for all children.

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- - Expanded Social Security, including a Medicare development in it.

Something must be done now:

- there may always be 1/5th or 1/4th at the bottom of some statistical scale but no percent should be below decency.
- - it is a disgrace in the richest nation on earth today or in all time, to have this many people living shabby lives of denial in a long gray hallway on the road to death.
- - physical nourishment, education, hope must be given to the children of the poor so that the misfortunes of the fathers are not visited upon the sons.
- - failure to deal with the problem in the short run for moderate costs, will create staggering costs in the long run in the costs of welfare, costs of crime, and costs of political deterioration.

He that honoreth his maker
hath mercy on the Poor Proverbs
14-3.

He that hath pity upon the
Poor lendeth unto the Lord
Prov 19-17.

Defend the Poor & fatherless,
do justice to the afflicted &
needy Psalm 82-3.

moreover the Profit of the
earth is for all, the king
himself is served by the
field Eccle. 5-9.

For the Poor shall never
cease out of the land, there-
fore I command thee saying
thou shalt open thine hand
wide unto thy brother, to thy
Poor, to thy needy Deut 15-11

Blessed is he that considereth
the Poor Psalm 41-1

He that hath mercy on The
Poor, happy is he. Prov 14-21.

But whoso hath this worlds
good & seeth his brother
have need & shutteth up
his bowels of compassion
from him, how dwelleth
the love of God in him. First
John 3-17.

For he shall have judgement
without mercy, that hath
showed no mercy & mercy
rejoiceth against judg-
ment. James 2-13

Biblical on Poverty:

Jesus' first sermon in synagogue at Nazareth (from gospel of Luke)

Took text from prophet Isaiah:

"The spirit of the Lord is upon me, for he has consecrated me to preach good news to the poor, He has sent me to announce to the prisoners their release and to the blind the recovery of their sight, To set the down-trodden at liberty, To proclaim the year of the Lord's favor".

Jesus again: "If your brother asks for bread, ye do not give him a stone".

Jesus again: "Blessed are the poor, for theirs is the Kingdom of Heaven"

(This is not really a good one to use)

From the Law in Deuteronomy: (O.T.)

"Open wide your hand to the poor and needy fellow-countrymen in your land."

"Happy is the man who reverences the Lord. . he has scattered abroad; he has given to the needy".

*File
SD Parents*

United States Senate

MEMORANDUM

John Stewart
Office of Sen. Humphrey
JThn -

Enclosed is the first draft of the Science for Development bill. As we discussed, the patent provisions (Sec. 304) are fairly tough. We will be glad to make any revisions you may want, and make more copies, if necessary.

8/5

Blair

88th CONGRESS
2d Session

S. _____

[1964]

IN THE SENATE OF THE UNITED STATES

Mr. HUMPHREY

introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To establish a Science for Development Agency to conduct research and development activities designed to combat poverty and economic underdevelopment in this country and abroad.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I - SHORT TITLE, DECLARATION OF POLICY

Short Title

Sec. 101. This Act may be cited as the "Science for Development Act of 1964".

Declaration of Policy and Purpose

Sec. 102. (a) The Congress hereby declares that the task of combatting poverty and economic underdevelopment both in the United States and abroad is a major concern to the government and people of the United States; that the traditional methods of providing capital assistance to poverty-stricken areas in the United States and abroad have often failed to accomplish the basic economic and social changes necessary to achieve full productivity, employment and prosperity; that the urgency of this task requires a major program of research and development to develop and apply scientific techniques to combat the basic causes of poverty and economic underdevelopment; and that the research and development budget of the United States currently does not focus sufficient resources toward solving these critical problems.

(b) it is the purpose of this Act to establish a Science for Development Agency whereby the United States can achieve a more balanced and efficient program of research and development directed toward the eradication of poverty and economic underdevelopment in this country and abroad.

TITLE II--SCIENCE FOR DEVELOPMENT AGENCY

Establishment of Science for Development Agency

Sec. 201. (a) There is hereby established the Science for Development Agency (hereinafter called the "Agency"). The Agency shall be headed by an Administrator who shall be appointed by the President by and with the advice and consent of the Senate, and shall receive compensation at the rate prescribed for Level _____ of the Federal Executive Salary Schedule established by the Federal Executive Salary Act of 1964. Under the supervision and direction of the President, the Administrator shall be responsible for the exercise of all powers and the discharge of all duties of the Agency.

(b) There shall be in the Administration two Assistant Administrators, who shall be appointed by the President by and with the advice and consent of the Senate, shall receive compensation at the rate prescribed for Level _____ of such Federal Executive Salary Schedule, and shall perform such duties and exercise such powers as the Administrator may prescribe. The Administrator shall designate one of the Assistant Administrators to act for, and exercise the powers of, the Administrator during his absence or disability.

(c) The Administrator and the Assistant Administrators shall not engage in any other business, vocation, or employment while serving as such.

Functions of the Agency

Sec. 202. In order to carry out the purpose of this Act, the Agency shall--

(a) plan, conduct, and coordinate basic and applied scientific research and development activities in order to facilitate the solution of problems caused by poverty and economic underdevelopment;

(b) plan the application of the findings and techniques of such research activities to the special conditions of underdeveloped areas of the United States and of the underdeveloped countries of the world; and

(c) encourage and coordinate with the appropriate agencies or instrumentalities of the United States the development of programs to utilize such findings and techniques.

Authority of Administrator

Sec. 203. In the performance of his duties under this Act, the Administrator is authorized--

(a) to make, promulgate, issue, rescind, and amend rules and regulations governing the manner of the operations of the Agency and the exercise of the powers vested in the Agency by law;

(b) to appoint and fix the compensation of such officers and employees as may be necessary to carry out the functions of the Agency under this Act. Such officers and employees shall be appointed in accordance with the civil-service laws and their compensation fixed in accordance with the Classification Act of 1949, except that to the extent the Administrator deems such action necessary to recruit specially qualified scientific and technological talent, he may establish the entrance grade for scientific and technological personnel without previous service in the Federal Government at a level not more than two grades higher than the grade provided for such personnel under the General Schedule established by the Classification Act of 1949, and fix their compensation accordingly;

(c) to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain laboratories, research and testing sites and facilities, and such other real and personal property

(including patents), or any interest therein, as the Administrator deems necessary within and outside the continental United States; to acquire by lease or otherwise, through the Administrator of General Services, buildings or parts of buildings in the District of Columbia for the use of the Agency for a period not to exceed ten years without regard to the Act of March 3, 1877 (40 U.S.C. 34); to lease to others such real and personal property; to sell and otherwise dispose of real and personal property (including patents and rights thereunder) in accordance with the provisions of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.); and to provide by contract or otherwise for cafeterias and other necessary facilities for the welfare of employees of the Agency at its installations and purchase and maintain equipment therefor;

(d) to accept unconditional gifts or donations of services, money, or property, real, personal, or mixed, tangible or intangible;

(e) without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), to enter into and perform such contracts, grants, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the work of the Agency and on such terms as the Administrator may deem appropriate, with any agency or instrumentality of the United States, or with any State, Territory, or possession, or with any political subdivision thereof, or with any person, firm, association, corporation, or educational institution. To the maximum extent practicable and consistent with the accomplishment of the purpose of this Act, such contracts, grants, leases, agreements, and other transactions shall be allocated by the Administrator in a manner which will enable small-business concerns to participate equitably and proportionately in the conduct of the work of the Agency;

(f) to use, with their consent, the services, equipment, personnel, and facilities of Federal and other agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies and instrumentalities in the use of services, equipment, and facilities. Each department and agency of the Federal Government shall cooperate fully with the Agency in making its services, equipment, personnel, and facilities available to the Agency, and any such department or agency is authorized, notwithstanding any other provision of law, to transfer to or to receive from the Agency, without reimbursement, supplies and equipment other than administrative supplies or equipment;

(g) to appoint such advisory committees as may be appropriate for purposes of consultation and advice with respect to his functions under this Act;

(h) to obtain services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed \$100 per diem for individuals;

(i) (A) to consider, ascertain, adjust, determine, settle, and pay, on behalf of the United States, in full satisfaction thereof, any claim for \$5,000 or less against the United States for bodily injury, death, or damage to or loss of real or personal property resulting from the conduct of the functions of the Agency under this Act, where such claim is presented to the Agency in writing within two years after the accident or incident out of which the claim arises; and

(B) if the Administrator or his designee, considers that a claim in excess of \$5,000 is meritorious and would otherwise be covered by this paragraph, to report the facts and circumstances thereof to the Congress for its consideration.

Coordination

Sec. 204. (a) The Administrator shall consult with the Director of the Office of Science and Technology on all matters pertaining to scientific research within the jurisdiction of that office.

(b) (1) Through the Assistant Administrators appointed pursuant to this Act the Administrator shall advise and consult with the Administrator of the Agency for International Development and the Director of the Office of Economic Opportunity or their designees on all matters within the jurisdiction of such agencies.

(2) With the approval of the President, the Administrator may establish such permanent interagency coordinating committees as may be appropriate to carry out the purpose of paragraph (1) of this section.

(c) The Administrator shall establish such offices and such procedures as he deems necessary to provide the greatest possible coordination of the activities of the agency under this Act with related scientific and other activities being carried on by other public and private agencies and organizations.

Reports to the Congress

Sec. 205. (a) The Administrator shall submit to the President for transmittal to the Congress, annually and at such other times as he deems desirable, a ^{full and complete} report of the activities, programs, and accomplishments of the Agency.

(b) Any report made under this section shall contain such recommendations for additional legislation as the Administrator or the President may consider necessary or desirable for the attainment of the objectives of this Act.

(c) No information which has been classified for reasons of national security shall be included in any report made under this section, unless such information has been declassified by, or pursuant to authorization given by, the President.

Science Development Advisory Committee

Sec. 206. (a) The President, by and with the advice and consent of the Senate, may appoint a Science Development Advisory Committee of not to exceed fifteen members from persons outside the Government who are specially qualified by experience and training in

matters relating to the activities of the Agency, to advise and consult with the Administrator on the policies and programs designed to carry out the purpose of this Act. The President shall designate one of the members as chairman.

(b) Members of the Committee shall serve at the pleasure of the President. They shall meet at least once each year and at such other times as the Administrator may direct. Members of the committee shall receive a per diem compensation not exceeding \$100 for each day spent in meetings or conferences and shall be reimbursed for necessary traveling and other expenses incurred while engaged in the work of the Committee.

TITLE III--MISCELLANEOUS

Transfer of Related Functions

Sec. 301. (a) Subject to the provisions of this section, the President, for a period of four years after the date of enactment of this Act, may transfer to the Agency any functions (including powers, duties, activities, facilities, and parts of functions) of any other department or agency of the United States, or of any officer or organizational entity thereof, which relate primarily to the functions, powers, and duties of the Agency as prescribed by this Act. In connection with any such transfer, the President may, under this section or other applicable authority, provide for appropriate transfers of records, property, civilian personnel, and funds.

(b) Whenever any such transfer is made before January 1, 1966, the President shall transmit to the Speaker of the House of Representatives and the President pro tempore of the Senate a full and complete report concerning the nature and effect of such transfer.

(c) After December 31, 1965, no transfer shall be made under this section until (1) a full and complete report concerning the nature and effect of such proposed transfer has been transmitted by the President to the Congress, and (2) the first period of sixty calendar days of regular session of the Congress following the date

of receipt of such report by the Congress has expired without the adoption by the Congress of a concurrent resolution stating that the Congress does not favor such transfer.

Access to Information

Sec. 302. Information obtained or developed by the Administrator in the performance of his functions under this Act shall be made available for public inspection, except (A) information authorized or required by Federal statute to be withheld, and (B) information classified to protect the national security. Nothing in this Act shall authorize the withholding of information by the Administrator from the duly authorized committees of the Congress.

Security

Sec. 303. (a) The Administrator shall establish such security requirements, restrictions, and safeguards as he deems necessary in the interest of the national security. The Administrator may arrange with the Civil Service Commission for the conduct of such security or other personnel investigations of the Agency's officers, employees, and consultants, and its contractors and subcontractors and their officers and employees, actual or prospective, as he deems appropriate; and if any such investigation develops any data reflecting that the individual who is the subject thereof is of questionable loyalty the matter shall be referred to the Federal Bureau of Investigation for the conduct of a full field investigation, the results of which shall be furnished to the Administrator.

(b) Chapter 37 of title 18 of the United States Code (entitled "Espionage and Censorship") is amended by--

(1) adding at the end thereof the following new section:

"§ 800. Violation of regulations of Science for Development
Agency

"Whoever willfully shall violate, attempt to violate, or conspire to violate any regulation or order promulgated by the Administrator of the Science for Development Agency or other facility, or part thereof, or other property or equipment in the

custody of the Agency, or any real or personal property or equipment in the custody of any contractor under any contract with the Agency or any subcontractor of any such contractor, shall be fined not more than \$5,000, or imprisoned not more than one year, or both."

(2) adding at the end of the sectional analysis thereof the following new item:

"§ 800. Violation of regulations of Science for Development Agency."

(c) Section 1114 of title 18 of the United States Code is amended by inserting immediately before "while engaged in the performance of his official duties" the following: "or any officer or employee of the Science for Development Agency directed to guard and protect property of the United States under the administration and control of the Science for Development Agency".

(d) The Administrator may direct such of the officers and employees of the Agency as he deems necessary in the public interest to carry firearms while in the conduct of their official duties. The Administrator may also authorize such of those employees of the contractors and subcontractors of the Agency engaged in the protection of property owned by the United States and located at facilities owned by or contracted to the United States as he deems necessary in the public interest, to carry firearms while in the conduct of their official duties.

Property Rights in Inventions

Sec. 304. (a) Except as provided by subsection (b), each contract or lease entered into and each grant made by the Agency which requires the performance of any scientific or technological research or development activity shall include provisions which have been determined by the Attorney General to be effective to--

(1) reserve to the United States exclusive right and title to any invention which may be made by any person in consequence of the performance of obligations arising from that contract, lease, or grant;

(2) require the prompt furnishing to the Administrator of full and complete technical information concerning any invention which may be made in the performance of any obligation arising from the terms of that contract, lease, or grant; and

(3) require that any question arising with respect to the entitlement of the United States to exclusive title to any domestic or foreign patent which may be issued upon any such invention shall be determined in conformity with the provisions of subsections (d), (e), and (f) of this section.

(b) Under such regulations in conformity with the provisions of this section as the Administrator shall prescribe, he may waive all or any part of the proprietary rights of the United States under this section with respect to any invention or class of inventions made or which thereafter may be made by any person or class of persons in the performance of obligations arising under any contract or lease or class of contracts or leases entered into or to be entered into, or any grant or class of grants made or to be made, by or on behalf of any executive agency if--

(1) the Administrator has determined that--

(A) no adequate arrangement can be made for the effective conduct of the research, development, or exploration activity required without the granting of such waiver;

(B) the contribution of funds, facilities, and proprietary information made or to be made by the recipient or recipients of such waiver to the making of that invention or class of inventions so far exceeds, or will so far exceed, the contribution made thereto by the United States Government that equitable considerations favor the granting of such waiver; and

(C) the granting of such waiver would affirmatively advance the interests of the United States; and

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(2) the Administrator has received a written determination made by the Attorney General to the effect that the granting of such waiver would not facilitate--

(A) the growth or maintenance of monopolistic control by any person of any product or service, or any class of products or services, offered or to be offered for sale in the trade or commerce of the United States; or

(B) the concentration of economic power with respect to any part of the trade or commerce of the United States.

(c) Each such waiver must contain such terms and conditions as the Administrator shall determine to be effective to--

(1) insure that the recipient thereof will conduct actively and effectively such research or development activity as may be required for the attainment of the objectives of this Act to which the invention or class of inventions relates;

(2) insure that the recipient thereof will at his own expense--

(A) promptly apply for such patents as the Administrator shall designate upon any patentable invention made in consequence of activities undertaken pursuant to such contract, lease, or grant;

(B) prosecute each such application diligently; and

(C) take such action as the Administrator shall determine to be required for the protection of each patent issued upon any such application and for the protection of the interest retained by the United States therein;

(3) permit the Administrator, in the event of the failure of the recipient thereof to fulfill any obligation undertaken in compliance with the requirements of paragraph (2), to take

such action, at the expense of the recipient of such waiver, as the Administrator shall determine to be required for the fulfillment of such obligation;

(4) reserve to the United States an irrevocable license for the practice of such invention, and the use of technical information relating thereto, throughout the world by or on behalf of the United States or any foreign government pursuant to any treaty or agreement with the United States; and

(5) insure that the recipient thereof will take such other action as the Administrator may determine to be required for the protection of the proprietary interests of the United States in or with respect to the invention concerned.

(d) No patent may be issued to any applicant other than the Administrator for any invention which appears to the Commissioner of Patents to have significant utility in the conduct of scientific research and development activities within the jurisdiction of the Agency unless the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract, lease, or grant of the Administration. Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Administrator.

(e) Upon any application as to which any such statement has been transmitted to the Administrator, the Commissioner may, if the invention is patentable, issue a patent to the applicant unless the Administrator, within ninety days after receipt of such application and statement, requests that such patent be issued to him on behalf of the United States. If, within such time, the Administrator files such a request with the Commissioner,

the Commissioner shall transmit notice thereof to the applicant, and shall issue such patent to the Administrator unless the applicant within thirty days after receipt of such notice requests a hearing before a Board of Patent Interferences on the question whether the Administrator is entitled under this section to receive such patent. The Board may hear and determine, in accordance with rules and procedures established for interference cases, the question so presented, and its determination shall be subject to appeal by the applicant or by the Administrator to the Court of Customs and Patent Appeals in accordance with procedures governing appeals from decisions of the Board of Patent Interferences in other proceedings.

(f) Whenever any patent has been issued to any applicant in conformity with subsection (e), and the Administrator thereafter has reason to believe that the statement filed by the applicant in connection therewith contained any false representation of any material fact, the Administrator within five years after the date of issuance of such patent may file with the Commissioner a request for the transfer to the Administrator of title to such patent on the records of the Commissioner. Notice of any such request shall be transmitted by the Commissioner to the owner of record of such patent, and title to such patent shall be so transferred to the Administrator unless within thirty days after receipt of such notice such owner of record requests a hearing before a Board of Patent Interferences on the question whether any such false representation was contained in such statement. Such question shall be heard and determined, and determination thereof shall be subject to review, in the manner prescribed by subsection (e) for questions arising thereunder. No request made by the Administrator under this subsection for the transfer of title to any patent, and no prosecution for the violation of any criminal statute, shall be barred by any failure of the Administrator to make a request under subsection (e) for the issuance of such patent to him, or by any notice previously given by the Administrator stating that he had no objection to the issuance of such patent to the applicant therefor.

(g) The Administrator shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the Agency for the practice by any person (other than an agency of the United States) of any invention for which the Administrator holds a patent on behalf of the United States.

(h) The Administrator is authorized to take all suitable and necessary steps to protect any invention or discovery to which he has title, and to require that contractors or persons who retain title to inventions or discoveries under this section protect the inventions or discoveries to which the Agency has or may acquire a license of use.

(i) As used in this section--

(1) the term "person" means any individual, partnership, corporation, association, institution, or other entity;

(2) the terms "contract", "lease", or "grant" shall include any assignment, substitution of parties or subcontract executed or entered into thereunder; and

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

Contributions Awards

Sec. 305. (a) Subject to the provisions of this section, the Administrator is authorized, upon his own initiative or upon application of any person, to make a monetary award, in such amount and upon such terms as he shall determine to be warranted, to any person (as defined in subsection 304 (i)) for any scientific or technical contribution to the Agency which is determined by the Administrator to have significant value in the conduct of scientific and technological research activities under this Act. Each application made for any such award shall be referred to the Inventions and Contributions Board which shall be established by the Administrator within the Agency. Such Board shall accord to each such applicant an opportunity for hearing upon such application, and shall transmit

to the Administrator its recommendation as to the terms of the award, if any, to be made to such applicant for such contribution. In determining the terms and conditions of any award the Administrator shall take into account--

(1) the value of the contribution to the United States;

(2) the aggregate amount of any sums which have been expended by the applicant for the development of such contribution;

(3) the amount of any compensation (other than salary received for services rendered as an officer or employee of the Government) previously received by the applicant for or on account of the use of such contribution by the United States; and

(4) such other factors as the Administrator shall determine to be material.

(b) If more than one applicant under subsection (a) claims an interest in the same contribution, the Administrator shall ascertain and determine the respective interests of such applicants, and shall apportion any award to be made with respect to such contribution among such applicants in such proportions as he shall determine to be equitable. No award may be made under subsection (a) with respect to any contribution--

(1) unless the applicant surrenders, by such means as the Administrator shall determine to be effective, all claims which such applicant may have to receive any compensation (other than the award made under this section) for the use of such contribution or any element thereof at any time by or on behalf of the United States, or by or on behalf of any foreign government pursuant to any treaty or agreement with the United States, within the United States or at any other place;

(2) in any amount exceeding \$100,000, unless the Administrator has transmitted to the appropriate committees of the Congress a full and complete report concerning the amount and terms of, and the basis for, such proposed award, and thirty calendar days of regular session of the Congress have expired after receipt of such report by such committees.

[1964?]

ABSTRACT

The foundation of an agency that will focus American scientific and technological resources on development of poverty-stricken areas in the United States and of less developed countries, is proposed. The agency will cost little in terms of new appropriations, help balance the highly-unbalanced federal science program, and make redevelopment efforts in the U.S. and foreign aid to "have-not" countries, for the first time, effective enough to meet their urgent objectives.

THE PROBLEM

The traditional method of federal assistance -- pumping capital into poverty-stricken areas in the U.S. and under-developed countries -- does not, as the record shows, yield the expected results.

Development has proven much more expensive than most economists estimated; thus the aid granted has been far too small to produce the desired development, leaving a huge gap between needs and available resources. What is needed is a kind of investment with a higher cost-effectiveness ratio; i.e., one that yields more development per dollar.

Second, much of the value of current capital-aid is lost through inefficiency, corruption, poor planning, lack of skilled personnel, and local politicking. As a result, outside capital aid is either accompanied by pressure to remove these socio-political sources of waste, which has proved an ineffective policy, or waste is permitted to continue, which leads to the loss of most of the

capital aid. Forcing change in the socio-political fabric of backward areas raises the outcry of violation of states-rights in the U.S. ("federal control of education," "planning," desegregation) and of neo-imperialism, abroad. Trying to do without such socio-political change, or leaving this reform to the discretion of the local decision-makers, perpetuates the forces that prevent rapid progress on both the socio-political and the economic fronts. What is needed is outside aid that can be effectively employed with less need for socio-political changes, or aid which brings about those changes without the use of outside force.

Thirdly, the United States' global commitments are an important cause of the present dollar crisis. Hence there are strong pressures to curtail spending abroad, especially on capital aid. What is needed is foreign aid that will not increase the outflow of dollars.

The United States' growing expenses at home have led the federal budget to a record level. What is needed is a domestic development program that will not substantially increase federal expenditures and the national deficit, i.e., a program that is cost-effective and draws largely on existing facilities.

Fourthly, as it stands, the U.S. research and development program is highly unbalanced. Eighty-seven per cent of the \$14.7 billions spent in fiscal year 1963 were invested in defense, space, and atomic energy. What is needed is a more balanced program of R & D, a program which will ensure that other sciences, especially those geared to civilian needs, are not crowded out.

While American R & D efforts for defense and space are highly

organized, efforts for other R & D goals are much less coordinated. Oceanographic studies, for instance, are carried out by at least twelve federal agencies. What is hence needed is an agency, like NASA, that will treat the earth the way we now treat the moon; i.e., that will focus applied research on urgent earth-problems including the social as well as the natural sciences.

The proposed agency might be called the Science-for-Development Agency.

THE STRUCTURE

The S.D.A. would have three wings: the largest branch would conduct and coordinate applied research in science for development. The smaller wings would deal with the problems of applying the findings of the main wing to the special conditions of specific areas, with one wing devoted to backward regions in the United States, and the other to less developed countries. Differences in the distribution of natural resources, communication and transportation facilities, and cultural background of the labor force, make it impossible to transfer automatically findings and techniques from backward American areas to "have not" countries and vice versa. Hence the need for the two wings.

The major research wing will best focus on a limited number of key problems, in which it can make significant advances. The projects would be selected by the scientific advisory board of the S.D.A., in consultation with the Office of Science and Technology at the White House, and the Federal Council for Science and Technology, the bodies that are entrusted with the coordination of all

Federal research and development.

The following list is illustrative of problems that might be chosen for research.

One, growing of food in oceans and the mining of minerals from ocean floors should be allotted more resources. While investments in oceanography have increased considerably, the limit of profitable investment has not been reached. Also, oceanography, now distributed among many federal agencies, should find one home in the S.D.A.

Second, research and application of nuclear energy for civilian purposes should be reactivated -- to open frozen ports all year around, to dig new canals, to mine minerals, and above all to provide cheaper electricity. This field of inquiry was vigorously attacked at first, but then enthusiasm and interest gradually waned. But it is reported that we are now on the verge of major breakthroughs. The task of the S.D.A. would be to see that this important project is not pushed aside. All civilian work done in this area should be concentrated in the S.D.A.

Third, new sources of fresh water should be sought. The table of the water in this country and elsewhere is falling. If we do not wish to leave future generations with arid deserts to live in, measures should be taken now. Greater efforts at desalting ocean water should be undertaken by the S.D.A. The day when the U.S. can provide abundant water at an economical rate for both the deserts of Arizona, Nevada, and the Sahara, will be a happy one indeed.

Other valuable projects might include air pollution, which is probably as important a cause of cancer as is cigarette smoking;

the development of translation machines and other matters which are of little or no interest to private industry, because they have insufficient commercial potential, but which are of much public value.

Many of our problems cannot be solved unless major breakthroughs are made in the social sciences. We have to develop new administrative patterns to enable hundreds of engineers and scientists to work together regularly and effectively on the solution of one research problem. We have to evolve new teaching methods -- such as the mass use of teaching machines and television -- if high-quality talent is to benefit a large number of students, if the teaching personnel is to stretch to fill the needs, if masses of unemployed are to be retrained, and if large numbers of people in underdeveloped nations are to be taught to read and write. Rehabilitation of criminals and mental patients is another problem common to all modern and modernizing societies, but none has yet found an even promising way to deal effectively and on a massive scale with the problem that exists.

The American wing of the S.D.A. will focus on the applications of new findings and techniques to neglected America, to the America of the states whose income per capita is three times lower than that of the more affluent states, whose educational, scientific, and engineering facilities are poor. It will concentrate on areas in which unemployment is high and poverty rampant, on slum clearance, etc. The problems have often been discussed, but the crucial role science could play if it were put to work on them in a big way, has not been fully recognized. Science, for instance, is only slowly finding its place in the Department of Health,

Education and Welfare (and more in Health than in Welfare and Education).

The Overseas wing of the S.D.A. will concentrate on under-developed areas abroad. Until now, foreign aid has been granted largely in the form of capital, supplemented by some technical assistance. The S.D.A. approach would be to select key problems of the developing nations, research them in the U.S., and make the findings available to the aid-receiving country. If this country does not have the necessary technical and administrative personnel, or the engineers and skilled workers, to carry out a vital project, the U.S. should provide these experts and technicians. The United States would help recipient nations more if it spent some of its foreign assistance funds on researching their problems in the United States; on training their technical and administrative personnel, on a large scale, in the United States; and on sending joint teams of Americans and of American-trained nationals, to the respective countries to run a small number of strategically placed projects.

This kind of approach is actually being used by the World Health Organization. In 1947, the WHO -- drawing on studies of malaria conducted largely by Western teams in Western laboratories -- sent a Western staff to spray Ceylonese homes with DDT, produced in the West. The costs were negligible, less than \$2.00 per location. The death rate in Ceylon dropped in one year, according to a world renowned demographer, Professor Kingsley Davis, by an unparalleled 43 per cent! In this case progress was made in one giant stride without trying to change simultaneously the whole social, economic, political, cultural and psychological make-up of

a nation.

It is not implied that these fundamental changes are not desirable or that the Ceylonese should not learn to produce their own DDT, sprayers, and health experts, but the bitter truth is that it would have taken about a generation longer to achieve the same results in this way. Thus, while various training and joint enterprise programs must be continued, much more progress could be made in certain areas if more research were conducted for the developing nations in the American-based Science for Development Agency. This would in turn open the door for more effective self-help.

Such scientific-aid might raise an initial outcry about renewed Western paternalism; foreign newspapers will be quick to point out that the dollars are largely spent in the United States and hence the additional work they create (e.g., food and laundry services for the personnel) are lost to the recipient country; they alleviate the American, rather than the developing country's, balance of payment problems; and they build up research facilities in the U.S., not in the other country. All this is true, and the U.S. should continue to appropriate more aid to be spent within the receiving nations; but the political reality seems to indicate that the traditional kind of foreign aid will be available in the future only on a reduced scale. But the development of countries, especially of those who shy away from fundamental socio-economic changes, will depend heavily on American scientific aid of the kind described above. A combination of old-type foreign aid, spent in the recipient countries, with American-based development science, is an imaginative solution that ought to be systematically tested.

MANPOWER AND BUDGET

Scientific manpower is in short supply, and the federal budget cannot readily be increased. Fortunately, the sums required for the proposed S.D.A. are not large; preliminary calculations suggest that an annual budget of two and a half billion dollars would go a long way toward financing all the projects outlined briefly above and several others as well. The actual cost could be much smaller since 15% of the budget of the S.D.A. can be made up of the funds transferred from appropriations now made to other agencies that are engaged, in a fragmented and often unimaginative way, in scientific research of subjects that would fall under the S.D.A. jurisdiction. At least an additional seventy per cent of the budget of the S.D.A. could come from funds reappropriated from the Defense Department, NASA, AEC and space R & D.

Not just funds but also manpower and facilities could be transferred. Defense spending is expected to be cut back, in the next years. Rather than returning these facilities to private industrial research, they could be assigned to the S.D.A. We have also shown elsewhere in great detail that space research and development, which alone amounted to 4 billion dollars in 1964, is much too inflated, and here alone at least one and a half billions could be saved, and many of the 42,000 professional space employees, re-assigned.*

*Amitai Etzioni, The Moon-doggle: Domestic and International Implications of the Space Race (Doubleday, June 1964).

The S.D.A. would prevent the return to the private consumer economy of manpower and funds saved from space and defense, and would thus avoid further increasing the consumer glut in the face of pauperized public service research. Most critical discussion of the scope of the space and defense research, ends on the note that facilities and researchers should be returned to private consumption. But this would be taking resources from one inflated sector and giving to another inflated one, leaving the most undernourished sector to continue on its subsistence diet. Now that these facilities have been constructed by the federal government and the researchers taken from the private sector, de-orbited scientific assets -- other than those that return to university teaching and basic research -- should be attracted to the Science for Development Agency. Whole research complexes, e.g., the Jet Propulsion Laboratory (once transferred from the Army to NASA's service), might be reassigned from NASA to the S.D.A. (individual scientists would, of course, have the option to return to private research rather than being reassigned).

This is not to imply that the economy in general and private industry in particular should not or will not benefit from this shifting of the Nation's R & D resources from one federal sector to another. Much of the knowledge produced by the new agency will be transferable to private industry, which that of defense and space R & D is not. Moreover, since the agency will be directly charged with renovating obsolescent sectors of the economy and encouraging the development of backward regions, it will soon make work and create purchasing power in these regions, which in turn

will bring more economic activity to the private sector. At the same time, little new drains on the universities will be generated, allowing sufficient faculty for basic research, unguided applied research, and the education of the next generation.

ADMINISTRATIVE STRUCTURE

There are many administrative forms in which research and development of science for development programs at home and abroad might be organized. It could be a separate agency, part of a Science Agency (the other main wings consisting of NASA, the NIH, and the NSF), or it could be combined with a vastly reorganized AID and the President's new program for the attack on poverty. A public, non-governmental agency -- like the New York Port Authority -- might be considered. The main need is to work economically, as only new breakthroughs in science and engineering can, for the development of the backward parts of America and the world.

[1964]

POVERTY AND THE CHRISTIAN CONSCIENCE



by **HAROLD J. BELGUM**

POVERTY AND THE CHRISTIAN CONSCIENCE

This course is an effort to provide adult Christians with timely and relevant study materials on current moral and social issues. It is based on the conviction that:

- . Christians cannot ignore what is happening in their world and maintain their integrity as Christians;
- . Christians owe it to their Lord, their fellowmen and themselves, to listen and speak to their world;
- . Christians need to be conversant with the social and moral issues of our time and formulate their positions after thoughtful appraisal of the situation and in the light of Christian truth.

This course is designed to give form to the Christian's dialogue with his world through the group study of a popular paperback on the subject of poverty and this Study-Action Guide.

The use of The Other America by Michael Harrington as the primary resource for the course does not imply an indorsement by The American Lutheran Church of either the content or argument of the book. It is being used as "a voice" from outside the Lutheran Church to make dialogue possible.

THE ISSUE? - POVERTY IN AMERICA

On March 16, 1964, the President of the United States of America said in his message to congress:

"I have called for a national war on poverty . . . There are millions of Americans . . . who have not shared in the abundance which has been granted to most of us . . . What does this poverty mean to those who endure it? It means a daily struggle to secure the necessities for even a meager existence. It means that (millions are) . . . often trapped in a life of poverty."

Poverty belongs to no particular political party or philosophy. It is a fact in a world of sin. The question is: How ought the Christian today respond to the call to wage war on poverty?

Produced for the Board of Parish Education of The American Lutheran Church.

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PURPOSE AND PLAN OF STUDY-ACTION COURSE

PURPOSE

To find and study the facts about poverty.

To examine and apply the concern for the poor expressed by Scripture.

To discuss and decide what our Christian conscience tells us to do.

To create and carry out practical ways in which we, perhaps by involving our whole congregation, can bring help to poor families and individual persons . . . help that is specific, concrete, and personal.

PLAN

1st Session. Key Question: How do we feel about poor families? For background read pages 1-11 in Study-Action Guide and Chapter 1 in Michael Harrington's The Other America.

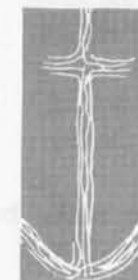
2nd Session. Key Question: What are the needs of poor families? Read Chapters 2 and 3 in The Other America, pages 12 and 13 in the Study-Action Guide.

3rd Session. Key Question: What does the Word of God tell us to do about poverty today? Read Chapters 4 and 5 in The Other America, and pages 14 and 15; 24-31 in this Study-Action Guide.

4th Session. Key Question: Has poverty made some of our own members invisible? Read Chapters 6 and 7 in The Other America, and pages 16 and 17 in the Study-Action Guide. Reread pages 24-31 for new insights.

5th Session. Key Question: How can we work politically? Read Chapters 8 and 9 in The Other America, and pages 18 and 19 in the Study-Action Guide. Reread pages 24-31 once more. Secure census data for your locality to find how many poor families you have.

6th Session. Key Question: How can we work through our congregation? Read pages 20-23 in this Study-Action Guide. Invite your pastor to meet with you and share with him your convictions.



Looking Toward Your First Session: Your group will get off to a quicker start if both study book and Study-Action Guide assignments (see above) have been read by everyone before they come to the first session. However, if you receive these materials at your first session, simply dive in and read pages 1-11 in this Guide. Your group leader can't do his job unless you each cooperate. His job is to start the discussion on time, to stop on time, to see that no single person "talks all the time." He gets you back on the problem of poverty if anyone goes off on a tangent.

WHAT IS YOUR ATTITUDE TOWARD POOR FAMILIES?

It is difficult for us to talk objectively and factually about very poor families. Often we will accuse them of wasting their money and thereby bringing poverty upon themselves. "Notice the fine television sets and their big cars," some say. If they are on relief, there is a suspicion they just may be "chislers." We read articles suggesting that ADC mothers deliberately have illegitimate children so they can get a bigger monthly check. This view of the poor is also reflected in the attitude toward political leaders who come out boldly in favor of helping the poor.

A farmer who was very active in raising money for a Christian home for unmarried mothers was also on the township relief board. In discussing a case of a family of nine children whose father was a trash hauler, he said, "That family is just no good! The mother is a rotten housekeeper, and the father never has earned more than \$40.00 a week. Imagine having all those kids on that kind of money! That family doesn't even deserve relief!"

A neighborhood grocer said about a very poor family, "They're just scum . . . those kids will never amount to anything." A month later a neighbor found the youngest boy stealing steaks from the meat locker. When the police came the neighbor asked, "What do you really think of a sixth-grade boy who steals meat from a next door neighbor?" "It depends," said the policeman, "on how hungry you are."

WHAT IS THE CHIEF CAUSE OF POVERTY?

In answer to the question, "Is lack of effort or is circumstance a more important cause of poverty?" --persons with incomes of \$10,000 and over tended to blame lack of effort. Persons with incomes under \$3,000 tended to blame circumstance (Gallup Poll Report - March 22, 1964).

There was a rather sharp difference between Republicans, Democrats, and Independents:

	Republicans	Democrats	Independents
Lack of effort	64%	47%	62%
Circumstance	36	53	38

IGNORANCE, SICKNESS AND POVERTY

It is bad that a man be ignorant, and worse yet that a man be sick, but it is worst of all that a man be poor because then he can do nothing about either his ignorance or his sickness.

IS POVERTY A MORAL ISSUE?

If we were in a shooting war . . . a war that really mattered . . . a war where our commander-in-chief ordered us to help (directly or indirectly) kill as many enemy men, women, and children as we were able, we would rise to our full dignity as American citizens and fight the good fight for "duty, honor, and country."

We would give our money, our property, our professional selves, our futures, our children, our lives . . . to maim, to destroy, to kill (directly or indirectly) . . . because there would be no alternative goal to total victory.

Our peacetime "commander-in-chief" has declared war . . . "unconditional war on poverty. Objective: total victory!" This is a strange war: it is not to kill but to give life; it is not to wound but to heal; it is not to destroy but to build.

But do we even know the predicament of poverty? It is not clear, for instance, how many members of the social work profession have face-to-face relations with poor persons. One authority says 2%; another 5%. The Relief Department in a city famous for its Lutheran churches has only one professionally trained worker in a staff of thirty-six. How many Christians have face-to-face conversations say once a week with poor families?

One social worker reported that he knew personally one family on relief: (members of his congregation) a father and mother and three children under three years living on... just below \$2,000 a year. They lived near him. The mother apologized at her little christening party for the baby . . . she didn't have money for coffee. She gave him hot chocolate made of powdered milk. The father was in the workhouse.

Andrew Carnegie said in his "Law of Competition," "Poverty is a wonderful school, it separates the fit from the unfit, the deserving from the undeserving."

President Johnson is a Christian. Carnegie was a Christian. Times have changed. Is there any way to find what would be "the mind of Jesus" concerning poverty in America today?

THAT'S SOCIALISM ISN'T IT?

A speaker on the topic "Poverty" was addressing a Women's Club. In the front row were two well-dressed ladies, one of whom was evidently hard of hearing. The speaker had been describing the percentages of the population which are found in various income brackets. "What did he say?" asked the deaf lady of her companion. "He said one-fifth of the families in America have less than \$3,000 a year." To which the deaf lady replied, "That's Socialism isn't it?" (Adapted from a story told by Malcolm Davis.)

MOSES AND THE PROPHETS AND THE POOR

The Hebrew religion laid heavy stress upon God's pity for the poor and oppressed people. (The following two pages are summarized from the International Standard Bible Encyclopedia, page 2426.) The words in the Old Testament used to designate the poor have meanings like "needy," "weak," "lowly," "shaking," "trembling," "oppressed," "bent," "bowed down," "wretched," "wanting," "desirous."

God in the Old Testament had a special concern for the poor as when He delivered his people from Egyptian poverty and bondage. God punished those who ignored or oppressed the poor. He rewarded those who helped them. God promises that He will hear the cry of the poor and punish their oppressors.

Liberality to the poor is commanded in the Scriptures. To give grudgingly is frowned upon.

Special orders were given to help the poor: Every third year a tithe was to be given to help the stranger, the fatherless, the widow. Each year the gleanings of fields and vineyards were to be left for the poor. Fruit and ripe grain might be eaten by any hungry person. Every seventh year there was to be a forgiveness of debts.

Prophets and psalmists had many complaints against persons who oppressed and treated unjustly the poor. This was contrary to the will of God. Frequently in the Old Testament there are strong exhortations to rescue and help the poor.

God has imposed a duty on those who are blessed with worldly goods to care for and to help the poor. Divine blessings are promised to such.

The day of Divine Manifestation shall bring deliverance and aid to the poor . . .

"The Spirit of the Lord God is upon me, because the Lord has anointed me to bring good tidings to the afflicted; he has sent me to bind up the brokenhearted, to proclaim liberty to the captives, and the opening of the prison to those who are bound; to proclaim the year of the Lord's favor, and the day of vengeance of our God; to comfort all who mourn; to grant to those who mourn in Zion— to give them a garland instead of ashes, the oil of gladness instead of mourning, the mantle of praise instead of a faint spirit; that they may be called oaks of righteousness, the planting of the Lord, that he may be glorified." (Isaiah 61:1-3)

JESUS CHRIST, HIS FOLLOWERS AND THE POOR

Jesus announced his mission by reading this very passage:

"And he came to Nazareth, where he had been brought up; and he went to the synagogue, as his custom was, on the sabbath day. And he stood up to read; and there was given to him the book of the prophet Isaiah. He opened the book and found the place where it was written, 'The Spirit of the Lord is upon me, because he has anointed me to preach good news to the poor. He has sent me to proclaim release to the captives and recovering of sight to the blind, to set at liberty those who are oppressed, to proclaim the acceptable year of the Lord.' And he closed the book, and gave it back to the attendant, and sat down; and the eyes of all in the synagogue were fixed on him. And he began to say to them, 'Today this scripture has been fulfilled in your hearing.'" (Luke 4:16-21)

Jesus enjoined his followers to give to the poor who are always present. He did not mean that there must always be poor people. He meant that in contrast with himself, who would soon leave them, the poor would remain needing the kindness which he had given them.

Jesus pictures Lazarus needing food, shelter, clothing, and medical care in full view of the rich man who ignored his needs. The rich man in torment is told, "Your brothers would not hear Moses and the prophets."

The early church showed its concern for the poor in the distribution of goods according to the needs of people. Paul speaks of always being zealous for the poor; commends Christians for sharing with those in need. "The greatest of these (three virtues) is love," for it causes Christians to share the gifts God has given them with others more needy.

James rebukes certain early Christians for being friendly with the rich and ignoring and belittling the needs of the poor. Faith in Christ, says James, if it is not followed by works of love for the poor, is as dead as a body without movement is dead. It is a Christian corpse.

John asks how a person who has this world's goods can see a human being in need, "shut up his compassion," and still believe that the love of God dwells in him.

Lutherans have been at great pains to make clear that man cannot attain salvation through the merits of his good works. But in the very championing of the doctrine of justification by faith they have tended to submerge the five functions of good works outlined in the Book of Concord. Good works are:

- (1) Commanded by the Creator;
- (2) An exercise of faith;
- (3) A witness to the world;
- (4) A demonstration of God's love;
- (5) A thank offering to God.

THE PEOPLE OF GOD AND THE POOR

Old Testament: A special concern for the widows, the fatherless children, the strangers.

New Testament: A special concern for anyone and everyone in need (even Samaritans and Syrophenicians) that is both kindred and native and stranger and alien. The New Commandment was applied to all, "Love one another as I have loved you." Neighbor means all persons in trouble without regard to merit or deservingness. Christ served and died for all persons.

Chrysostom, a great Christian leader around the year 400, established separate institutions for strangers, sick, cripples, homeless children, old persons, poor families, destitute individuals. He laid down one pattern of caring for persons in trouble: the institutional pattern.

The Middle Ages saw the development of the Brethren of Charity and the Hospitalers who took care of those who fell by the wayside during the Crusades. Monks in monasteries gave poor relief and medical care to the indigent. Many cathedrals gave a third of their income for the relief of poor families.

The Renaissance, in addition to Shakespeare and Columbus, saw Henry VIII of England seize the monasteries to increase his defense budget. The poor had no place to seek help and they became beggars endangering all England. The old nursery rhyme reminds us:

"Hark, hark, the dogs do bark. The beggars are coming to town. Some in rags, some in tags, some in velvet gowns."

They broke in and stole the velvet gowns. The hungry became vicious.

The Elizabethan Poor Laws in 1601 laid down five principles for poor relief. These principles in effect said to the poor:

- Stay Put! If you move, settlement laws will prevent your getting relief. Those who know you know what you deserve.
- Prove Need! If you have any means to keep alive, you get no help. Show us clearly you are down and out.
- Bow Down! If there is any job available, relief will pay you less. This will motivate you to find work.
- We Decide! If you are to get any help, we, the local administrators, will decide how much. We know you.
- Cut Taxes! If you are in need, you must know others can't afford to help you very much. Tighten your belt.

LUTHER, ST. VINCENT DE PAUL, THOMAS CHALMERS

Luther's great contribution to modern welfare work (and the war on poverty) is contained in his "Treatise on a Common Chest." In this work he laid down five principles:

- Helping the poor is an effective way of proclaiming to them the love of Christ. It is the evangelism of action.
- For each parish a committee must be named to be responsible for charity. This becomes their Christian calling.
- This committee must take a careful count of all needy families. They must estimate the total needed.
- They must assess the members of the parish. A tax is necessary. Free will offerings are inadequate because of man's sin.
- They must administer the welfare funds responsibly.

Luther is credited with being the first formulator of the key principles for both Community Chest or United Fund and public welfare by Karl de Schweintz in his classic book, England's Road to Social Security.

St. Vincent de Paul of Paris (sometime after Luther) worked in Catholic France to bring the needs of the poor before those Christians who were able to help. To galley slaves chained to their rowing benches, and to prisoners in unspeakable stench-filled dungeons he insisted on bringing the Sacrament. The violent contrast between the human condition and the grace of God brought those in power to a change of heart. Before he was done, St. Vincent had wealthy people of Paris visiting the poor, the sick, the orphaned . . . bringing them Christ's concern coupled with substantial material help.

Thomas Chalmers, a Presbyterian clergyman in Scotland (sometime after St. Vincent de Paul), introduced to the Christian world a new and important idea in helping the poor. The Reverend Mr. Chalmers actually opposed financial help but stressed the immense importance of personal concern and affection for the poor. He organized his large parish into units and arranged so that poor families would be visited regularly and dependably by other Christian visitors. The fact that they came regularly and cared is the new note struck by Thomas Chalmers.

Blind spots in Christian England and America included the orphans who were hired out as chimney sweeps and scandalously mistreated, children of the poor who worked on the weaving looms for 14 hours a day, the almshouses where, to "cut taxes," the poor, insane, retarded, delinquent, orphaned were herded together under one roof. Over the hill to the poor house was a road feared by the aged.

WHAT IS YOUR DEFINITION OF POVERTY?

An economist once was able to break up a meeting called to discuss the needs of poor families by insisting on a precise definition of poverty. There is a famous logical fallacy which refuses to admit any man has a beard because, it is argued, you have to prove how many hairs it takes to make a beard. One? Two? Three? Read Harrington's Appendix, "Definitions," before you begin his book. Then you will know what he means by poverty.

ARE THE POOR "INVISIBLE" TO US?

The main reason we chose Michael Harrington's The Other America as our study book on poverty is because of his thesis that the poor in America are invisible and becoming more so to the middle and upper classes. Something that we are unaware of cannot possibly prick our conscience or cause us to act.

Even seeing a family in great need may not stir our conscience. We may say, "Someone else surely is taking care of them . . . the Public Welfare . . . the Salvation Army . . . their relatives." Or we may say, "Helping people is a very technical business . . . it takes a social worker."

But even supposing we know that no one is helping them, we can fall back on the idea of fatalism: "That's the way it is with some people!" Didn't Jesus say, "The poor ye have always with you"? They are "fey." "There's a divinity that shapes our ends, rough-hew them how we will," said Shakespeare.

There is still another view. Poverty is in most cases the just punishment of God for evil living or for neglect of duty; or poverty is the result of a universal moral law which rewards the good with wealth and punishes the wicked with poverty.

"LOOK AROUND YOU, THE FIELDS ARE WHITE UNTO THE HARVEST"

Can we apply these words of Jesus to the poor families of our own community? We can if it is true that the conditions of poverty have been a factor in separating them from the Gospel. Has poverty caused parents to withdraw from the life of their congregation? . . . Has it made them feel they can't contribute their fair share? . . . Does a sense of shame, inadequacy, inferiority prevent them from trying to enter the communion of saints? . . . Does it make them invisible even to true believers?



IN SESSION ONE: HOW DO WE FEEL ABOUT POOR FAMILIES? How do you feel if you grow up in poverty? Do you think the feelings of the poor have changed from Old Testament times when these words were used to describe them: "lowly," "weak," "trembling," "shaking," "needy," "bent," "bowed down," "wretched," "wanting," "desirous."

How would you feel if you were suddenly reduced to poverty? Job, in Old Testament times, was suddenly plunged into poverty. (The director of a county welfare board told of a woman who was plunged into poverty. Her husband who was making \$20,000 a year suddenly left her and three children penniless. She is on AFDC.) Perhaps she feels like Job did:

"Terrors are turned upon me: they pursue my soul like the wind:
And my welfare passes as a cloud.
And now my soul is poured out upon me;
The days of affliction have taken hold upon me.
My bones are pierced in me in the night season:
And my sinews take no rest." (Job 30:15-17)

Does the Welfare State crowd out the church?

"The important thing is to inquire after the motives which govern the new state. Welfare is a noble word; it has the ring of New Testament language; take good care of thy neighbor! We will have to ask whether we are right, on the basis of our doctrine of the two regimes, in asserting that it is the monopoly of the church to help people in need and sorrow. Can we simply refer to 1 Corinthians 13?

"Can we truthfully declare that the state in its welfare practice is never motivated by love but always only by political considerations or by its program of regimentation, or perhaps by a sort of collective egoism, and that all its welfare work lacks the Christian basis, yes, even the moral basis? Are we really justified in asserting that deeds which de facto are good or acts of kindly assistance which are actually rendered, are worthless and reprehensible when they are done, as it were, automatically or by reasons of state?

"What we observe today in many countries has the appearance of a sudden upheaval, but in reality it is the result of a long development. The idea of the welfare state no doubt has two distinct roots. The one is the Gospel, the other the French Revolution. What the Gospel bestows upon the poor and needy as a gift or as mercy or grace, the welfare state wishes to distribute to them as their rightful share, as something to which they are justly entitled.

"Many Christians are tempted to say: Under such conditions there is no room left for the church and for the practice of the love of Christ.

"But this is wrong. The love of Christ is inventive; it will always find ways of expressing itself, even in a rigidly controlled welfare state, either in the form of corporate action by the church or in individual acts of Christian mercy. The love of Christ will never die for want of fields in which to exercise itself." (Eivind Berggrav's Address, Assembly Hanover, 1952.)



Looking Toward Session Two: Read Chapters 2 and 3 in The Other America starring the sections you want to discuss in Session Two. Maybe you doubt a claim made. Maybe you are reminded of something your congregation has neglected. Pages 12 and 13 in this Guide are to add other angles to your discussion. Call your county welfare administrator and ask that a worker come to your session to tell about some local families in poverty.

THE REJECTS (Pages 27-46 in The Other America)

Is there an "economic underworld" in your community? There is one in our home! A good-hearted woman comes every Tuesday to iron our clothes. She earns about \$30.00 a week. Her daughter takes good care of five children each day while their mothers work. Together they are buying a house. But four mothers lost their jobs and don't bring their children to the nursery. Now the ironing woman and her daughter have a hard time making payments on their house.

A State Commissioner of Public Welfare after he returned from a conference on "Automation and Public Welfare" in October, 1963, said, "What we found out scared the life out of us." Here are some notes he had taken . . . "In Detroit 90% of the workers used in manufacturing engine blocks have been eliminated."

Dr. Charles C. Killingworth, professor of labor and industrial relations at Michigan State:

"Machines do not produce more jobs these days. The labor force from goods-producing industries cannot be transferred to the service-producing industries. Automation will not give jobs to unskilled but rather to highly skilled labor force. From 1950-1962 the unskilled labor force went down 40%."

Dr. Lawrence K. Williams, professor of labor relations at Cornell:

"The silently fired are a new kind of problem. These are the young who cannot get a job to start with because machines are now doing what they would have been able and willing to do five years ago. If he does get a job today, he may have to change jobs four or five times during his working life. If a man is disemployed by a machine, can you persuade him that if he learns a new job the same thing won't happen? Kids who drop out of school are terribly handicapped because they won't have the basis for retraining when the time comes."

Walter Reuther stated in "First Things First" published by Fund for the Republic, 133 E. 54th Street, New York 10022, (sample copy free):

"When the people at Ford asked me what I thought (on being shown the first fully automated engine line at Ford in 1950), I said that obviously I was greatly impressed by the tremendous technological advance that this automated machine line represented as compared to the old Model T that I had learned on. The management then asked whether I was not concerned about the fact that I couldn't collect union dues from all these machines. I replied that it wasn't this that bothered me; what bothered me, I said, was how Ford was going to sell cars to all these machines. Super-automation is coming. Now in 1964, this automated engine line is already becoming obsolete."



PASTURES OF PLENTY (Pages 47-68 in The Other America)

John Steinbeck in The Grapes of Wrath dramatized the revolution in agriculture when the small-family-farm Oakies were "tractored off their land." He traced the pitiful journey of the Joad family to the rich orchards of California where they met with the most violent hatred and were subjected to disgrace.

Centuries earlier in England the landlords suddenly found it more profitable to fence in (enclose) large tracts of land occupied by many small family farmers, and graze sheep on them to provide wool for the Flemish weavers. So the "enclosure movement" brought a host of beggars (displaced farmers) swarming hungry, cold, and angry all over England. It was to cope with these dangerous poor that the Elizabethan Poor Laws were enacted.

On an old coffee cup made in England is a poem:

Let the wealthy and great roll in splendor and state
I envy them not I declare it.
I eat my own lamb, my chickens and ham,
I shear my own fleece and I wear it.
I have lawns, I have bowers; I have fruits, I have flowers,
The lark is my morning alarmer.
So jolly boys now, Here's God speed the plough.
Long life and success to the farmer!

A farmer with 80 acres in Wisconsin:

"We used to make a living for the whole family, but now I can't even feed myself and my wife off that land. We live on odd jobs we pick up in town."



IN SESSION TWO: WHAT ARE THE NEEDS OF POOR FAMILIES? The meeting is yours to use as you will with the help of your group leader. However, a good rule to follow for any discussion is to begin by going around the circle and finding out what each one wants to discuss. Do you agree with Harrington that what he describes is an "outrage and a scandal?" Allow plenty of time for your public welfare visitor to describe the needs of poor families he serves.



Looking Toward Session Three: Read Chapters 4 and 5 in The Other America. Put an "N" by any new insight you get. Put an "O" by whatever you consider "old stuff" (you know it already and believe nothing can be done). Put a "+" by those passages that suggest some ministry of Christians to persons in need. Pages 14 and 15 in this Guide are to stimulate discussion. But pages 24-31 in this Guide must be read before Session Three. Mark the passages you believe give direction to Christians today. Prepare to defend your ideas.

IF YOU'RE BLACK, STAY BACK (Pages 69-90 in The Other America)

In a liquor store window an advertising card with a very attractive Negro woman . . . Negroes are seldom seen on advertisements for either liquors or automobiles. Was the liquor industry stealing a march on the church and boldly advocating integration? "No," said the sales manager, "They use those down South to sell whiskey to the colored boys. I just got it for a novelty!"

An ALC pastor preached a sermon on race relations not long ago and made the point that there is no biblical prohibition on interracial marriages. He did not belittle the problems that might come along with such a marriage.

At a Roman Catholic seminary recently a mixed-marriage couple (Negro-White) was invited in to tell the seminarians how the "experiment" was going. The seminarians were forced to face the possibility of such marriages in their parishes.

A Negro dining car waiter for 38 years had been laid off. As he picked up the dirty dishes in a restaurant, he told this story: "There was this family going on a vacation from Maine to Seattle and the little three-year-old boy took a liking to me and every meal he'd laugh and point to me and say, 'There's my waiter!' Well, two months later they were coming back and that little boy he remembered me and he calls out, 'There's my waiter!' He remembered me! It was wonderful!"

A promoter of an all-church, community-wide presentation of Handel's "Messiah" was moved to invite Negro choirs to join the 1,000-voice chorus. Special effort was made to encourage them both by conversations and letters. No one came. The reason? One Negro leader suggested that many of the choir members might have trouble reading the music. The problems of integration and "the culture of poverty" are interwoven. Are you welcoming uneducated Negro families into your congregation or only educated ones?

Creative literature is a good way to enter into the problems of the minority races in America. Read To Kill a Mockingbird by Harper Lee, or The Mind of the South by Wilbur J. Cash, or William Faulkner's novels.



THREE POVERTIES (Pages 91-110 in The Other America)

After World War I there was a popular song that went . . .

"How you gonna keep 'em down on the farm, after they've seen Paree . . ."

An enormous number of farm boys and girls have "seen Paree" or heard about it; the big city, the bright lights, the fun, the excitement, the big money, the ideal mate . . . real class!

In the depression a rural sociologist made a study of the relative "happiness" of farm and city women and found that the farm women's dream of "happiness" was to have conveniences, kitchen equipment, less manual labor, more leisure, more time for fun. They thought city women had more "happiness."

A dairy farmer who for years has held the record for his county on butterfat produced per cow by his registered herd is a sad man. He had hoped that his oldest son could carry on this great dairy farm. But this son went to the big city, though he had no city skills. He got a job washing cars. He was bored. He drank and missed work. He was fired. He got another job at a gas station, grew bored, came late, was fired. Do you think this unrest is unusual?

An ALC slum pastor needed an organist. He heard of one who had delirium tremens at the county hospital. He went there and ministered to her and soon she was playing for Sunday services. It was a problem to persuade her to wash, fix her hair and drink only coffee. She lived in the parish house and the members of the church chipped in for her groceries. One Sunday she skipped town with the offering. "We have to find her and start all over," said the slum pastor.



IN SESSION THREE: WHAT DOES THE WORD OF GOD TELL US TO DO ABOUT POVERTY TODAY? The whole purpose of this session is to try to apply the Old and New Testament views of poverty (together with various Christian views) to the picture presented in Harrington's book. The passages you have marked "N" and "+" will provide a beginning as you go around your circle. Is your congregation bringing the Gospel to poor families in word or deed? Luther said that faith in Christ is like a burning fire; it gives out the warmth of loving service to those in need. Can you name any poor families not feeling the warmth of your congregation's faith?



Looking Toward Session Four: Read Chapters 6 and 7 in The Other America. As you read these chapters keep trying to think of old people who have disappeared from view or queer people who don't seem welcome anywhere. Put their initials in the margin so you can bring these human beings and their needs clearly before your group. (In one congregation a Bible study group frowned on a member who "skipped." He was in a mental hospital.) Reread pages 24-31 in this Guide. Pages 16 and 17 in the Guide are to help you think of how your congregation might become a servant church.

THE GOLDEN YEARS (Pages 11-130 in The Other America)

Old Age Assistance is a program which uses federal, state and local funds to aid poor persons over 65 years of age. Perhaps your group could find out what are the requirements for eligibility in your state and interpret these rights to older persons who are in need. Often old people, because they do not understand that these are their rights, will hesitate to apply because they feel it is a shameful thing and they don't want to be a burden to society.

Church leaders in Norway bemoaned the fact that the state was doing all the helping of old people. "Who are we," said Bishop Berggrav, "to tell God through what channels he is to send his love to needy people?"

The Division of Charities has made suggestions to congregations on seeking out the older persons who have special needs and arranging for neighborly helping in such cases. Heretofore our church has limited itself (as a church body) to stressing service to the aged who are in our church homes. It has been estimated that only 5% of those over 65 years are in institutions. A very large new area of service is now declared to be a Christian responsibility.

There is no single grand scheme that will serve all aged like Golden Age Clubs, meals on wheels, hobby shows. But these and other programs are worth examining in the view of the needs you find in your parish and community.

A Lutheran pastor called together a dozen older persons and asked if they wanted a Golden Age Club. No! They were all too busy. He realized he had called in the visible ones. The ones he knew. There were three times as many invisible ones that were members, but not busy. In fact, they had done nothing for so long that it took much patient work to coax them back into society and the church.

Kerr-Mills: Call your county welfare office to see if the Kerr-Mills Bill is in force in your state. It provides aid in hospital and medical expenses for persons over 65 who are not on Old Age Assistance but who would have difficulty handling an expensive illness. Tell your pastor what you find out.



THE TWISTED SPIRIT (Pages 131-148 in The Other America)

There is a terrible passage in the Gospel for the second Sunday in Lent. (Matthew 15: 21-28). A Canaanite woman from Tyre came running after Christ pleading for help for her demon-possessed daughter. The disciples suddenly become like some relief workers who don't have it to give. They screamed, "Send her away!"

What do you make of the following episode? It happened on a cold winter day. A member of the Department of Parish Education tells the story:

A pale, gaunt, stoop-shouldered woman came in and asked to see me. (Let's call her Mary). She needed, she said, food and she looked it. I said, "You should go to the welfare department." "I went there," she said, "and they gave me a list of jobs and told me to get work. I've been going around trying to get one of these jobs and they won't hire me. And I'm all worn out!"

"How did you happen to come in here?" I asked. "Well," said Mary, "I walked by and saw 'The American Lutheran Church' and I remembered I was baptized Lutheran in Our Savior's and I thought maybe you would help me in here."

I spent better than an hour on the phone trying to find out where Mary could get help. Not at the county welfare; she was pregnant but she was married. They help only unmarried mothers. Mary's husband had abandoned her. Not at Lutheran Social Service, they can't give cash relief. Not at the Unemployment Compensation Office, pregnant women aren't eligible, et cetera.

Later it was found that Mary was mentally ill. But she was not "dangerous to society," so it is doubtful if she will be hospitalized unless she gets "dangerous to society."



IN SESSION FOUR: HAS POVERTY MADE SOME OF OUR OWN MEMBERS INVISIBLE? The group leader might ask someone to make a list of the persons who are brought up because their age or their peculiarities have separated them from the communion of saints. Have you found some of these people "rigid, suspicious, and fatalistic?" Why do you think they are? Do they still have the great human needs to be respected, to contribute something, to be liked and welcomed in the communion of saints? Can your group propose some practical plan for visiting and welcoming back the persons you have been talking about?



Looking Toward Session Five: Read Chapters 8 and 9 in The Other America, and underline those passages which indicate to you that some powerful nationwide force is needed to correct the ills described. What moral obligation do you feel? Harrington says, "There must be a crusade against this poverty in our midst!" Find the facts about poverty in your own county or village or city. Go to your courthouse and secure from the 1960 census the number of families with incomes below \$3,000 in your area. Can you translate pages 24-31 in this Guide into political action? Pages 18 and 19 in this Guide are simply memory joggers.

OLD SLUMS, NEW SLUMS (Pages 149-168 in The Other America)

Do dilapidated houses crowded together help produce poverty? This is a very complex and old question. In 1876 in Glasgow, Scotland, city planners puzzled over it and observed that the poor had gotten that way over a period of generations and you couldn't expect to change them overnight.

Slums and Social Insecurity by Alvin L. Schorr (Research Report No. 1) can be had for 50¢ from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. It is a summary in 169 pages of the nearly 300 research studies done on the interrelations between bad housing and human degradation.

Some findings are: extremely poor housing forcefully influences attitude and behavior of families. Your house is a mirror of yourself. It forms your idea of what you are worth. Poor housing influences self-evaluation and motivation. Families in bad housing are usually passive and pessimistic--even fatalistic.

The census report can tell what we mean by a slum. In the 1960 U.S. Census report, Census Tract Number 34 in Minneapolis contained 1,088 family units:

526 persons were receiving Old Age Assistance; 189 families were receiving Aid to Families with Dependent Children; 127 persons were on General Relief.

With regard to family income:

98 families received less than \$1,000 a year; 211 families received \$1,000 and \$2,000 a year; 159 families received \$2,000 and \$3,000 a year.

Do you want to find out precisely how many dwelling units in your community are deteriorating or dilapidated? You can have the facts block by block. Secure the "U.S. Census of Housing, 1960 - City Blocks." Order from U.S. Department of Commerce, Bureau of the Census, or secure from nearest regional office of the U.S. Department of Commerce. If you wonder just what is meant by dilapidated or deteriorating units, get "Enumerators Reference Manual" for the 1960 Census (from the same office) and you will have precise definitions.



THE TWO NATIONS (Pages 169-186 in The Other America)

After Harrington's book The Other America came another powerful book on poverty by a Pulitzer Prize winner, Edgar May. He wrote The Wasted Americans. In many ways it is sharper, more factual and more incisive than Harrington's. It costs \$4.50 from Harper and Row. It should be in your church library.

He gives facts like these: In 1962 nearly \$5 billion was given to provide what one relief recipient called "eatin' and roofin'" for more than 7 1/2 million Americans. For millions of affluent Americans, says May, this fact made them both perplexed and angry. They didn't know what all this welfare mess was about.

Newburgh, New York, has become a symbol of hard-headed handling of welfare chiselers. One senator said, "I'd like to see the Newburgh Plan in every city in America." (New York Herald Tribune, July 19, 1961) What is your view on "chiselers"?

For a detailed report on Newburgh, see Chapter Two in May's The Wasted Americans. At the height of the controversy the Political Analysis Associates of Princeton, New Jersey, conducted a private poll for Governor Rockefeller and found: about one third of the people of voting age interviewed believed 40% or more of all welfare recipients were "chiselers." Another third believed "chiseling" ranged between 11% and 39%. (Page 29, May's The Wasted Americans)

The U.S. Senate Committee on Appropriations ordered the Department of Health, Education and Welfare to conduct a survey. "When confined to chiseling as a cause of ineligibility, the national review showed that 34 states had less than 2%." How much "chiseling" is there in society at large? Who knows? What is your guess?



IN SESSION FIVE: HOW CAN WE WORK POLITICALLY? Discuss alternatives to the federal government in clearing slums, guaranteeing civil rights, providing minimum standards of living for those on welfare. "Politics" means, simply, "all the people." Is it possible for the Christian to work by political methods to meet the basic needs of people? Through city government? State government? Federal government? How do you think the intentions of God can be converted into action?



Looking Toward Session Six: How can we work through our congregation to help poor families? Invite your pastor to hear your convictions in regard to your congregation and poverty. This is a Study and Action Course. This session is your last chance to decide to do something in regard to poor families. Ask your pastor to read pages 24-31 in this Guide before he comes. Examine the "Practical Proposals" on pages 20-23 in this Guide and have some proposals of your own ready for your Sixth Session.

BEING A CHRISTIAN NEIGHBOR

WHO CARES ABOUT POOR FAMILIES? Make a quick estimate in your group what percent of the members of your congregation are poor. (For instance, have incomes below \$3,000 a year.) One parish visitor in a large ALC congregation when asked this question said, "Do you mean actual members or those who send their children to our church school?" "Well, include them all," said the inquirer. "Then I would estimate about 10% of our families are poor," she replied. "Do you think there is any connection between their being poor and their not becoming members of the congregation?" With a good deal of feeling this parish visitor said, "Why yes, I feel this whenever I visit any of these poor families." How about your congregation? Are you excluding the poor without knowing it?

WHAT IS CHRISTIAN SERVICE TO THE POOR? Christmas presents? Thanksgiving baskets? These are really poor tokens of love. Parties for poor children? If a man brings a poor boy to the Father and Son Banquet and never sees him again, the boy may feel he is worthless. Better to have left him alone!

CONTINUING CHRISTIAN CONCERN IS WHAT COUNTS. If a man or woman makes it a point of spending some time each week or even each month regularly and dependably with a boy or girl, then they can be profoundly influenced. This means that grownups really care about them. The Kinsman program of our Brotherhood and the Kinswoman program of our ALCW can be very meaningful to boys and girls from poor families whose parents are unable to give them what they need. The Luther League Convention in Detroit is giving it offering to inner-city churches to bring the Gospel to poor families.

THE POOR HAVE SPECIFIC, CONCRETE NEEDS:

- A young mother with three preschool children must bring one of them to the doctor every week. She needs a babysitter.
- A poor father can't afford to hire a homemaker when his wife goes to the hospital. A homemaker is needed for two children.
- A widower has a 16-year-old daughter who tries to keep house and finish high school. She needs a mother-figure.
- A sixth-grade-boy has no father. He needs a model. A strong Christian man may change the whole course of his life.

CHRISTIAN COMMON SENSE will tell you what each poor family needs if you get to know them and if you listen carefully. Then you can survey your congregation and find out if there is someone who could, in the name of Christ, meet his need. "The priesthood of all believers" means that families should minister to (help) each other.

EXPERTS CAN HELP YOU

The Board of Charities of The American Lutheran Church has adopted a new policy:

"According to the present constitution of the ALC, the Division of Charities has no direct relation to congregations but only to institutions and welfare agencies within the church.

"The board is of the opinion, however, that the actual helping of people in need must begin within the congregation. The board resolved that 'the Division of Charities recognize its area of responsibility as including assistance to congregations in developing and implementing the concept of social service to people on the congregational level.'" (The Lutheran Standard, Volume 4, Number 5, page 24, March 10, 1964)

AFFLUENCE AND POVERTY is one of the topics the Commission on Research and Social Action has defined as meriting priority attention. Present plans envision two releases: (1) a four-page, concise, staff-written analysis beamed to pastors, due for September, 1964, distribution; (2) a Lutheran Forum Series booklet treating the topic in greater depth, for lay study groups, due for distribution early in 1965.

THE RIGHT TO BE HEARD. In New York State the State Charities Aid Association has exploded a blockbuster in the war against poverty. They arranged for scores of community leaders to visit poor families with a welfare worker and let them tell their story firsthand. The number of persons with very plus attitudes toward public welfare doubled. The number of persons with very minus attitudes toward public welfare was cut in half. Write to: State Charities Aid Association, 105 East 22nd Street, New York 10, New York, for -- "Now: A Study of Attitude Change." There has been a feeling among welfare workers that the plight of the poor should be kept "confidential" to protect their right to privacy. But this principle which was intended to help them and preserve their dignity has prevented them from telling their side of the story to the public. Do you wish to hear it? If you do, call the Administrator of your Public Welfare Office and discuss it with him.

CHRISTIAN COMMON SENSE: If you do visit poor families (either with a welfare worker or on your own initiative), keep silence and listen! What are some do's and don'ts?

Some Don'ts: Don't preach to the people. Don't point out faults and shortcomings (they are painfully aware of them). Don't criticize or pass judgment (they are sore all over from self-criticism and self-condemnation). Don't put them on the spot by asking embarrassing questions. Don't give advice. (They've been advised to death!)

Some Do's: Do listen to everything they say. Do listen with your third ear to troubles that may be behind those they tell you. Do look around carefully for anything that you may comment on positively. Do try to find some common ground of interest or concern. Be genuinely interested in them and especially their children. Compliment them on their children, this is one of the greatest gifts you can bring.

ACTION AND FURTHER STUDY

"POVERTY IS THE GREATEST CRIME," said George Bernard Shaw. In America the poor are often judged guilty of some gross error or immorality even before they are allowed to testify. The poor cannot "march on Washington" or "hire a lobbyist" or "circulate literature" defending their case. But many will gladly talk if you come to them and listen. Will you?

RADIX MALORUM EST CUPIDITAS (The love of money is the root of all evil.) We are proud of our American standard of living. But is it possible that some of us in The American Lutheran Church have come to love "things" so deeply that it is dangerously close to idol-worship? Pascal said in effect: All the things in the world are not worth as much as one single act of Christian love. Do you agree?

"THE POOR YOU HAVE ALWAYS WITH YOU." These are the words of Jesus looking to his death and resurrection and ascension. Many Christians want to "serve Jesus." But he says in effect: I don't need a thing, but many of my children do!

DO YOU LIVE IN CITY, SUBURB, TOWN OR COUNTRY? Wherever you live there are taxes set aside to provide for "the poor." Find out from those you have delegated to care for the poor how much a family of father, mother and three children would have to live on for a year on "poor relief." Find out how many families are on "poor relief." Are the facts you found in harmony with the dictates of your conscience?

THE CULTURE OF POVERTY is very different from the culture of middle class America. This is a fact of great importance for those who want to work seriously over an extended period to help poor families. Leonard Schneiderman in a doctoral study (University of Minnesota School of Social Work), names four characteristics of the culture of poverty:

- Fatalism: Many of the poor have given up the fight feeling that they are caught in a trap. To struggle is futile.
- Spontaneity: They tend to express inner needs and drives when felt without much thought to long-range effects.
- Immediacy: They take their cues for action from the present moment rather than from tradition or from plans for the future.
- Self-protection: The above ways of thinking and acting are methods the poor have developed to try to preserve their own integrity and dignity; a protection against a feeling of complete worthlessness in middle class America.

A FIVE-YEAR PLAN? The causes of poverty are so complex and deep and the remedies will have to be so far-reaching and profound that your group may decide to dig in and prepare for a long war.

CHRISTIANS AND POLITICS

DEATH AND TAXES: There is an old saying that the two great enemies of man are death and taxes. In America all "poor relief," all "public assistance," all "public welfare," depend upon local, state or federal taxes. People may complain that "welfare" makes their federal income tax so high not knowing that some 85% of it goes to pay for past, present and future wars and less than 5% goes to pay for public assistance. Ninety per cent of all monies used for welfare in America are tax monies.

LOCAL RELIEF BUDGET HEARINGS: In one city where our ALC is very strong, the director of the relief department states that no one from the church has ever come to testify at the Budget Hearings of the Relief Department. Probably this is one reason a family of five has a relief budget of \$1,800 a year in that city.

YOUR STATE LEGISLATORS: In one state where the ALC is very strong, the public welfare commissioner estimates that \$5 million is lost to the state annually in federal funds because the legislature failed to authorize ADC for families where the father was unemployed. (If the father abandons the family for a year, they can get ADC!) The legislators felt that this aid to families with unemployed fathers might encourage dependence and breed laziness and sloth. Ask your state welfare director what he considers urgent welfare legislation in the next session and why. He'll be glad to give his reasons.

YOUR FEDERAL POWER: How do the senators and congressmen from your state who represent you in Washington stand on the various bills that are designed to combat poverty? A thoughtful letter from each of your group will do much to shape their philosophy. A national expert on welfare legislation said when asked, "What can citizens do to influence national legislation?" . . . "Tell the citizens to discover cases of real need, dramatize them to the public, and communicate them to their representatives in Washington."

The National Association of Social Workers (the organization of professionally trained social workers) has a Washington representative to keep members informed on important health and welfare legislation. The president of the NASW Chapter in your locality receives "The Washington Memorandum" which you might borrow from him. Most chapters have a social action chairman who might be willing to meet with your group to answer questions and present the social workers' viewpoint on state and federal welfare legislation.



IN THE SIXTH SESSION: HOW CAN WE WORK THROUGH OUR CONGREGATION? The group leader and your pastor, if he comes, must help sort out those aspects of poverty that this group can do something about, either directly or indirectly. Ask your pastor to bring the leaflet, "Relief Rolls to Payrolls," which he received in the June Commentator. This shows one effort being made by the Federal Government to fight poverty. List concrete, specific, personal services that persons in your congregation might give to the poor families in your community, if you knew who they were and what they needed.

THE OLD TESTAMENT AND POVERTY

"If there is among you a poor man, one of your brethren, in any of your towns within your land which the Lord your God gives you, you shall not harden your heart or shut your hand against your poor brother, but you shall open your hand to him, and lend him sufficient for his need, whatever it may be. Take heed lest there be a base thought in your heart, and you say, The seventh year, the year of release is near, and your eye be hostile to your poor brother, and you give him nothing, and he cry to the Lord against you, and it be sin in you. You shall give to him freely, and your heart shall not be grudging when you give to him; because for this the Lord your God will bless you in all your work and in all that you undertake. For the poor will never cease out of the land; therefore I command you, You shall open wide your hand to your brother, to the needy and to the poor, in the land." (Deuteronomy 15:7-11)

"You shall not pervert the justice due to the sojourner or to the fatherless, or take a widow's garment in pledge; but you shall remember that you were a slave in Egypt and the Lord your God redeemed you from there; therefore I command you to do this. When you reap your harvest in your field, and have forgotten a sheaf in the field, you shall not go back to get it; it shall be for the sojourner, the fatherless, and the widow; that the Lord your God may bless you in all the work of your hands. When you beat your olive trees, you shall not go over the boughs again; it shall be for the sojourner, the fatherless, and the widow. When you gather the grapes of your vineyard, you shall not glean it afterward; it shall be for the sojourner, the fatherless, and the widow. You shall remember that you were a slave in the land of Egypt; therefore I command you to do this." (Deuteronomy 24:17-22)

"Cursed be he who perverts the justice due to the sojourner, the fatherless, and the widow. And all the people shall say, 'Amen.'" (Deuteronomy 27:19)

"You shall do no injustice in judgment; you shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor." (Leviticus 19:15)

"Is not your wickedness great? There is no end to your iniquities. For you have exacted pledges of your brothers for nothing, and stripped the naked of their clothing. You have given no water to the weary to drink, and you have withheld bread from the hungry. The man with power possessed the land, and the favored man dwelt in it. You have sent widows away empty, and the arms of the fatherless were crushed. Therefore snares are round about you, and sudden terror overwhelms you; your light is darkened, so that you cannot see, and a flood of water covers you." (Job 22:5-11)

". . . I delivered the poor who cried, and the fatherless who had none to help him. The blessing of him who was about to perish came upon me, and I caused the widow's heart to sing for joy. I put on righteousness, and it clothed me; my justice was like a robe and a turban. I was eyes to the blind, and feet to the lame. I was a father to the poor, and I searched out the cause of him whom I did not know." (Job 29:12-16)

"For the needy shall not always be forgotten, and the hope of the poor shall not perish for ever." (Psalms 9:18)

"Give the king thy justice, O God, and thy righteousness to the royal son! May he judge thy people with righteousness, and thy poor with justice! Let the mountains bear prosperity for the people, and the hills, in righteousness! May he defend the cause of the poor of the people, give deliverance to the needy, and crush the oppressor!" (Psalms 72:1-4)

"Give justice to the weak and the fatherless; maintain the right of the afflicted and the destitute. Rescue the weak and the needy; deliver them from the hand of the wicked." (Psalms 82:3,4)

"Light rises in the darkness for the upright; the Lord is gracious, merciful, and righteous. It is well with the man who deals generously and lends, who conducts his affairs with justice. . . He has distributed freely, he has given to the poor; his righteousness endures for ever; his horn is exalted in honor." (Psalms 112:4,5,9)

"He who despises his neighbor is a sinner, but happy is he who is kind to the poor. . . He who oppresses a poor man insults his Maker, but he who is kind to the needy honors him." (Proverbs 14:21,31)

"The rich and the poor meet together; the Lord is the maker of them all. . . He who has a bountiful eye will be blessed, for he shares his bread with the poor. . . He who oppresses the poor to increase his own wealth, or gives to the rich, will only come to want. . . Do not rob the poor, because he is poor, or crush the afflicted at the gate; for the Lord will plead their cause and despoil of life those who despoil them." (Proverbs 22:2,9,16,22-23)

". . . learn to do good; seek justice, correct oppression; defend the fatherless, plead for the widow." (Isaiah 1:17)

"Is it not to share your bread with the hungry, and bring the homeless poor into your house; when you see the naked, to cover him, and not to hide yourself from your own flesh? Then shall your light break forth like the dawn, and your healing shall spring up speedily; your righteousness shall go before you, the glory of the Lord shall be your rear guard." (Isaiah 58:7-8)

"He judged the cause of the poor and needy; then it was well. Is not this to know me? says the Lord." (Jeremiah 22:16)

"Behold, this was the guilt of your sister Sodom: she and her daughters had pride, surfeit of food, and prosperous ease, but did not aid the poor and needy." (Ezekiel 16:49)

"If a man is righteous and does what is lawful and right—if he does not eat upon the mountains or lift up his eyes to the idols of the house of Israel, does not defile his neighbor's wife or approach a woman in her time of impurity, does not oppress anyone, but restores to the debtor his pledge, commits no robbery, gives his bread to the hungry and covers the naked with a garment, does not lend at interest or take any increase, withholds his hand from iniquity, executes true justice between man and man, walks in my statutes, and is careful to observe my ordinances—he is righteous, he shall surely live, says the Lord God." (Ezekiel 18:5-9)

THE NEW TESTAMENT AND POVERTY

"Give to him who begs from you, and do not refuse him who would borrow from you." (Matthew 5:42)

"Jesus said to him, 'If you would be perfect, go, sell what you possess and give to the poor, and you will have treasure in heaven; and come, follow me.'" (Matthew 19:21)

"For I was hungry and you gave me no food, I was thirsty and you gave me no drink, I was a stranger and you did not welcome me, naked and you did not clothe me, sick and in prison and you did not visit me. Then they also will answer, 'Lord, when did we see thee hungry or thirsty or a stranger or naked or sick or in prison, and did not minister to thee?' Then he will answer them, 'Truly, I say to you, as you did it not to one of the least of these, you did it not to me.'" (Matthew 25:42-45)

"And he answered them, "'He who has two coats, let him share with him who has none; and he who has food, let him do likewise.'" (Luke 3:11)

"But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great, and you will be sons of the Most High; for he is kind to the ungrateful and the selfish." (Luke 6:35)

"But give for alms those things which are within; and behold, everything is clean for you." (Luke 11:41)

"He said also to the man who had invited him, 'When you give a dinner or a banquet, do not invite your friends or your brothers or your kinsmen or rich neighbors, lest they also invite you in return, and you be repaid. But when you give a feast, invite the poor, the maimed, the lame, the blind, and you will be blessed because they cannot repay you. You will be repaid at the resurrection of the just.'" (Luke 14:12-14)

"And Zacchaeus stood and said to the Lord, 'Behold, Lord, the half of my goods I give to the poor; and if I have defrauded any one of anything, I restore it fourfold.'" (Luke 19:8)

"In all things I have shown you that by so toiling one must help the weak, remembering the words of the Lord Jesus, how he said, 'It is more blessed to give than to receive.'" (Acts 20:35)

"He who exhorts, in his exhortation; he who contributes, in liberality; he who gives aid, with zeal; he who does acts of mercy, with cheerfulness . . . Contribute to the needs of the saints, practice hospitality . . . 'If your enemy is hungry, feed him; if he is thirsty, give him drink; for by so doing you will heap burning coals upon his head.'" (Romans 12:8,13,20)

"If I give away all I have, and if I deliver my body to be burned, but have not love, I gain nothing. (1 Corinthians 13:3)

"Now concerning the contribution for the saints: as I directed the churches of Galatia, so you also are to do. On the first day of every week, each of you is to put something aside and store it up, as he may prosper, so that contributions need not be made when I come." (1 Corinthians 16:1-2)

"So I thought it necessary to urge the brethren to go on to you before me, and arrange in advance for this gift you have promised, so that it may be ready not as an exaction but as a willing gift. The point is this: he who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. Each one must do as he has made up his mind, not reluctantly or under compulsion, for God loves a cheerful giver." (2 Corinthians 9:5-7)

"Let the thief no longer steal, but rather let him labor, doing honest work with his hands, so that he may be able to give to those in need." (Ephesians 4:28)

"Let no one be enrolled as a widow who is under sixty years of age, or has been married more than once; and she must be well attested for her good deeds, as one who has brought up children, shown hospitality, washed the feet of the saints, relieved the afflicted, and devoted herself to doing good in every way . . . If any believing woman has relatives who are widows, let her assist them; let the church not be burdened, so that it may assist those who are real widows." (1 Timothy 5:9-10,16)

"Remember those who are in prison, as though in prison with them; and those who are ill-treated, since you also are in the body." (Hebrews 13:3)

"Religion that is pure and undefiled before God and the Father is this: to visit orphans and widows in their affliction, and to keep oneself unstained from the world. (James 1:27)

"Let the lowly brother boast in his exaltation, and the rich in his humiliation, because like the flower of the grass he will pass away." (James 1:9-10)

"Behold, the wages of the laborers who mowed your fields, which you kept back by fraud, cry out; and the cries of the harvesters have reached the ears of the Lord of hosts." (James 5:4)

"Finally, all of you, have unity of spirit, sympathy, love of the brethren, a tender heart and a humble mind." (1 Peter 3:8)

"But if any one has the world's goods and sees his brother in need, yet closes his heart against him, how does God's love abide in him? Little children, let us not love in word or speech but in deed and in truth. By this we shall know that we are of the truth, and reassure our hearts before him whenever our hearts condemn us; for God is greater than our hearts, and he knows everything." (1 John 3:17-20)

LUTHER ON SOCIAL ACTION

"While the historical importance of Luther's action [his ninety-five theses] is generally recognized, the fact that the act was an expression of the young professor's feeling of social responsibility has often been forgotten." (p. 11)

"Unlike a medieval mystic or a saintly hermit, who enjoys his personal relationship to God and cares little if the world about him perishes, Luther's entire life was social action, i.e., a conscious attempt to influence the society of which he was a part and the orders or organisms which in his opinion made up this society." (pp. 12-13)

"Only if Luther believed that social action is imperative, and that the Christian has insights which give him the opportunity to help others to live in this world, can Luther's life be explained, for it was from beginning to end a life of social action." (p. 13)

"'Creation means not merely that God has created everything out of nothing, but also that He alone upholds everything.' W.A.T., 3, 322 (3458): 'God has created everything for the sake of man. His power is so great He feeds the whole world. He has created enough of everything. The oceans are our cellars, the woods our hunting grounds, the earth is full of silver and gold and innumerable fruits, all created for our sake, so that it is our storage bin and pantry.'" (p. 66)

"'Indeed, you say, but does not faith justify and save without works? Certainly this is true, but where is this faith, where does it remain? How does it prove itself? For it cannot be a lazy, useless, deaf and dead thing but must be a living fruitful tree bursting with fruits. This is therefore the distinction and proof dividing true faith and false or counterfeit faith—where faith is true it shows itself in life, but the false faith uses the same name, word, and fame, but has no result.'" See also W.A., 12, 289, 28 (Exp. 1 Peter, 1523): "'When the Apostle says here that God judgeth us according to our works it is certainly true. But one must also keep in mind that where there is no faith there cannot be any good work, and again that there is no faith wherever good works fail to be found. Therefore faith and good works must be put together so that in both together the total Christian life is contained. As you live, so you will be treated; in this manner God will judge you.'" (pp. 86-87)

"Luther spoke of faith and love as 'placing man between God and his neighbor,' as a medium which receives from above and gives out again below, and which is like a 'vessel or tube through which the stream of divine blessings must flow without intermission to other people.' And he continued: 'See, those are then truly godlike men, who receive from God all that He has in Christ, and in turn show themselves also by their well-doing to be, as it were, the gods of their neighbors.' This clearly shows what Luther meant by faith active in love: in faith man receives God's love and passes it on to his neighbor. The Christian as a child of God is used by God to mediate the divine love to other men." (p. 100)

"These are the most important three parts of the Christian life: faith, hope, and love. The first two look to God and belong above, the third looks to the neighbor and belongs down here.'" (p. 101)

"Luther saw the social-ethical implications of this principle very clearly. Heretofore that had been called a good work which allegedly contributed to the eternal welfare of the person doing the work. Now Luther insisted that man did not have to do anything for God or some departed saint in order to achieve his own salvation. 'Christ has done and accomplished everything for you, atoned for your sins, secured grace and life and salvation. Be content with this, only think how He can become more and more your own and strengthen your faith.'" The good was no longer evaluated by what it did 'subjectively' for the doer but rather it was judged by what it could do 'objectively' for the neighbor. He said: 'A good work is good for the reason that it is useful and benefits and helps the one for whom it is done; why else should it be called good?'" (p. 102)

"'Whom does it benefit?' was the key question concerning any work. It must benefit your fellow man and society, otherwise the work is worthless. 'If you find a work in you by which you benefit God or His saints or yourself and not your neighbor, know that such a work is not good.' Good works are socially useful, they are works done within the community and for the community. 'A man is to live, speak, act, hear, suffer, and die for the good of his wife and child, the wife for husband, the children for the parents, the servants for their masters, the masters for their servants, the government for its subjects, the subjects for the government, each one for his fellow man, even for his enemies, so that one is the other's hand, mouth, eye, foot, even heart and mind. This is a truly Christian and good work, which can and shall be done at all times, in all places, toward all people.'" (p. 103)

"'God has commanded me that I should show my love to my neighbor and favor everybody, be he friend or foe. Just as our Heavenly Father does by letting His sun rise and shine over the evil and the good. And He does good unto those who blaspheme Him day and night and who abuse His gifts through disobedience, blasphemy, sin, and shame. Similarly, He lets it rain for the grateful and the ungrateful alike, gives the gifts of the soil, money, property to even the worst knaves on earth. Why does He do it? Because of His pure love, which fills His heart to overflowing and which is outpoured freely to everybody without exception, be he good or bad, worthy or unworthy.'" (p. 102)

"And this Christian love must be directed not to those who, reasonably speaking, are the best risks but to those who are in greatest need. Luther said: 'Love does not consider its own reward or its own good, but rewards and does good. For that reason it is most active among the poor, the needy, the evildoers, the sinners, the insane, the sick, and the enemies.'" (pp. 103-104)

"Luther pointed out that it is 'very easy to fight against the wrong which is done to popes, kings, princes, bishops, and other big-wigs. Here each wants to be the most pious, where there is no great need.... But when something happens to a poor and insignificant man, there the deceitful eye does not find much profit, but cannot help seeing the disfavor of the powerful; therefore he lets the poor man remain unhelped.'" (pp. 104-105)

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THE ECUMENICAL NATURE OF THE WAR AGAINST POVERTY

The Reverend Gordon Cosby whose Church of the Savior operates the famous Potters House in Washington, D.C., holds that God is speaking to America through secular and political events. In a personal interview in Minneapolis (April 4), he was asked: "Do you believe that President Johnson's 'Declaration of War' on poverty is a prophetic call to the churches of our land?" "In that declaration spoke the Evangelist," said The Reverend Cosby.

Two weeks before President Johnson declared war on poverty the National Catholic Welfare Conference issued "A Religious View of Poverty" which Father Curtin, their Social Action Director, has given permission to quote. The statement says in part . . .

"While the problem of poverty is as old as mankind, citizens of the United States have special reasons to be concerned over its prevalence here. We are considered to be the wealthiest nation in the world, yet one-fifth of our citizens are in want. We are compelled to spend billions for armament, although slums and blight disfigure our cities and countryside alike.

"As a matter of conscience the American people offer aid to developing and impoverished nations around the world. Such generosity is good, but it should not blind us to needs here at home. From our abundance we are able to give generously, both in distant lands and within our borders.

"Pope Pius XII, in his Christmas Message of 1952, talked 'of the consequences of poverty,' still more of the consequences of utter destitution. For some families there is a dying daily, a dying hourly; a dying multiplied, especially for parents, by the number of dear ones they behold suffering and wasting away . . . sickness becomes more serious, because it is not properly treated; it strikes little ones in particular, because preventive measures are lacking.

"Then there is the weakening and consequent physical deterioration of whole generations. Whole masses of the population are brought up as enemies of law and order, so many poor girls gone astray, pushed down into the bottom of the abyss, because they believed that that was the only way out of their shameful poverty.

"Moreover, not rare is the case where it is wretched misery that leads to crime. Those who in their works of charity visit our prisons affirm constantly that not a few men, fundamentally decent, have gone to prison because extreme poverty has led them to commit some unpremeditated act.

"This poverty, in the words of Pope Pius XII, often leads to 'social conditions which, whether one wills it or not, make difficult or practically impossible a Christian life.'" (Solemnity, June 1, 1941)

"Again this same pope states: 'The Christian must be ever mindful that the establishment of God's kingdom in men's hearts and in social institutions often requires a minimum of human development. . . For this reason, the Christian will always be ready to work for the relief of every material distress. . . In a word, he will be diligent to achieve the betterment of the poor and the disinherited.'" (Address, April 25, 1957)

"What precisely did the Pope have in mind when he spoke of degrading social conditions? Let us listen to his description of slum living: 'Dilapidated, ramshackle houses without the most necessary hygienic installations sometimes yield a sizable income to their owners without costing them a penny. . . .

'Enough can never be said about the harm that these dwellings do to the families condemned to live in them. Deprived of air and light, living in filth and in unspeakable commingling, adults and, above all, children quickly become the prey of contagious diseases which find a favorable soil in their weakened bodies. But the moral injuries are still more serious: immorality, juvenile delinquency, the loss of taste for living and working, interior rebellion against a society that tolerates such abuses, ignores human beings, and allows them to stagnate in this way, transformed gradually into wrecks.

'Society itself must bear the consequences of this lack of foresight. Because it did not wish to prevent the evil and to provide a remedy in time, it will spend enormous sums to keep up an appearance of curbing delinquency and to pay expenses for prolonged confinement in sanatoriums and clinics. How many millions are authorized for the cure of evils that it would be easier and less expensive to prevent?' (Address, May 3, 1957)

"So, too, as we face this problem of poverty in our country, there must be no restriction of race, religion or politics. Nor should there be any inhibiting of those who seek to help the poor, whether they be individuals, or private agencies or offices of government.

"What, then, does the Church ask of the concerned Christian, as it directs his attention to this basic problem of poverty in this wealthy nation? First, and above all, it asks that we make this a matter of personal concern and involvement.

"Pope Pius XII noted that many persons are misinformed about poverty: 'Persons of good faith who have only inadequate knowledge of the matter believe that the majority of those who live in slums or who must be satisfied with an income below the essential minimum are there through their own fault or negligence, and that welfare organizations are capable of helping anyone in need of it.' (Address, May 3, 1957)

'Secondly, the Church asks us to form a Christian conscience about the dignity of each person and our own responsibility to do all within our power to help them. When our Saviour was asked to illustrate the law of love of neighbor, he gave the parable of the Good Samaritan as his answer. Compassion is the mark of the Christian. Christ's description of the last judgment is clear and simple.

'Thirdly, we must realize that the best form of help, as was said over seven centuries ago by the great Jewish physician, Moses Maimonides, is to help people to help themselves. Giving food to the hungry, clothing to those who shiver in the cold, and shelter to families that lack decent housing is important, but it is only a first step.'"

"A Religious View of Poverty," Statement of the Department of Social Action, February 28, 1964. National Catholic Welfare Conference, 1312 Massachusetts Avenue N.W., Washington, D.C. 20005

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[964]

File
Poverty

Memo to Senator

From John S.

Re: Face the Nation (war on poverty)

Attached are brief summaries of the President's poverty package.

ECONOMIC OPPORTUNITY ACT OF 1964: A SUMMARY

The Bill establishes the Office of Economic Opportunity in the Executive Office of the President. The Director of the Office is provided with coordinating powers with respect to existing Federal agency poverty-related programs, and with authority to carry out new programs to attack poverty. Operating functions of the new programs, except for the Job Corps, the Community Action Program and the Volunteers for America Program, will be performed by other departments and agencies. Funds will be appropriated to the Director; it is anticipated that the first year program allocations will be:

<u>Program Summary</u> (Millions of dollars):		Total	
			<u>\$962.5</u>
I.	Youth Opportunity Programs		\$412.5
	A. Job Corps	\$190	
	B. Work-Training Program	\$150	
	C. Work-Study Program	\$ 72.5	
II.	Urban and Rural Community Action Programs		\$315
III.	Rural Economic Opportunity Programs		\$ 50
IV.	Employment and Investment Incentives		\$ 25
	A. Incentives for Employment of Unemployed	\$ 25	
	B. Small Business Loans	*	
V.	Family Unity Through Jobs		\$150
VI.	Volunteers and Administration		\$ 10
(* Utilizes existing funding authority)			

The Bill contains six titles:

Title I - Youth Programs

Part A - establishes a Job Corps within the Office of Economic Opportunity, with responsibility for administering a program of education, work experience and vocational training for youths aged 16 through 21. Two kinds of programs are envisaged: Conservation camps providing useful work and basic education; and residential training centers providing basic education and job training programs to increase employability.

Part B - authorizes the Director to enter into agreements with State and local governments or non-profit agencies to pay part of the costs of part- or full-time employment for young men and women aged 16 through 21 to enable them to resume or continue their education or to increase their employability. This part of the program will be administered by the Department of Labor.

Part C - authorizes the Director to enter into agreements with institutions of higher learning to pay part of the costs of part-time employment for undergraduate, graduate, or professional students from low-income families in order to enable them to pursue courses of study at such institutions. This part of the program will be administered by the Department of Health, Education, and Welfare.

Title II - Urban and Rural Community Action Programs - authorizes the Director to encourage and support community action programs which mobilize community resources to combat poverty and which are conducted by a local government unit or an organization which is broadly representative of the community. Elementary or secondary school education programs which receive Federal assistance will be administered by the public school system, and such programs must be open to all children regardless of whether they are regularly enrolled in the public schools. Assistance may be provided to communities in advance of the completion of the plan. Technical assistance in preparing and administering community programs may be furnished. Financial assistance from the Federal Government under this Title will be 90% of the costs of the programs for the first two years and 75% thereafter. The Director will establish criteria for equitable distribution of Federal funds; not more than 12 1/2% of total funds may be used within one State in any one year. Programs will be administered by the communities, and will incorporate assistance from various Federal departments and agencies.

Title III - Special Programs to Combat Poverty in Rural Areas -
 Authorizes grants up to \$1,500 to low-income rural families where such grants are likely to effect a permanent increase in the income of such families, and loans up to \$2,500 to finance non-agricultural income-producing enterprises for the same purpose. The Director may also provide assistance to non-profit corporations to acquire land to be reconstituted into family farms, and make loans to cooperatives. Program will be administered by the Department of Agriculture.

Title IV - Employment and Investment Incentives

Part A - authorizes the Director to make, participate in, or guarantee loans for investments which will employ hard-core unemployed or members of low-income families. These investments may be outside designated surplus labor areas, if they are part of a community action plan. Program will be administered by the Area Redevelopment Administration.

Part B - authorizes the Director to make, participate in, or guarantee loans to small businesses not in excess of \$15,000 on more liberal terms than the regular loan provisions of the Small Business Administration. Program will be administered by SBA.

Title V - Family Unity Through Jobs - authorizes the Director to transfer funds to HEW to pay costs of experimental, pilot or demonstration projects designed to stimulate the adoption in States of programs providing constructive work experience or training for unemployed fathers and other members of needy families with children.

Title VI - Administration and Coordination - Establishes the Office of Economic Opportunity. Authorizes the Director to recruit, select and train volunteers, and to refer them to programs at the State or local level, or to utilize them, with appropriate allowances and benefits, in specified mental health, migrant, Indian, and other Federal programs, including the Job Corps. Establishes an Economic Opportunity Council made up of Federal officers, and a National Advisory Council of citizens appointed by the President to consult with and advise the Director. Also authorizes the Director to assist the President in coordinating the anti-poverty efforts of all Federal agencies, and requires other agencies, to the maximum extent feasible, to carry out poverty-related programs in a manner which will assist in carrying out the purposes of this Bill. Provides that the President may direct that programs of Federal agencies be carried out, to the extent consistent with other applicable law, in conjunction with or in support of programs authorized by the Bill. Requires heads of agencies, where possible, to give preference in their programming to community action programs. Authorizes the Director to take steps to insure that adequate information concerning all relevant Federal programs is readily available to public officials and other interested persons.

THE POVERTY PROGRAM

(ECONOMIC OPPORTUNITY ACT OF 1964--S. 2642)

TITLE I---YOUTH PROGRAMS (Age 16-21)

A. Job Corps---(Men)

1. CCC-type camps
2. Basic Education
3. Useful work experience on Federal projects
4. Up to \$50/mo. at discharge

B. Work-Training Programs (Men & Women)

1. Make jobs for unemployed youth (normal rates of pay)
2. Increase their employability through work experience
3. Work on specially created state, local, and private nonprofit programs
4. U.S. pays up to 90% of program; after two years--75%

C. Work-Study Programs (Men & Women)

1. Benefits needy college students
2. Part-time work (up to 15 hr/wk)
3. Work for:
 - a. College itself
 - b. Public agencies
 - c. Private nonprofit organizations
4. U.S. pays up to 90% (college not allowed to reduce its regular help)

TITLE II---URBAN AND RURAL COMMUNITY ACTION PROGRAMS (to needy areas)

A. Grants to:

1. "Community Action Organizations"--public and private nonprofit
 - a. Development of programs
 - b. Carrying out programs
2. Communities
 - a. Technical assistance
 - b. Training of personnel
3. Universities, public agencies and nonprofit organizations
 - a. Research
 - b. Training
 - c. Demonstrations

B. Types of Programs

- | | |
|--------------------------------|------------------------------|
| 1. Education | 5. Vocational Rehabilitation |
| 2. Employment | 6. Housing |
| 3. Job training and counseling | 7. Home Management |
| 4. Health | 8. Welfare |

C. State Agencies May Participate if They Desire

TITLE III---SPECIAL PROGRAMS FOR RURAL AREAS

A. Direct Aid to Farmers

1. Grants up to \$1,500

- a. Acquire or improve property
- b. Improve operation of farms
- c. Participate in co-ops
- d. Finance supplemental businesses

2. Loans up to \$2,500 to finance supplemental businesses

B. Family Farm Development Corporations (Nonprofit)---buy up land and sell it in family farm-sized units to low-income farmers

1. Provides technical assistance to corporations
2. Purchase obligations of or make loans to corporations
3. Grants to cover losses on sale of land.

C. Loans to Various Farm Cooperatives

TITLE IV---EMPLOYMENT AND INVESTMENT INCENTIVES (hiring long-term unemployed)

A. Loans to Anyone Which Will Lead to Hiring Long-term Unemployed

1. Must provide stable employment
2. Up to \$10,000 per person hired

B. Small Business Loans

1. Up to \$15,000 loan or guarantee
2. Must lead to new hiring

TITLE V---WORK AND TRAINING FOR HEADS OF FAMILIES

A. Administered through HEW

- B. For Experimental, Pilot, or Demonstration Projects
- C. Nature of Projects Not Defined

TITLE VI---ADMINISTRATION AND COORDINATION

A. Creates "Office of Economic Opportunity"

1. Separate unit in Executive Office of the President
2. Volunteers for America
 - a. "Domestic Peace Corps"-type organization
 - b. Assigned upon request of state or local agency
 - c. Federal assignments in public territories and institutions
3. Economic Opportunity Council--various department and agency heads
4. National Advisory Council--representing the public

B. Coordination of Programs

1. Other agencies directed to coordinate with Director, OEO
2. Preference goes to Community Action Programs
3. OEO to serve as info center for poverty programs

TITLE VII---AUTHORIZES \$962,500,000 FOR FISCAL '65

File - Poverty [1964]
Anti-Poverty Program

Barry Goldwater keeps urging that we eliminate crime but not poverty. Oh, he's against poverty but he wouldn't do anything about it. The Goldwater-Birch solution to crime is to give us a national movie on smut. The reaction of the American people was such that the Birch-Goldwater party decided against showing this terrible thing.

The record does show that while in the Senate the temporary leader of the Republican party managed to vote against just about every measure that would have reduced poverty in the United States.

Over two thousand years ago Aristotle, the famous Greek philosopher, wrote "Poverty is the parent of revolution and crime." Well the temporary spokesman for the Republican party doesn't believe this. He thinks poverty is something that we've got to have some of and he doesn't see any relationship between poverty and crime.

Those who fashioned the American dream in the early days knew that there is a relation between poverty and crime and there is a relation between poverty and revolution. What they sought to do and what they accomplished in larger measure than any other nation has accomplished was to devise a system for mankind that reduces poverty.

While people all around the world have been changing their forms of government ours has stood firm. Every four years we have had a presidential election and we have had an orderly growth to our nation.

This is not to say that we have all of our problems solved or that we have

met every challenge before us. But the fact is that the American dream has been realized far more than the Goldwater-Birch party would let you think.

The Economic Opportunity Act of 1964 which was passed by a bi-partisan group in the Congress is another effort to reduce poverty.

By reducing poverty we will reduce crime.

But I will say to you that those who try to tell the American people that poverty does not breed crime spread false and malicious gossip abroad and in our land. Aristotle over two thousand years ago was right and our founding fathers knew this too. Poverty breeds crime. And enough poverty breeds revolution. And if you doubt this, just look around the world. Where governments have toppled by revolution, poverty has been one of the root causes. And if you wonder about the relation between poverty and crime, just look at the crime statistics. Where ever crime exists there is also poverty.

66 WEST 12TH ST.
NEW YORK 11, N.Y.
OREGON 5-2700



(1964) *File - Poverty Anti-Poverty Program*
NEW SCHOOL FOR SOCIAL RESEARCH

To Mr. John G. Stuart,
The Office of Senator Humphrey
S - 301
U.S. Capitol, Washington D.C..

Dear Mr. Stuart,

The enclosures may or may not help. Please read as they are assembled. Note: Marked matter is what is submitted, lines marked in pen are more important than those in pencil.

The phrase "Investing in Human beings" may be an important peg on which much of the programs proposed can be hung.

You can reach me at the above address and phone or

OSCAR ORNATI
147 Edgars Lane,
Hastings on Hudson, N.Y.
914-Gr 8-1272.

Yours Sincerely,
Oscar Ornati
Oscar Ornati
Professor of Economics

AFFLUENCE, SCARCITY, OPPORTUNITY AND THE RISK OF POVERTY

by

Oscar Ornati

A paper presented at Mobilization for Youth,
Columbia School of Social Work, Training
Institute (April 28th, 1964).

The call to do away with poverty, "here and now," is loud and clear. President Johnson's "declaration of war on poverty," the writings and speeches, the political discussions of the day, all point to a new national awareness of poverty. This is in line with America's best and broadest values. Concern with the poor is not a new development. On the contrary, as a nation we have been more concerned with poverty -- or, at least, we speak and write more about the poor -- than any other civilized country.

Since the turn of the century American concern with poverty has distinguished between the poor and the "pauper." The "paupers" were those who were beaten, who had given up the struggle, who could not be reclaimed. They were viewed as those "who are not unhappy; ...not ashamed; yet they are not keen to become independent; they are not bitter or discontented."¹ The poor worked hard, had self respect, cherished their independence. They were the "toilers." Yet every day circumstances over which they had no control pushed the "worthy poor" into "pauperism." Once paupers -- at least for the students of poverty of the early part of this century --

¹ See, Robert H. Bretner, Change and Continuity in Recent American Concepts of Poverty. Paper presented October 25th, 1962, Faculty Seminar on Urban Poverty, Hunter College The City University of New York, pp. 3 & 4.

they were lost. The only way to keep the poor out of pauperism was by keeping them out of poverty. The poverty-producing factors most commonly mentioned were sickness, industrial accidents, widow-hood, low wages, unemployment, the flooding of the market with immigrants, alcoholism and poor housing. Clearly, individuals could not cope with these problems, but society could. And so it came to pass that in the United States, as in the rest of the world, the fight against poverty became part of the tradition of social reform and legislative action: tenement housing legislation, abolition of child labor, maximum hours-minimum wages laws, compensation for industrial accidents and so on were asked for. The problems of environment were recognized, those of adjusting the individual to it and it to the individual were not. The movement and the concern saw its fruition in the early social legislation of the New Deal.

After the New Deal the distinction between the poor and the "pauper" disappeared and the problems of poverty were viewed primarily as matters of economics. The poor became increasingly thought of as the product of the economy working at less than full potential, and poverty as a drag on the forward march of the economy. Coupled with the experience of the great Depression, this notion of the poor and its corollaries saw at least partial flowering in the Employment Act of 1946 and in the fiscal and monetary acts to bring about full employment which followed it.

After that, we moved into affluence and became concerned with the poor of the underdeveloped areas; yet at home poverty did not go away. It is now, once again, a national problem and a major policy issue. Now we also empathize with the poor. Still, there is no consensus as to the definition of poverty, as to the size of the problem, as to the actions to be taken to do away with it or as to the dangers to our society of not

doing away with it.

In Washington, in the State Capitols, in the City Halls, at the headquarters of foundations, debate is rampant as to meanings, priorities and methods. Neither the violence of the debate nor its intensity should be understood as an indication of national vigor or commitment. On the contrary, the history of our nation suggests that our national debates involve more sound than substance and that the debate may be inversely related to the urgency of the questions involved.

How can poverty be defined to clarify issues and to develop meaningful policies?

Traditionally, poverty has been considered to be the condition of persons whose resources have been insufficient to satisfy minimum needs. He who is the poor is found to be the individual living below "minimum subsistence," the individual who does not live "adequately" or who lives in "deprivation." But, having agreed that nobody should live below subsistence or that nobody should be deprived we seem, as a nation, unable to agree as to what subsistence or adequacy means. Nor are the physical sciences of any help in determining minimum needs. Even "adequate nutrition," often viewed as something physiological or biological, is not scientifically definable. As one student of the subject has noted, "the problem is rather like that of trying to define 'adequate' individual height. We know that a man must have some height but cannot say whether it should be four feet or seven feet."¹

¹

Peter Townsend, "The Meaning of Poverty," British Journal of Sociology, September 1962, p. 220. Peter Townsend points out that even among nutrition experts, estimated protein requirements are little more than intelligent guesswork, and there is doubt about desirable intakes of calcium, iron and various kinds of vitamins.

Individuals differ with respect to their ideas of need, their feeling of justice, their values. Their subjective estimates of need will differ according to whether they are themselves poor or not poor, thrifty or lax, interested in things or ideas, conversant with or ignorant of the lives of the poor. Their explicit and even more so, their implicit notions about the workings of the economy and the society become crucially important. They will view levels of poverty as unacceptable depending on whether they are by training economists, sociologists or engineers; whether they were trained at Harvard or Chicago; whether "survival of the fittest" sums up their social outlook or whether they perceive themselves as their "brother's keeper."

Yet in spite of the very large differences, surveying contemporary practices in public and private agencies points to three clusters of dollar equivalents for national minimum needs: "minimum subsistence" -- \$2,500 per year for a family of four; "minimum adequacy" -- \$3,500 and "minimum comfort" -- \$5,500.

From such differences in judgment stems the many recent and varied estimates of the number of poor in the United States. The figure 30 million has been receiving increasing currency and it is a good one. Yet, the various statistical studies recently prepared for 1960, the last census year with very detailed data, estimate the poor variously as between 20 and 70 million.

There is also disagreement as to whether there are now more or less poor than in the past. Here different judgments as to how the comparisons are to be made explains the disagreement. Should the standards

of the past be taken as a guide and, having corrected for changes in the value of the dollar, applied to the present? Or, should the opposite be done and current standards deflated, measuring the extent of poverty of the past in this manner? By taking past standards that go back far enough, we are bound to find that there are no poor today.

The statement in the President's Economic Report which says that since "1947, prosperity and progress have reduced the incidence of sub-standard incomes from one-third to one-fifth,"¹ suffers of this very same bias. It is true in terms of 1947 standards.

Conversely, by taking present standards and projecting them backwards we would find, for instance, that Roosevelt's "one-third of the nation" would more likely be one-half of the nation. But either exercise tells us more about changing standards than about the number of the poor. If comparisons are to be made, they must be made in terms of contemporary standards.

What needs to be measured is the number and the proportion of people living for example "below adequacy" by 1947 standards of adequacy and compare this with the numbers and percentages of those living below "adequacy" by the standards of "adequacy" of 1960 or 1964. When this is done, we find that the proportion of the poor living below levels of "minimum adequacy" and "minimum comfort" has not changed very much. Indeed in 1947, by 1947 standards, 27.5% of the people (per cent of individuals living in households) lived below "minimum adequacy" and in 1960 -- by

¹

Economic Report of the President, 1964, U.S. Government Printing Office, Washington, D.C. 1964, pp. 59-60.

1960 standards of "minimum adequacy"--they amounted to 26%. The 1947 proportion living below "minimum comfort" was 39% while in 1960 it was 40%. The story is different when abject poverty is involved. Here, when the number of the poor living at or below "minimum subsistence" in 1947 and 1960 are compared, the proportion decreases from 15% to 11%.¹

It is also argued that the poor are still with us, as it were, by definition. If we define the poor as making up some part of the bottom of the income distribution, some kind of lower fifth, eighth, tenth or whatever fraction you will, their eternal permanence is guaranteed. The slope of the line tracing the income distribution becomes unimportant when throughout it is located either above or below socially determined standards of sufficiency.

To develop a strategy to fight against poverty, the problems of income distribution must be separated from those of poverty. It is not that policy concern with income distribution is not important, nor can we forget that income distribution has recently become even less egalitarian, but rather that income distribution is to be kept what it is -- namely, a derivative aspect of poverty rather than, so to speak, its definitional cause.

In studying poverty, with respect to both standards and numbers, and in mobilizing opinion for anti-poverty action, what is important and significant are not the changes, but the lack of change. To note that for

¹

For details on these calculations see Oscar A. Ornati, Poverty in An Affluent Society, A report on a study conducted by the New School and the Twentieth Century Fund, Forthcoming publication of the Twentieth Century Fund.

income in 1960 below the extremely meager level of \$2,000, the proportion rises to 1 out of 3 in the case of

- (a) non-white families
- (b) families headed by a female
- (c) families 65 years of age or over
- (d) rural farm families
- (e) families with less than 8 years' education, or
- (f) families whose head has had at most only part-time work experience

If poverty is defined as embracing families with incomes of less than \$4,500 -- which is only moderately above what is generally regarded as necessary to maintain standards of "minimum adequacy" -- more than 2 out of 3 of the families with the above characteristics would be defined as 'poor.'

In our study for the Twentieth Century Fund we have developed a relatively simple measure of the association between possession of a given characteristic and an income below a certain specific level. This measures the risk of poverty and permits us to make year-to-year comparisons for a given characteristic, and among characteristics which reflect both changes in composition and in incidence. Conceptually this measure of risk provides us with the equivalent of actuarial tables such as those used by insurance companies.

By calculating the risk of poverty of different groups and at different times, we have discovered three important things: First; Where a family has not merely one but two or more of these characteristics, the probability of poverty is overwhelming. Thus, families which have

the following combinations of characteristics:

- (a) non-white families with a female as head of the family
- (b) aged families living on the farm
- (c) aged Negro families living anywhere.
- (d) Negro farm families
- (e) farm families headed by a female

have 3 out of 4 chances of earning less than \$4,500 per year.

Second, except for the characteristic "male head of family over 65", the risk of poverty for all of the characteristics listed so far has increased since 1947 up to the present. In addition, the characteristic "male head of family aged 18 to 25," which had a relatively low risk of poverty in 1947, had by 1960 a significantly higher risk. Also, all the demographic characteristics of "Unattached individuals" showed that their risk of poverty was greater in 1960 than in 1947.¹

Third, the risk of poverty has remained relatively untouched by the "ups and downs" of the economy. For those living at levels of minimum subsistence, expansion did not reduce the risk of poverty nor did contractions increase it by very much.

A check on the validity of this whole approach and on the particular findings reported for 1960 is provided by repeating the analysis of the characteristics for a population with non-poverty-linked characteristics. This was done for families whose head is a white male aged 25-34, with two children under 18. The data showed that in 1960 this constellation of attributes was much less frequent in the low income brackets and

¹

See Oscar A. Ornati, Poverty in America, National Policy Committee on Pockets of Poverty, Washington, D. C., 1964 (mimeo) pp. 9-15.

We can stipulate, first, that we live in a rich society and the United States of the 1960's is rightly viewed, the world over, as the model of an affluent society. Those who deny the economy's affluence have never read Galbraith's book, or don't like the word, or -- and this is probably the most general case -- just plain and simply want "more" or speak out of a misunderstanding of the great socialist and reform tradition of the United States.

We need to stipulate, second, that an affluent society is not a full employment society. It is not a society working at its full potential.

Thus, in spite of the very large number of poor, poverty cannot be viewed as a "mass" phenomenon. Policies aimed at the economic improvement of the total society and believed, therefore, to help the poor are of very limited use in the fight against poverty.

Nor is a general re-structuring of the labor market and of employment a sufficient answer, as the bulk of the poor are outside the labor market. The common and somewhat old fashioned formulation "most of the underprivileged are workers," is improper. It is precisely the fact that they are not workers that creates the problem.

High levels of economic growth are the prerequisite; the necessary but not sufficient condition to do away with poverty. For the latter we need specific focused action.

What are the paths of such focussed action?

From the work on poverty that has been "seeing the light" recently, from our own identification of the poverty-linked characteristics,

by-passing the "manufacturing-automobile mechanic stage" and moving him to the level of the radiologist or the biophysicist. Intermediate stages can only be a palliative and lead to frustration.

Opportunities can thus be recast not so much by a reconstruction of neighborhoods as by the enrichment of the personal patrimony with which the poor face the labor market and by extricating him from the neighborhood, as opportunities generally lie outside of it.

Studying the causes of lagging rates of economic growth, economists and other social scientists have been puzzled by rates of output and growth that were larger than observed increases in measured capital investment. The solution of the puzzle seems to be in the contribution to economic growth of individual "human assets." While talk of investment in human capital is relatively recent it is not a new idea. What is new is only the terminology and the econometric method applied.

As we have learned that the growth patterns of various societies reflect different rates of investments in human beings, we can conclude that in a high income economy as rich as ours different rates of investments in human beings determine who in that society is and who is not poor.

How come the poor have an inadequate personal patrimony? How come investment in human beings varies so much from group to group? What does it mean and what are the implications of "investing in human beings?"

Central in answering this question must be the realization that services meant to strengthen the quality of men in our society have traditionally been provided by the public sector and that as a nation we have starved our public sector. Indeed particularly because of our

reliance on local taxation systems we have tended, as a nation, to spend less on health, education, housing, etc. -- all forms of investment in human beings -- precisely where most is needed. Thus the poorest states and clearly the poorest neighborhoods are also the states and the neighborhoods in which the least is spent precisely on those services most needed by the poor.

But if inadequate investment in human beings is at the heart of the poverty of the very poor, this is not the whole explanation; nor is it a helpful one for the understanding of poverty for those living on \$3,000 to \$5000 per year.

For the poverty of the minorities -- the Negroes, the Puerto-Ricans, the Mexicans -- with average levels of education and with a greater integration in the values of the dominant society, the explanation lies in the rigidities of the social structure. At the heart of much of this problem is the fact that the "ports of entry" into our market system are either narrow or closed entirely, and that the institutional custodians of ^{our} way of life channel minorities into traditional and declining occupations.

What needs to be done to eliminate this type of poverty is to reorganize society in terms of the myriad rules -- social and administrative -- which establish how the society lives rather than how much it produces.

The current economic debate as it relates to poverty is fatuous at best. Discussion as to the relative merits of achieving the goal by means of aggressively pursued monetary and fiscal policies leading to full employment, as opposed to massive expenditures on education, housing,

Agency: Office of Economic Opportunity (Anti-Poverty)

WF

Description of Functions:

OEO is the newly created office in the Executive Office of the President charged with the over-all responsibility for the "war on poverty." ~~It is~~ Its authority is contained in the Economic Opportunity Act of 1964.

Insert in next page

OEO does not have any explicit civil rights functions -- except to carry out the non-discrimination policies of the Government as required under Title VI of the Civil Rights Act and by the several Executive orders -- but the important relationship between the anti-poverty and the civil rights programs is rather self-evident.

The President's letter to HHH contains the following specific charge:

"I think it of great importance ~~in~~ ... that all of the programs aimed at relieving poverty and disadvantage be as available to our Negro citizens, and members of other minority groups, as to anyone else. They must be administered with this in mind."

~~The principal parts of the Economic Opportunity Act~~

There are three major components of the OEO program:

1. Programs administered by OEO itself

Job Corps
Community Action Program
VISTA volunteers

2. Programs Delegated to other Agencies

Neighborhood Youth Corps (Work-training) -- Labor Dept.
Work-Study program for college youth -- H.E.W.
Adult Literacy Program -- H.E.W.
Loans to Rural families -- Agriculture
Loans to Small Business -- SBA
Work-Experience Program -- H.E.W.

3. Co-ordination of All Poverty-related activities

Relationship to Civil Rights Program:

(Insert from previous page)

More and more, ~~the~~ Negro spokesmen are looking to programs like the war on poverty for lasting improvements in the lot of their people. While 3 out of 4 poverty families in the nation are white, the poverty program has very special meaning for Negroes and ^{other} minority groups. More than 50% of these families are in the poverty category -- and their poverty is associated with some of the nation's most difficult problems: discrimination, inferior education, health, housing, family deterioration, juvenile delinquency.

~~While the poverty and the civil rights activities of the Administration should~~
are closely linked, they ~~must~~ be operated without any formal

The poverty program should probably ~~never~~ not be publicly described as a "civil rights" program -- for obvious political and psychological reasons -- but there are many ways in which its effective implementation can contribute substantially to civil rights objectives. ^{summarized}
These are ~~summarized~~ below:

1. Strict enforcement of non-discrimination policies

Everything points to strict enforcement: the legislative history of the Economic Opportunity Act itself; the strong public statements made by OEO Director Sargent Shriver; and the regulations issued under Title VI of the Civil Rights Act. Thus, it can be assumed that the benefits of the anti-poverty program will in fact reach many Negroes.

(In this connection, it should be noted that Mr. Shriver has gone beyond the requirements of Title VI. He has insisted upon non-discrimination assurances even in the employment policies affecting the staffs of communities and states receiving grants, including the poverty staffs of Governors.)

2. Minority Representation in Community Action Committees

The poverty Act and the OEO regulations encourage (but do not actually compel) the creation of community-action organizations that are broadly based, representing every important sector of community life. The first months of the program ~~suggest~~ has already seen the formation of scores of such committees. OEO intends to see to it that there shall be appropriate minority representation on such committees. Negroes and other minority members can either come from other sectors of community life (social work, labor, etc) or they can represent Negro organizations.

While the goal is clear, and the determination ~~clearly~~ firm, it will not always be easy to get the correct representation. There have already been some complaints regarding insufficient Negro representation, in appropriate ("Uncle Tome") representation, and of white racist participation. To avoid any or all of these problems, OEO has requested help from the Community Relations Service and of the Civil Rights Commission in evaluating the individuals proposed for membership on poverty commissions.

In many communities, a properly balanced "economic opportunity" commission can either supplement the work of, or be a substitute for, the traditional bi-racial commission.

3. Involvement of the Poor and Indigenous Leadership

Both the law and OEO regulations lay great stress on the maximum feasible participation by the poor themselves in the programs funded by the O.E.O. *Special attention should be given to Negro poor in this connection.* This includes representation on CAP committees, on the paid staffs, and in the volunteer program. This will expand contacts with Negro rank-and-file, and will help develop "indigenous leaders" among the minority groups, with positive results for the community at large.

P. J. Smith (over)

4. Priority Consideration for Target Areas

Judicious and timely use of the poverty program -- within the limits prescribed by the law -- can be most helpful in resolving tense community situations. Its effectiveness has already been demonstrated in some areas through the use of MDTA grants.

~~"Early warning" systems of information~~

^{"Early"}
~~"Early"~~ warning intelligence reports should come to the attention of OEO so that it could quickly evaluate the possibility of priority attention to the particular community's needs. Not only ~~should~~ OEO programs as such be ~~given special~~ considered for special attention, but the whole range of government assistance programs.

Special Problems:

1. The right granted in the Act to governors to veto Job Corps sites and community action programs has led to much apprehension on the part of civil rights groups. This will have to be watched carefully to see whether governors in the Southern states will not permit CAP programs that are truly non-segregated and which will give Negroes an effective voice.

~~2. There may be situations~~

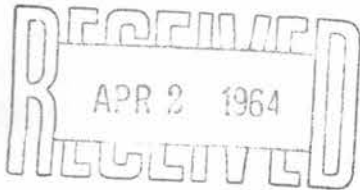
2. The Job Corps will contain potentials for explosive situations. The mingling of Negro and white youth could create tensions. Off-site infractions of laws or customs by Negro youth could arouse community citizens. Mistreatment of Negro youth in the community could similarly lead to troubles. (Job Corps has a Community Relations unit to work on this problem.)

~~3. The use of segregated facilities~~

4. Consistency in the conducting of all poverty-related programs by all of the agencies involved will be important. ~~Delegated~~ Programs delegated by OEO will be administered by the respective agencies under their own Title VI regulations and interpretations.

Questions for HHH:

1. What steps can be taken to assure adequate Negro representation in community action programs?
2. Are special steps being taken to recruit Negro VISTA volunteers?
3. What plans do you have for regular liasson with major Negro organizations?
- ~~4. How can the various poverty and poverty-related programs be utilized in a "fire-fighting"~~
4. How can CEO and related programs best be used to help meet crisis situations? ^{civil rights}
^
5. Is any special research work being done now about the special problems of poverty among Negroes?
6. Are there any new legislative proposals in the poverty area which have civil rights implications?



L. A. NIKOLORIC
ATTORNEY AT LAW
SUITE 313 RIDDELL BLDG.
1730 K STREET, N.W.
WASHINGTON, D.C. 20006
338-2911

April 1, 1964

Mr. John Stewart
Office of Senator Hubert Humphrey
Senate Office Building
Washington, D. C.

Dear John:

I am enclosing:

1. Completed draft for the April 11th speech.
I would appreciate some comments before fooling with this any more.

2. Some words for Loftus on welfare generally.
These are calculated to put the Senator somewhere right of John Welsh. I believe that something along these lines should get into the manuscript.

I had lunch with Bob Loftus today. He is having a hell of a time getting a feel for this book. I have agreed to do some more on it for him. Unfortunately he must show three chapters to McGraw Hill on Friday and may not survive what we used to call the first cut when I worked for organized baseball.

If I can make a suggestion, he needs some help with this presentation. This book is a good idea and we should not drop it just because it is off slowly.

I am going to New York tomorrow for a couple of days.

Extra copies are enclosed.

With best wishes.

Sincerely,


L. A. Nikoloric

Encls.
LAN:gk

L. A. NIKOLORIC
ATTORNEY AT LAW
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WASHINGTON, D.C. 20006
338-2911

March 27, 1964

Mr. John Stewart
Office of Senator Hubert Humphrey
Senate Office Building
Washington 25, D. C.

Dear John:

I am enclosing two copies of part of a first draft for April 11. I hope to finish this over the week-end together with a preface for the book.

It obviously needs some work.

With best wishes.

Sincerely,


L. A. Nikoloric

Enc.
LAN: gk

Poverty file

DRAFT

3/30/64

PREFACE -- INTRODUCTION -- I (?) - WAR ON POVERTY

RECEIVED
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To me the continued existence of poverty in the United States amounts to a personal affront. It angers and frustrates me. It is a bitter indictment of our own failures as leaders of the free world. Because I feel so deeply about the matter, this has been a difficult book to prepare.

You will find numbers in the pages that follow -- statistics.

Statistics are cold. They have no real significance unless you have met and talked with the people who make up the figures; unless you understand their problems and can feel their misery. To say that one-fifth of the Nation's families are getting along on \$3,000 or less a year -- that these are the poverty stricken -- is meaningless unless you have rubbed elbows with the poor.

Mrs. Humphrey and I have traveled throughout our great Country, campaigning, making speeches, or on simple pleasure. To us poverty is some of the human beings we have met.

I remember a bitterly cold morning in West Virginia four years ago. I was having breakfast in a cafeteria in a desolate town, the name of which I have long forgotten. But I will never forget the look of that town. The coal mines had been shut down. The houses and stores were dilapidated. Even the yellowed handle on my coffee cup was broken.

The people had nothing to do; they went about their idleness with frozen faces, hopelessness in their eyes. They were, for the most part, ill-clothed to cope with that chill morning. They were poor.

As candidates will, I was busy shaking hands and visiting with the little group in the cafeteria, trying in spite of the surroundings, to look cheerful.

I felt a tug on my elbow and turned to look at a tall, spare man standing there with a gnarled hand outstretched. He was dressed in a ragged sweater. The cold of the morning had turned his face a bright red, but his eyes were sunken and had a misty look to them.

I shook his hand and said something like, "I'm Hubert Humphrey and I'd appreciate your vote in the Primary."

This man -- and I will never forget his name -- said, "Yes, I know. Senator, I'm John So-and-so. I need a job -- any kind of a job. I've got three kids, and they're hungry. Is there something you can do about that?"

I suppose that Spring I shook the hand of thousands of men like this one -- miserable and hopeless -- looking for work with a despairing persistence. Any every time -- every single time -- the experience shook me.

But this man touched a new raw nerve when he asked, "Is there something you can do about that?"

Well, Hubert, what could you do about it? You're a United States Senator -- a member of what has been called the greatest de-

liberative body in the world. You're in a Primary Campaign to win the Democratic Nomination for President, the most powerful political office in the world. What could I do about it?

Pitifully little, when I stopped to think. What can an individual United States Senator do about it? He can make speeches -- write books and articles -- and introduce legislation. I am for example a co-sponsor of the Economic Opportunity Act of 1964 -- President Johnson's opening gun in the War on Poverty.

But the truth is that nothing significant will be done about poverty until the bulk of our people look around them, open their eyes, take a good hard look at the poor and become aroused -- as I am.

No social change of great significance ever occurs until the conscience of our people demands it. The fight for civil rights now being waged in the Senate as these words are being written, the enormous strides forward the Negro people are accomplishing -- these things are taking place only because the conscience of an aroused nation demands action.

It will be the same with poverty. An aroused nation will demand action to eliminate misery in the midst of abundance.

This book is one of the things Hubert Humphrey "can do about it." Perhaps it will help arouse and anger America. Perhaps it will convince you -- as I am convinced -- that we have within reach the weapons to fight this war.

This book of necessity contains statistics. I have tried to keep them to a minimum. I am, of course, aware that "poverty" is a relative matter. People do not die of starvation in the streets of America but even here today people do die of malnutrition.

We have long adopted welfare and charitable programs to sustain the bare essentials of existence. Our people can sometimes survive. The question is -- can they also live?

Spiritual poverty is as terrible to me as physical poverty. A man without the opportunity for constructive work, without the satisfaction of a job done is a poor man no matter how great the welfare and charitable benefits he may receive.

My friend from West Virginia and his family may well survive in their misery. But they are not living.

Statistics, mere numbers, cannot conceivably describe our physical and spiritual poor.

I receive thousands of letters every year. There is an elderly woman who writes to me occasionally from East St. Paul. She has an income of \$63.00 a month out of which she pays her rent, heat, light, clothing and food. I don't know how she manages. I have never met her personally. She is alone. She has no family, no friends, no place to go, nothing to do. In the summer, in good weather, she walks about the city. In the winter I hear from her more frequently because she stays indoors. She cannot afford the warm clothing necessary to brave our Minnesota winters. And so in her room, she writes letters to an unknown Senator in Washington.

Is she existing? Of course. Will she starve? Probably not. She might or might not be able to survive serious illness. But is she living as we wish all Americans the opportunity to live? Is she spiritually alive?

And so when I see a statistic like one-fifth of the nation, 36 million people living in poverty, I do not think of numbers. I think of my friend John So-and-so in West Virginia and of my elderly correspondent from East St. Paul. I think of a Night Court in the black ghetto we call Harlem and of a youngster there who said, "Senator Humphrey, I ain't a mean kid like some of them." He pointed to a group of young Negroes huddled on a bench in the corner of the room. "I just want a chance to get out of here."

He wanted to live.

Or the Indian on a New Mexico reservation there. He and his family barely existed. I asked him how things were for him. He said, "I don't complain, but I would like some work to do."

He wanted to live, too.

Obviously, the examples are endless. Out of my experience I could write page after page describing our shame -- the shattering misery of poverty, the pain and the suffering, the spiritual desolation.

But you have seen it yourself if you have opened your eyes.

And so, as you go on to read this book, I ask you to visualize each number as a person, to try to translate these numbers into your own experience. Join me in my anger and frustration.

In the pages that follow I will discuss some of the causes and problems of poverty. I have also set forth my conviction that together our leaders -- of business, finance, education and labor in partnership and in cooperation with government can successfully abolish poverty from America for all time. I have described how I believe we can accomplish this. We are on the verge of a truly universal affluence.

This is no dream. We can make it a reality. For now Americans have the tools and the know-how to do this job.

To use the tools and the know-how we must know our enemy. We must understand who the poor are, where they are, and what causes poverty. When we have accomplished this, we can then mobilize our enormous resources and intelligence to wipe out this enemy. I believe this book demonstrates that we can win this victory. The resources and intelligence are abundantly available. To these must be added the desire -- the will.

Other parts of the inscription on the Statue of Liberty are, perhaps, better known; but the last line has always held a special meaning for me.

"I lift my lamp beside the golden door."

The golden door! We are on the threshold. We have the key. Let us reach out to open it together.

SPEECH FOR INDEPENDENT BANKERS ASSOCIATION
MINNEAPOLIS -- April 11th

(Introductory)

During the past several weeks I have been deeply involved in the Civil Rights fight. As you may know, I have been floor leader for the civil rights forces in the Senate. This is an honor. And I have enjoyed the job of steering this most vital legislation to which I am certain will be a successful conclusion.

The civil rights struggle in the Senate has occupied most if not all of my working hours. But constantly on my mind has been another struggle -- war if you will -- the War against Poverty.

It is about the war against poverty -- particularly one key phase of it that I want to talk with you tonight (today?). I want to ~~XXXXXX~~ explore with you generally the role that a specific bank might play.

As to such a bank, I would greatly appreciate any comments or suggestions you might have.

I have always believed that the problems of poverty can best be solved through a partnership effort undertaken by business and other local community leaders acting together with Government.

You are business and financial leaders in your communities. I think you must realize that poverty is a terrible drag on the economy. In this Country we are ~~XXXX~~ spending directly in relief payments about \$5 billion a year to feed, clothe and shelter the poor. This is in the form of direct government subsidies. Relief payments and unemployment compensation. This figure of \$5 billion does not include what must be at least an equal amount spent in food stamps -- in charitable assistance -- through the Salvation Army,

medical clinics and the thousand and one other devices we pay for to subsidize the poor.

This adds up to some \$10 billion a year. That's a heavy tax on the rest of the country. But ~~xx~~ it is nothing compared to the hidden loss in productivity and national income and purchasing power.

Forget -- if we can for a moment -- the social ~~xxx~~ values involved. Teen agers tramping the streets looking for jobs. Hungry children. Our elderly, sick and alone, unable to secure adequate medical attention. Forget the obligations we may have to those less fortunate than ourselves.

The fact is the continued existence of poverty in this ~~xxxxxxx~~ Country is bad business. It is worse. It is stupid business.

We estimate that one-fifth of the nation make up the poverty stricken. That's over 35 million people. The country is subsidizing them to the extent of \$10 billion a year. The turth is that this great mass of people represents the greatest potential market for American business in the world -- if only one can make haves out of the have-nots.

We in America live in the most affluent society the world has ever known. We have the brain-power and the resources to put an end to poverty for all time. By working together we can and should do it. We are obliged to do it as humanitarians. It makes simple economic sense.

The President has sent the Congress a message and proposed legislation called the Economic Opportunity Act of 1964. This bill, which I co-sponsored and which, I am confident, will pass in substantially its present form, is a beginning. All of us are searching for additional weapons to wage the war.

I believe that there are two fundamental tactics necessary to wage a war on poverty:

1. We must find jobs for people.
2. We must find people for jobs.

These are the two tactics to meet the two fundamental problems.

One is to move industrial and commercial activities (as well as supporting services) into depressed areas or pockets of poverty. The other is a matter of training the poverty-stricken to apply new skills as these activities generate new jobs. Without facilities in which to apply skills, training programs are futile.

I believe that a key weapon/ⁱⁿthe effort to find jobs for people should be the establishment of a Domestic Investment Bank to function internally in much the same manner as The World Bank does internationally.

Of course, there would be differences. But let me review with you briefly the way in which The World Bank operates.

1. The World Bank was chartered by most of the civilized countries of the world. All of these countries have subscribed to the capital of the Bank in varying ~~degrees~~ degrees. The United States is the largest single subscriber. Our commitment is about \$6-1/2 billion. Yet we only hold about a third of the voting power.

2. The Bank's charter states its purpose to be making loans in member countries where such loans will improve standards of living. This is done on an area-to-area, project-by-project basis wherever it is felt that the economy in question will be improved by the project under consideration.

3. Politics are out. The Bank is run on a business-like basis. Loans are only made after a feasibility study demonstrates that the ultimate return to the economy of the area as a whole will insure repayment.

Since no one government has voting controls, no one country controls policy or can exercise political domination. The Bank is run by professional bankers, economists and technicians. Last year these professionals -- free from politics -- showed a profit of some \$83 million plus another \$90 million plowed back into reserve.

4. Now here is an important item. The Bank has outstanding over \$7 billion in loans. Less than a third of this represents its own money. Two thirds of the funds have come from the sale of its bonds to private financial sources or from the sale of participations in its loans to the private sector.

5. The Bank keeps hands off local policy. All projects and applications are originated ~~XXXXXX~~ locally. The Bank simply reviews them to make certain that they will make a substantial contribution to local standards of living and that they are economic.

In ~~XX~~ short, the World Bank is a sophisticated, business-like approach to world poverty -- and it works.

If the World Bank can accomplish this in places like India -- Mexico -- the emerging Countries of Africa -- create jobs -- elevate depressed areas -- why can't we borrow the same basic and proven idea for use here in the United States?

Let me give you a small isolated example.

In Mexico -- on the Gulf -- is a small city called ^{Ciudad} ~~Qu~~ Ciudad del Carmen.

① This was a dull and sleepy town, and like so many "quaint" villages of Mexico, ridden with poverty. On the streets men loafed because there was nothing else to do. They stayed in Carmen because there was no way to get out. Not a single road connected it with the rest of Mexico.

② Carmen used to fish for shrimp in a 'fleet' which consisted of two decrepit boats. A few of the town's more enterprising citizens thought that there might be a possibility of exporting shrimp, but that took ice, and ice in the tropics is a luxury. Carmen's primitive power plants could barely turn out the ten tons of ice its two ships required each week, and at 200 pesos a ton -- which was more money than many of Carmen's 12,000

inhabitants saw in a year -- the operation was clearly uneconomical. Carmen itself was uneconomical: it was an economic zero.

"That was twenty years ago.

"Stepping off one of the ~~xxxx~~ refrigerator ships which regularly calls at Carmen -- or the transport plane which lands at its airstrip -- the newcomer today finds himself in a miniature boom town. New retail stores have opened up along broad new avenues. Taxis rattle on the streets. There are two ~~xxxx~~ modern hotels. A new town hall has been built, and the two movie houses have had to enlarge their seating capacity to take care of overflow audiences. At night the streets are lit.

"Down on the piers the change is even more apparent. The shrimp "fleet" is a real fleet now, with more than 200 ships in operation. Shrimp, tons of shrimp, are being jaunted out of the waters of the Gulf to be packed in ice for distant shipment.

"Something spectacular happened to Ciudad del Carmen. In a ~~xx~~ few short years it stepped out of the past into the present. Today Carmen has new generators providing 2700 kilowatts of electricity. For Carmen this means adequate and reliable supplies of power -- power to make ice for its fishing boats, power for its local industries, light for its streets, energy for its telephones, its radios, its electric fans.

"How did Carmen get its generators? It got them from a loan made by the World Bank."

This was a relatively small loan. But it is being repaid and it has ~~xxxxxx~~ brought prosperity and jobs to a pocket of poverty in Mexico.

Why not to Harlem -- to West Virginia -- the Ozarks -- the Upper Peninsula in Michigan?

(here)

SPEECH FOR INDEPENDENT BANKERS ASSOCIATION
MINNEAPOLIS -- April 11th

(Introductory)

During the past several weeks I have been deeply involved in the Civil Rights fight. As you may know, I have been floor leader for the civil rights forces in the Senate. This is an honor. I have enjoyed the job of steering this most vital legislation to what I am certain will be a successful conclusion.

The civil rights struggle in the Senate has occupied most if not all of my waking hours. But constantly on my mind has been another struggle -- war if you will -- the War against Poverty.

It is about the war against poverty -- particularly one key phase of it that I want to talk with you tonight (today?). I want to explore with you generally the role that a specific bank might play.

I have in mind the establishment of a Domestic Investment Bank to function here in much the same way as the World Bank operates abroad.

Because you are practical bankers, I would greatly appreciate any comments or suggestions you might have as to how such a bank might best operate.

I have always believed that the problems of poverty can best be solved through a partnership effort undertaken by business and other local community leaders acting together with Government.

You are business and financial leaders in your communities. You must realize that poverty is a terrible drain on the economy. In this Country we are spending directly in relief payments about \$5 billion a year to feed, clothe and shelter the poor. This is in

the form of direct government subsidies, relief payments and unemployment compensation. This figure of \$5 billion does not include what must be at least an equal amount spent in food -- in charitable assistance -- through the Salvation Army, medical clinics and the thousand and one other devices ^{we pay for} to subsidize the poor.

This adds up to some \$10 billion a year. That's a heavy tax on the rest of the country. But it is nothing compared to the hidden loss in productivity and national income and ^{probably more important} purchasing power.

Forget -- if you can for a moment -- the social values involved. Teen-agers tramping the streets looking for jobs. Hungry children. Our elderly, sick and alone, unable to secure adequate medical attention. Forget if you can the obligations we may have to those less fortunate than ourselves.

The fact is the continued existence of poverty in this Country is bad business. It is worse. It is stupid business.

We estimate that one-fifth of the nation make up the poverty stricken. That's over 35 million people. The country is subsidizing them to the extent of \$10 billion a year. Actually this great mass of people represents the greatest potential market for American business in the world -- if only we can make haves out of the have-nots.

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stantially its present form, is a beginning. All of us connected with this Administration are searching for additional weapons to wage the war.

I believe that there are two fundamental tactics necessary to wage a war on poverty:

1. We must find jobs for people.
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One is to move industrial and commercial activities (as well as supporting services) into depressed areas or pockets of poverty. The other is a matter of training the poverty-stricken to apply new skills as these activities generate new jobs. Without facilities in which to apply skills, training programs are futile.

I believe that a key weapon in the effort to find jobs should be the establishment of a Domestic Investment Bank to function internally in much the same manner as the World Bank does internationally.

Of course, there would be differences. But let me review with you briefly the way in which the World Bank operates.

1. This Bank was chartered by most of the civilized countries of the world after the Bretton Woods Conference of 1944. It had an initial authorized capital of \$10 billion. All of these countries have subscribed to the capital of the Bank in varying degrees, but subscribing countries were only required to pay in one-fifth of their subscription on joining. The rest has been available on call but only to meet the Bank's obligations if it ^{gets} ~~got~~ into difficulties. The United States is the largest single subscriber. Yet we only hold about a third of the voting power. Over 100 countries are now members.

2. The Bank's charter states its purpose to be making loans in member countries where such loans will improve standards of living. This is done on an area-to-area, project-by-project basis wherever it is felt that the economy in question will be improved by the project under consideration.

3. Politics are out. The Bank is run on a business-like basis. Loans are only made after a feasibility study demonstrates that the ultimate return to the economy of the area as a whole will insure repayment -- just as you review loan applications in your own bank.

Since no one government has voting controls, no one country controls policy or can exercise political domination. The Bank is run by professional bankers, economists and technicians. Last year these professionals -- free from politics -- showed a profit of some \$83 million plus another \$90 million plowed back into reserve and operating funds.

4. Now here is an important item. The Bank has outstanding over \$7 billion in loans. Less than a third of this represents its own money. Two thirds of the funds have come from the sale of its bonds to private financial sources or from the sale of participations in its loans to the private sector.

5. The Bank keeps hands off local policy. All projects and applications are originated locally. The Bank simply reviews them to make certain that they will make a substantial contribution to local standards of living and that they are economic.

In short, the World Bank is a sophisticated, business-like approach to world poverty -- and it works.

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That was twenty years ago.

Today -- if you land at the new airstrip, you will find a miniature boom town. New retail stores have opened up along broad new avenues. Taxis rattle on the streets. There are two modern hotels. A new town hall has been built, and the two movie houses have had to enlarge their seating capacity to take care of overflow audiences. At night the streets are lit.

On the piers the change is even more apparent. The shrimp "fleet" is a real one now, with more than 200 ships in operation.

In a few short years Carmen stepped out of the past into the present. Today Carmen has new generators providing 2700 kilowatts of electricity. For Carmen this means adequate and reliable supplies of power -- power to make ice for its fishing boats, power

for its local industries, light for its streets, energy for its telephones, its radios, its electric fans.

Carmen got its generators through a World Bank loan.

This was a relatively small loan. But it is being repaid. It has brought prosperity and jobs to a pocket of poverty in Mexico.

Why not to Harlem -- to West Virginia -- the Ozarks -- the Upper Peninsula in Michigan? To coin a phrase, "It can happen here."

I have studied the underlying theory of the Bank in stimulating economic development. It has been to concentrate on making loans to basic projects which will generate what might be called creative earning power. The Bank calls these "infrastructure" projects -- which is a fancy way of saying that they provide the framework which supports the rest of the area's economy.

About a third of the loans have financed the development of hydroelectric and thermoelectric power as well as the building of transmission lines. To give you an idea of what this has accomplished this Bank alone has more than doubled the generating capacity of fourteen countries in Central and South America. This in turn has meant countless new productive facilities -- new jobs and new supporting servicing establishments.

Another third has concentrated on transportation -- railways, roads and ports, pipelines so that goods and services may be efficiently and cheaply moved.

The balance ^{of their loans} has emphasized industrial and agricultural lending -- heavy industry -- or has been channelled into local development finance companies to be loaned to local businesses.

The Bank studies each project carefully to make certain it will contribute to the economic development of the area, is financially sound, and will create jobs.

I think it is interesting to note the kind of jobs these are. These are basic jobs in basic industry. In every one of these jobs created economists tell me that from 4 to 6 additional service jobs spring up -- barbers, automobile mechanics, butchers, doctors, lawyers -- and even pharmacists.

insert 7a
In order to make sure that they are getting the job done and to give ^{the right kind of} help where ^{help is} needed, the Bank maintains a technical assistance program. This includes a staff college providing training in problems of economic development and a corps of economic and technical advisers.

Nor has training been ignored. In recent years the Bank has moved into education, building schools and the like, in areas where they have believed there has been a lack of skilled workers.

Gentlemen, this kind of a program makes sense to me. It has been an effective partnership between government the financial community, and business and labor. Politics are out. It makes a profit. It gets results.

If this can be done on an international scale, I suggest to you that it can be done even more effectively here at home.

I therefore propose to you the formation of a Domestic Investment Bank to operate in substantially the same manner as the World Bank operates abroad.

To keep politics out of it and to protect against undue domination from Washington I believe that the federal government *should* subscribe to less than 50% of the capitalization and that the various States be offered the balance based on the individual financial strength of each.

Let us consider as an example any one of a hundred desolate towns I visited when I was campaigning in West Virginia four years ago. Let's call it Appalachia, West Virginia.

Until recently this town was a one industry community depending on the coal mines for survival. The sale of coal brought money into the town -- money for the operators to spend and money for the miners. For every man on the payroll -- which would include not only the miners themselves but the bookkeepers in the office, the stenographers, and the talley clerks, the town provided services. Gas stations, ^{movie} ~~move~~ houses, the hotel, the stationery store, yes -- ~~even~~ ^{and} the bank in Appalachia and, in turn, all their employees depended on the town's basic productive enterprise -- coal. But today the mines are closed.

How long can the people in this town survive selling services to each other? Cutting each others' hair, repairing the grocer's car? Not very long because they are living on a sort of barter system. No money is coming into the community from the outside world.

But suppose, like Ciudad del Carmen, a new industry, a new productive enterprise to replace the coal mines -- were introduced -- an electronics plant, perhaps, or a textile mill -- anything that could compete effectively and that would put the men back to work. I suggest to you that Appalachia would boom again just like Ciudad del Carmen and that the butcher, the baker and the candlestick maker, if you like, could go back to work again.

Suppose this enterprise were financed by a Domestic Investment Bank. It has been suggested to me that the local bank might complain

at such competition and interference which, after all, is to some degree federally supported.

I doubt it. This is not the kind of relatively short-term paper in which you are primarily interested. I suggest also that the First National Bank of our mythical town of Appalachia would be delighted to have the town restored to economic life.

I do not mean to suggest that every town like Appalachia is readily susceptible to a new industry. But surely most pockets of poverty can support some type of creative productive enterprise. The World Bank has found this to be the case throughout the world. To make certain that depressed areas approach this problem intelligently, the Bank is prepared to meet with local groups to devise realistic programs of self-improvement.

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The Directors of this Bank should be trained professionals -- in banking -- in business -- and in the techniques of development lending.

The officers and other staff members should also be chosen -- free from politics -- according to trained abilities.

I am confident that the bonds of such a Bank backed up by federal and State subscriptions could be marketed through private channels. I am also certain that participations in such a Bank's loans could also be made available to the financial community -- and would be accepted.

The Economic Opportunity Act of 1964 already provides for the establishment of local groups to initiate plans for self-improvement. These community plans -- which might see a need for hydroelectric development -- feeder roads, educational institutions, new basis industrial facilities depending on the area in question -- would obviously constitute a good basis for project loan applications to the Bank.

The Bank would make credits available on the following criteria:

- a) A "pocket" of poverty must be involved.
- b) The investment or credit will tend to raise living standards in the community in question.
- c) All local governments as well as private entities would be eligible as borrowers.
- d) Ability to repay either directly or through the local taxing power should be a but not the sole criteria.
- e) I would give this Bank the authority to guarantee loans made by private institutions. This is a very important exercise of a power we have largely overlooked in our international institutions.
- f) I would not distinguish between "big" business and "small" business applicants. Many of these projects are reasonably massive and would require big business.

- g) The loan guarantees of local governments should be encouraged.
- h) Rates should be low and terms lengthy where needed. All conditions should be flexible.
- i) Vital would be the extension of credit as part of the project for use in training prospective employees of the facility.

I believe that a Bank functioning as I have outlined could accomplish much in a cooperative fight against poverty.

I have served in the United States Senate since 1948 -- sixteen years. During that time Mrs. Humphrey and I have travelled all over this Country -- West Virginia (a place I'll never forget) -- Harlem -- the Ozarks -- Chicago's west side. We have pockets of poverty even here in our wonderful State of Minnesota. To me, no statistics, no cold numbers can adequately carry the message of what it means to be poverty-stricken in the midst of our land of affluence.

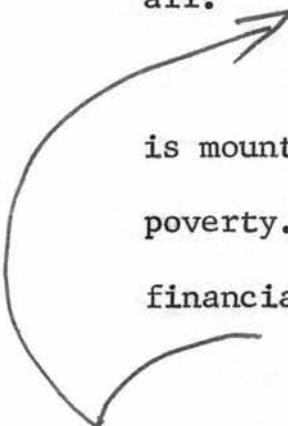
Poverty is people -- people cold and hungry -- people sick and old and alone -- teen-agers tramping the streets looking for work -- fathers, desperately and hopelessly job hunting when the coal mines are down. Poverty is a degrading, sickening, filthy disease that we must stamp out as we have virtually eradicated polio and tuberculosis. It has always been incomprehensible to me that a country as rich and powerful and imaginative as ours has not long since set about to abolish this disease.

Our task is not primarily a job of welfare. No matter how substantial payments might be, welfare is no worthy substitute for economic opportunity. It is our job to create and maintain an economic climate where all those who seek creative and constructive employment can find it so that they may take care of themselves.


We are capable of doing this. It is no fanciful dream.

In two successive World Wars we served as the arsenal for freedom and protected our way of life against tyranny. After World War II, virtually single handed, we reconstructed Western Europe so that today those countries stand as thriving and powerful buffers against Communism.

We have within our reach the tools and resources -- physical and mental to create here in America a truly affluent society for all.



I am proud to be associated with this Administration which is mounting a full-scale attack on the debilitating disease of poverty. I am confident that in partnership with people like you -- financial leaders in your communities, we can get ~~this~~ job done.



I hope you will consider my remarks concerning a Domestic Investment Bank. It may well be one of the more ^{effective} weapons available to us in the War on Poverty.

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1000 Words -- More or Less -- re WelfareThe War on Poverty

Ours is a country with a conscience and a sense of responsibility. As long as there are human frailties -- and I am afraid that will be forever -- we will have with us the infirm, the handicapped, the retarded, the old. These people must have help. They cannot support themselves. They are unemployable.

In a moral society we have no alternative. Otherwise these people, unable to support themselves would sink into oblivion.

In addition, no matter how successful we may be in our War against Poverty, there will always be the technologically unemployed. As a business fails, as techniques of production change, as the constant ebb and flow on our great economy shifts, some will be thrown out of work.

We must undertake palliative measures to relieve this distress. By palliative measures I mean such programs as welfare, social services and unemployment compensation.

These laws do not in themselves cure anything. Their purpose is to care for those who cannot themselves earn a livelihood under any circumstances and to tide over those temporarily out of work. This is the obligation of those of us who believe that to some degree we are our brothers' keeper.

These laws came to great prominence during the early years of the Franklin Roosevelt Administration. It was the feeling of the people then -- as it is today -- that all Americans have a right to the bare essentials of life -- decent housing, decent clothing, and something to eat even when it means the rest of us must subsidize these essentials through taxation or charitable organizations.

There are still those who would let the unemployable, the infirm, and those temporarily out of work fend for themselves. I do not understand this kind of cruelty. I suggest that this attitude is the product of a failure either to understand the facts or a blind refusal to look poverty squarely in the eye.

On the other hand, in many cases these so-called palliative laws are being abused.

Not long ago I was at a dinner where the problems of poverty were being discussed. At the party was a woman I have known for many years. She is white-haired now but her craggy face shows the scars of many social and political battles. She has always been what I call a real fighting liberal.

Many programs to alleviate poverty were debated but my friend sat silent -- her eyes flashing -- shaking her head. Finally she said, "Not me. No, Sir. I'm not going to do a goddam thing for these people -- not until I can find somebody to wash my windows or wax my floors or cut my grass in return for a good day's pay."

Perhaps she was exaggerating, but her point is well taken.

Not long ago I read about a serious effort in Newark, New Jersey to provide young people with vocational training of various types. The people running this program had sense enough to institute inquiries with business groups to find out what kinds of jobs were available and would be open in the future. Then they would undertake to train young people for available employment opportunities.

The restaurant ^{owners} ~~workers~~ put in a call for something like 200 waiters. Although there were plenty of unemployed in the area and the vocational training was provided free ~~XX~~ of charge with a job

open at the end of the schooling, there was no response. Waiting on table was not "dignified" enough. The wage scale was only \$10 or \$15 a week higher than welfare and unemployment compensation payments.

This is wrong. I have waited on tables myself. There is nothing undignified about such work. It requires some skill and intelligence to be a good waiter. But in Newark, New Jersey the relief and unemployment compensation programs appear to operate in such a way that young people are, in effect, prevented from taking these available jobs.

Many people, particularly our young, have lost sight of the fact that there is dignity and honor in a job well done. But for a large number welfare subsistence has become a profession. They literally cannot afford to take a job. I consider myself a liberal; but this is downright silly. This attitude has the additional vice of opening up all such programs to attack -- and in a society with conscience, welfare and relief programs are a necessity.

The tragedy of the depression and attendant suffering led us to champion the rights of people -- to a job, to subsistence, to medical care, to housing and clothing. Without denying these rights, I do not believe they should be automatic. With these rights go responsibilities.

The able bodied should not be permitted to make a career out of welfare. If society has an obligation to make certain that all of our citizenry enjoys the right to the essentials, that all our citizens have access to the essentials for survival, the individual in turn has the responsibility to play a productive role in that society's affairs if he can. No individual has the right to free-load and chisel relief payments.

Too many of my liberal colleagues have a tendency to close their eyes to the free loaders and chiselers on the relief and unemployment compensation rolls. I do not believe that this scandalous situation is widespread, but it is enough of a factor that it should be stopped.

~~I believe that~~ ^{relief} ~~The relief~~ and welfare laws and their administration are over-due for a searching examination and overhaul in order that we may make certain that they are performing the functions for which they established. They are supposed to be palliative in nature and not operate as career opportunities for the lazy.

The same comment might well apply to other areas of social legislation.

In Connecticut, for instance, it is unlawful to put a power tool -- even a lawn mower -- in the hands of anyone under eighteen unless this is done in the home. The original purpose -- to prevent child labor -- was worthy. The present effects are not.

When I was growing up, one of the most useful and instructive things that could happen to a young man was to have him do odd jobs in the ^{neighborhood} ~~neighborhood~~ to earn spending money -- or even to help with tuition costs. How else can our young people learn the value of work and the thrill (I use the word advisedly) of accomplishment.

I am not suggesting that this Connecticut law should be repealed. Certainly I do not believe in child labor. But surely this law and many others like it should be reviewed and overhauled so that it serves only its original intention.

You may ask, "Is this Hubert Humphrey, the liberal writing?" My answer is an emphatic, "Yes." I classify myself as a liberal because I believe in the ultimate dignity of man and his ability to

express himself, in his leisure, in intellectual ~~pursuits~~ pursuits, and in his work no matter what kind of work it may be.

When welfare and social legislation and their administration remove the incentive for such self-expression, then, but only then, comes a time for re-appraisal. That time has come. We must make the re-appraisal before the limited number of abuses gives all of these essential programs a bad name from which they may not recover.

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COPY^{sd}

April 7, 1964

Mr. Sargent Shriver
Special Assistant to the President
The White House
Washington, D. C.

Dear Sarge:

Many thanks for sending me a copy of your
Congressional Presentation of March 17 on "The War on
Poverty."

This is quite a document. I am convinced!
Now let's get to work on all the others.

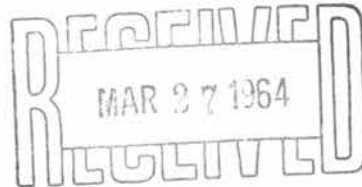
Best wishes.

Sincerely yours,

Hubert H. Humphrey

THE WHITE HOUSE

WASHINGTON



Honorable Hubert H. Humphrey
United States Senate
Washington 25, D. C.

Dear Hubert:

Enclosed is a copy of the FY 1965
Congressional Presentation for the
War on Poverty.

It describes in detail the programs
the President has proposed. I hope
it will be of assistance to you.

If you have further questions please
don't hesitate to call me.

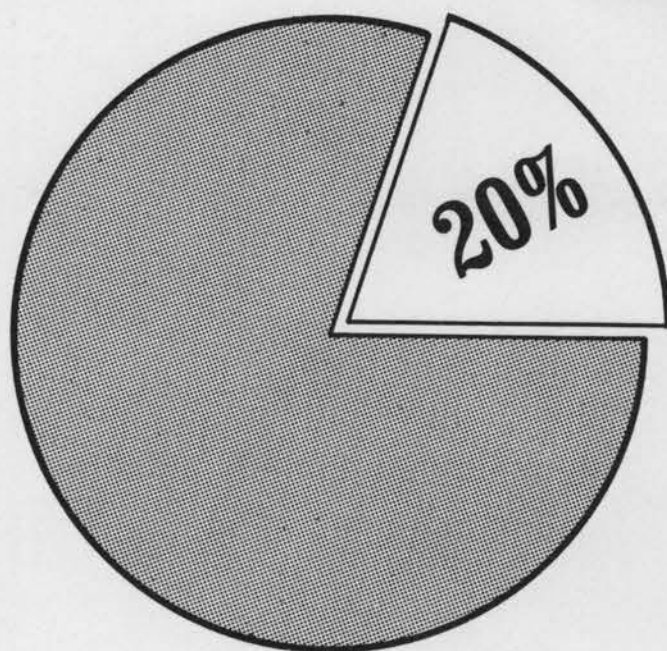
Sincerely,

A handwritten signature in cursive script, appearing to read "Sarge".

Sargent Shriver
Special Assistant to
the President

Enclosure

The War on Poverty



A Congressional Presentation

March 17, 1964

THE WAR ON POVERTY

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INTRODUCTION

When Americans look at themselves today, they cannot help seeing a reflection of growing affluence and optimism. The image is thrown back from every side.

Their income level is at an all-time high; their purchasing power is vigorous. They drive one or more cars, watch one or more television sets, own one or more telephones. They have added freezers to their refrigerators, automatic dryers to their automatic washers, swimming pools to their backyards, air conditioners to their homes and cars; and they have more time than ever to switch off the appliances and get away from it all. They are coming, in fact, to regard the uses of leisure as a serious problem.

For the average school child, the prospect has never seemed brighter. He knows he can go through high school without having to help support his parents. If he chooses, he can attend a city or community college, or a state university, pursue the course of study he selects, and find his place in the constantly expanding business, scientific, academic, or cultural community in the richest nation on earth. His children, he feels, will have at least equal opportunities - or better.

This is the image of America that is seen from abroad, and that Americans themselves see - a reflection of the vast progress our economy has made in the past three decades. There is dramatic evidence of this progress in the fact that while the total number of families in the United States increased by 10 million during the last fifteen years, the total number of families with income of less than \$3,000 dropped by 2.6 million.

But in spite of this, there remains an unseen America, a land of limited opportunity and restricted choice. In it live nearly ten million families who try to find shelter, feed and clothe their children, stave off disease and malnutrition, and somehow build a better life on less than \$60 a week. Almost two thirds of these families struggle to get along on less than \$40 a week.

These are the people behind the American looking-glass. There are nearly 35 million of them. Being poor is not a choice for these millions; it is a rigid way of life. It is handed down

from generation to generation in a cycle of inadequate education, inadequate homes, inadequate jobs, and stunted ambitions. It is a peculiar axiom of poverty that the poor are poor because they earn little, and they also earn little because they are poor. For the rebel who seeks a way out of this closed circle, there is little help. The communities of the poor generally have the poorest schools, the scarcest opportunities for training. The poor citizen lacks organization, endures sometimes arbitrary impingement on his rights by courts and law enforcement agencies; cannot make his protest heard or has stopped protesting. A spirit of defeatism often pervades his life and remains the only legacy for his children.

If the American economy can be compared to a 20-story luxury apartment house where even the ground floor tenants share the comforts, then this one-fifth of our population inhabits a sub-basement, out of sight, and almost out of mind.

Thirty years ago, it was simple enough to recognize the poor, on street corners, in doorways, and breadlines everywhere. In 1964, one needs an economic road map to find them. For today's poor are a mixed group. They include:

- The children of poverty.
- Those by-passed by industrial change.
- Rural families.
- Minority group members.
- Fatherless families.
- The aged.

This is not an all-inclusive list. There are some who fit none of these descriptions, and certainly many who do fit them are not poor. But it is safe to say that most of the poor share one or more of these characteristics, and together, they constitute what must be recognized, even by the skeptical, as a stubborn core of poverty in the United States.

The Children of Poverty

Patterns of poverty are established early in life. Thousands of children grow up in homes where education, ambition, and hope are as scarce as money. Many of these children attend school with little incentive or guidance from home to get them through. They drop out as soon as the law permits, or sooner. Others fail to attend school at all.

By the time such children reach 16, they begin a lifelong drift through a series of low-skill or no-skill jobs, that grow increasingly harder to find as automation spreads through business and industry. Some who can't find jobs at all turn to drug addiction, petty crime, then major crime.

But most simply find a niche of minimum usefulness to themselves and society, where they may cling for the rest of their lives. They need opportunities for escape, but first, their attitudes have to be rebuilt, in a sense, from the ground up. For poverty can be a state of mind, and many of these young people feel already defeated.

Another group falls in with this youthful army of the poor who form ranks in city slums and rural backwaters across the nation. These are children of poor families who grow up with the motivation and the ambition, but not the opportunities. If they get through high school they are unable to find part-time work to help them meet college expenses, or to help them contribute to needed support at home.

There are, in all, 11 million children among the 35 million poor of this nation. The leading edge of the post-war wave of infants has been reaching the critical 16 to 21 age bracket for the past few years. There are 5.5 million in this bracket now. In a single month last Fall, 730,000 of them were unemployed and not registered in schools. By 1970 there will be over 7 million in the 16 to 21 group, and unless the trend is reversed, the number of youths not working and not attending schools can be expected to total well over a million.

The By-Passed

Unparalleled technical advances in America have brought to most of our labor force and their families a standard of living undreamed of 30 years ago. But for a considerable minority it has brought considerably less.

There are thousands who are simply by-passed by modern technological advances. They are unable to secure regular employment in an economy which increasingly creates jobs beyond their meager skills and education.

There is also the semi-skilled or unskilled worker, suddenly displaced from his job as the plant relocates, or as the machine takes over, who faces weeks or months of unemployment, or a forced retirement. Following a plant closing in Trenton in October, 1961, 1900 employees--almost two-thirds of the work force--were still unemployed and looking for work nine months later. In Sioux City, Iowa, 40% of the former employees remained unemployed six months after the June, 1963 closing of their plant. In Iron City, Wisconsin, a mine closed in August of 1962, leaving about 40% of the miners still looking for work nine months later. In Fargo, North Dakota, a third of the former employees were still unemployed a year after their plant closed.

Some of these workers, who have non-transferable skills or are "too old" at 40 or 50 to be reabsorbed, are unable to get regular jobs or, in many cases, any work at all. They find themselves in a downward spiral that pulls their children down with them. Still others, somewhat luckier, are able to find steady work, but in low-pay occupations and industries, at wage rates which are insufficient to keep the family out of the grip of poverty.

Millions of workers inhabit this economic underworld of the by-passed.

The Rural Poor

Our technological upheaval has cast off another luckless group--the small farmer and the surrounding community which depends on his solvency. Some farmers have ridden the tides of our economic growth to unprecedented farm income levels. But

many more, caught between falling agricultural prices and soaring investment costs, have found themselves in a trap that appears to offer no escape except perhaps to an unpromising new life in an urban slum.

One and a half million rural farm families live on less than \$250 a month; 2.8 million other rural families in non-farm occupations struggle along at the same income level. Over a million of these rural families must somehow stretch \$80 a month to cover their needs. For the children of these families, without shoes or clothes for school, without money for school supplies or lunches, even primary education becomes a luxury. Nearly half a million of these rural youths between the ages of 14 and 24 have completed no more than sixth grade. Their horizons thus stop at the edge of a few acres of exhausted land.

Nowhere is the irony of the poor being furnished with the poorest services more poignant than in the rural areas. Here are found the one-room schoolhouse held together by a single overburdened teacher, the families too isolated to avail themselves of health services, the homesteads unable to apply the benefits of agricultural research.

Many rural farm families find that even a semi-barren piece of land offers them more certitude than the prospect of a new life in a strange environment. With limited education or skills, or failing health, they have no choice but to squeeze some sustenance from the land they know.

Others have already joined the vanguard of an unhappy exodus, a growing legion of unskilled, uneducated workers who come to the city in search of something they may not find: better opportunities. Often they find they have accomplished nothing but a relocation of their poverty.

The Minority Poor

There is a substantial segment of the poor in this country who need not puzzle over the complicated economics of poverty. They are the minority group poor. For them the equations are simpler. They are hired last, paid less, and fired first. They work mainly in the low-pay occupations, and in those, get lower pay than their white counterparts. The Negro college graduate

can expect to earn only as much income as the white worker who never went beyond the eighth grade; in comparable occupations, the white man can expect to earn almost 50% more in his lifetime than the Negro and the Puerto Rican, almost one-third more than the Spanish-speaking American.

Eight million Negroes--nearly half the total Negro population in the United States--are poor. A third of the Negro population lives in Southern cities, one fourth on southern farms, and the balance largely in the northern cities. In both the North and the South the Negro faces the same problem: in relation to his white counterpart, he is falling farther and farther behind. During the fifties the average income of the Negro male improved substantially. For every dollar he earned in 1949, he earned \$1.75 in 1959. But the white man running ahead of him ran a little faster. While the Negro was earning \$1 in 1949, his white counterpart earned \$1.90; in 1959, every time the Negro earned \$1.75 the white man earned \$3.20.

In 24 of the 26 States with large Negro populations, the Negro's share of per capita income fell; and in some of these States the gap between white and Negro income widened dramatically. In Michigan in 1949, when the equalizing effect of World War II was still being felt, the Negro earned 87% as much as the white. Ten years later he earned only 75% as much. In North Carolina his comparative earnings fell from 54% of his white counterpart's to 43%; in Tennessee, from 68% to 56% in Arkansas, from 53% to 39%.

Nearly a million Puerto Ricans live in the United States today, primarily in metropolitan New York City. Fifty-three percent of New York's Puerto Ricans earned less than \$4,000 in 1959, only 8% earned more than \$8,000. Three quarters of them never entered high school. Moreover, the primary and junior high schools in Puerto Rican neighborhoods tend to be more crowded and less equipped than the average city school.

In the southwestern United States live three and a half million Spanish-speaking Americans. Not only does the Spanish-American face the burdens of prejudice and inadequate education; like the Puerto Rican, he also faces a language barrier, and moreover a peculiar structure of laws, both Federal and local, which tend to isolate him even more from the opportunities of the community.

Among the poverty-stricken minorities, The American Indian is perhaps the hardest hit. Of the 550,000 American Indians, 380,000 live on or near reservations, most of them in poor circumstances. Their average family income is only a quarter to a third of the national average. Their average educational level is only half as high as the national average. And though they are American-born, go to American schools, and have received special attention from the Federal Government, social and economic barriers continue to pen them up in islands of poverty.

The Fatherless Families

Death, divorce, and disability often leave the same barren legacy. There are 2.3 million fatherless families in America who have inherited nothing but the father's poverty. Many of them were poor while the father was still present; some are poor because the father is disabled, or deserted or died; and some are fatherless because they are poor. Low income families often live with far more strains--financial, physical, and moral--than comfortable families, and these strains may reach the point where the father unshoulders his burden by deserting.

With a crushing responsibility suddenly thrust upon her, the mother is often too ill-equipped to carry it. Frequently the presence of young children forces her to remain at home. Even if adequate day care arrangements can be made, or if the children are older, the mother may lack education, training or experience needed to get an adequate job.

Only 16% of the mothers of families receiving public assistance have completed high school; less than 10% have had experience in office or sales work or in related occupations, as against 40% of mothers not on welfare. Most of these mothers of fatherless families have had experience chiefly as domestics, service workers and unskilled laborers.

The likelihood that such mothers will find employment which will furnish the stability and income so sorely needed in the absence of an able, breadwinning father up to now has been remote. Only half the fatherless families in the Nation are above the poverty line.

The Aged

Living in the United States are 6.8 million heads of families who are over 65. Half of them have incomes of less than \$3,000 a year, and half of these support their families on less than \$1,000 a year.

Many of the aged are ending in poverty because they began in poverty. Their income throughout their working lives was never sufficient to provide that margin of savings which affords independence and dignity after retirement.

The majority of all the aged are covered by Social Security. But nearly two-thirds of the poorest aged--those living alone and earning less than \$1,000 a year--are not covered by Social Security.

The great medical advances which continually discover new ways to prolong life have assured a steady growth in the number of aged persons in our society, and accordingly a growth in the problems of the aged. During the last 15 years the number of aged heads of families increased 37%. It is estimated that by 1980 there will be nine million persons over 75 in this country and if the present pattern is allowed to continue, many millions of them will be living in stark poverty.

The Cost of Poverty

These are the six groups from whom the community of poverty is largely drawn. Collectively the poor make up only a minority of the American population. But the costs of their poverty are shared by all Americans.

Two-thirds of poor families have an average annual income of \$2,000 or less. If this could be raised to just over \$3,000--above the poverty line--their total income would be \$7 billion higher. Looked at in another way, if we could increase the average production of even 10 million earners among the poor enough to lift their earnings a modest \$1,000 a year, the nation would gain \$14 billion of added annual output. This would mean fresh stimulus pouring into the national economy and, at the same time, a reduction of outlay for public assistance and social services which the poor receive.

If the governmental public assistance commitments could be cut by one-fourth, it could reduce the tax burden by \$1 billion. And as the community of the poor diminishes, there is accordingly less need for the expansion of police, fire, and public health departments which function so busily among the poor. These services cost the nation \$8 billion annually. A 10% reduction in this cost, or almost \$1 billion a year, is a plausible estimate of the savings that could be effected by the elimination of poverty communities.

Even apart from the moral obligation to help the poor, there is this clear dollars and cents justification for a revitalized and redirected attack on poverty. Moreover, if we raise the poor above the poverty line, all of us will benefit from their new capacity to integrate themselves into the constructive purposes of the nation.

Clearly, much is already being done, through the efforts of Federal, State, and local governments, through religious organizations, charitable fund-raising drives, and foundations. But the cast-offs, the rural poor, the racial poor, the fatherless families, and the aged have been falling farther and farther behind. As our wealth has grown, a dwindling portion of it has accrued to the bottom 20% of our income-earners during the last decade. The ratio of non-white to white income, which grew rapidly from 41% to 54% under the economic stimulus of World War II, continued to improve slowly and erratically during the fifties, but now has fallen back almost to the 1947 level. And during the last decade, while professional and managerial workers increased their income by over 150%, service workers and non-farm laborers improved their lot by only 74%.

Thus the gulf between the affluent and the poor widens; and the poor--presently one-fifth of our nation--grow less and less visible to the rest of us.

The Foundations of the Poverty Program

The war on poverty is the oldest war in history. It is a war which cannot be won quickly--but it can be won decisively, through a concerted Federal, State, and local effort to eliminate the conditions and causes of impoverishment.

Two factors are absolutely prerequisite to success in this effort:

-- Our economy must remain strong and continue to develop, thereby providing maximum employment at optimum pay.

-- The last barriers to this maximum employment, barriers which seal off so many of our citizens from the opportunities available to the majority, must be overthrown.

Already we have the broad base of the recently enacted tax cut, education and training programs, housing, welfare, and social security measures, from which to press an all-out war on an age-old enemy. In the period since 1961, such measures as the Area Re-development Act, the Manpower Development and Training Act, the Vocational Education Act, have strengthened our hand.

Already we are able to visualize, on the near horizon, an America without poverty. One-fifth of a nation--the present domain of the poor--can be reduced to one-tenth, and then to zero.

This is the first nation in history to have total victory over poverty within its power. It has greater wealth, income, technical know-how, and productive capacity than any before it. We have demonstrated our capacity to direct these resources to whatever goals we set ourselves, and to achieve them.

The goal of the program set forth in the pages that follow is the launching of this final battle against poverty.

It is a program which will:

-- Stimulate our communities to initiate comprehensive action programs attacking the roots of poverty.

-- Expand the opportunities for our youth to gain the education, skills, and experience they must have to become full participants in our nation's life.

- Help farmers to increase their income through a program of small capital loans and grants.
- Provide new employment opportunities--for the long-term unemployed--by encouraging capital investment, and new opportunities for small entrepreneurs by making credit available.
- Encourage more states to orient their programs of public assistance toward rehabilitation rather than support.
- Recruit and train volunteers to work with agencies carrying out the various programs.

In short, it is a program which can open for the young, the opportunity to learn; for the able-bodied, the opportunity to work; and for all, the opportunity to live in decency and dignity.

YOUTH - SALVAGING A VITAL RESOURCE

In October of 1963, there were 730,000 young men and women between the ages of 16 and 21 who were both out of school and out of work. This figure had increased 22 percent in a one-year period. But this unemployment figure for a specific week in October does not tell the whole story. Many others are employed only in low paying, dead-end jobs which are beneath their potential abilities. A conservative estimate is that there are almost one million young people in this country today who are desperately in need of training and guidance to develop these abilities. Left to itself, the problem will multiply. Last year the total teenage labor force, including half a million young people in the Armed Forces, numbered 5.6 million. Next year it will be 6.6 million. By 1970, it will be 7.2 million. If the current trends continue, in five years we will have almost one and a half million unemployed youth -- without adequate education or training, without jobs, and without a future.

This trend must be reversed. And it can be reversed, by attacking the tight circle of poverty at its weakest point -- among its young victims, whose creative energies and dreams may still be salvaged from the growing rubble of their lives.

The proposed legislation includes three different programs aimed at the attitudes and economics of the young. The first of these is a voluntary Job Corps, with camp-based programs of education and vocational training or conservation work for young men who are poorly adjusted to their homes and work. These young men cannot be helped best in programs located within their own communities. Some are in the migrant labor stream -- at home nowhere. Others are outside the range of communities where adequate resources and concern exist. Still others come from impoverished rural areas and remote mountain hollows, or from city slums which have taught them only hostility to their environment. These young people must come a long way; the spark of motivation is not likely to be ignited in the same communities which have so long stifled it.

The other proposals are a Work-Training Program, which will offer productive employment and training to those who can benefit from it in their home environments, and a Work-Study Program, designed to enable young men and women to continue their education at the college level.

Sources and Selection

One of the obstacles facing any program of assistance for the young is the problem of identifying those who need help. Nobody knows who they are. They drop out of sight as well as out of school. There is no community in this country which can say with certainty which of its young people who have left school are unable to find or keep jobs. Statistics are based on small samples, and names are not recorded.

It will therefore be necessary to rely on many sources for the recruitment of volunteer participants in the Youth Programs. These will include U.S. Employment Service office referral of job applicants, school referral of drop-outs, and Armed Forces Examining Center referral of registrants who fail the mental achievement test, as well as boys' clubs, churches, other public and private agencies, and public information programs.

The 1900 local U.S. Employment Service offices of the Department of Labor, supplemented by Youth Guidance Centers, will serve as the primary selection points. Applicants who have not been given the Armed Forces Examination will be given physical and mental achievement tests comparable to those given by the Selective Service, interviews, and counseling. Each applicant will be counseled as to how he can best benefit from the programs available. This will include those whose home and community life is such that they can profit from participation in the Work-Training Program, those for whom camp experience through the Job Corps is a desirable choice, and those for whom an existing program such as MDTA, a regular job, return to school, or further counseling is the best course. Mentally retarded or emotionally unstable youths and narcotics addicts will be referred to appropriate existing rehabilitation facilities.

It is currently estimated that during its first year of operation, the Job Corps may be able to reach as many as 30,000-40,000 young men, half of whom will be in conservation camps of 100 to 200. It is anticipated that approximately 6,000 will be

enrolled by the end of September, 1964, and that the Corps can be built up at a rate of about 3,800 per month to the first-year total of 40,000. The Work-Training Program will be able to enroll approximately 200,000 young men and women, and the Work-Study Program some 140,000 in the first year.

JOB CORPS

The Job Corps will consist of conservation camps and training centers. The most important aspect of the experience for the enrollees will be their development as self-respecting individuals who are ready for a job or for more intensive education and skill development. In conservation camps, young men with problems of attitude and resistance to learning will be given basic skills training, as well as reading, writing, and arithmetic. The training centers will offer more intensive and advanced education and training to young men who are ready for this experience. In the long run, it is anticipated that many youths will be coming to the training centers as conservation camp "graduates." Enrollment in both types of camp will be strictly voluntary. It will normally be limited to a period of less than two years. Although the details of operation require further study, the following reflects current thinking on the subject.

A. CONSERVATION CAMPS

It is the task of the conservation camps to do far more than provide basic education, skill training and work experience; they must change indifference to interest, ignorance to awareness, resignation to ambition, and an attitude of withdrawal to one of participation. In order to achieve this, the camps must provide a series of living, working, training, counseling and recreational experiences, and a sense of belonging which the homes and neighborhoods rarely supplied.

The Work Component

Work in conservation camps will be undertaken in small supervised groups with an adult supervisor, and will be designed to give enrollees a sense of participation, self-confidence, and pride of accomplishment, as well as to give them certain basic skills. They will work under experienced members of Federal conservation agencies -- such as Forest and Park Rangers, or members of the Bureau of Indian Affairs, Land Management, Reclamation, or Sports Fisheries and Wildlife -- in projects which can accomplish long-needed conservation work and recreation development on public lands.

The young men who are members of conservation camps will work in carpentry and masonry; with bulldozers, axes and shovels; and in the kitchens, offices, and maintenance shops of the camps. They will learn to use basic tools, to plan and organize work, to follow instructions, to lead and to follow.

The following list summarizes some of the types of work which may be undertaken by members of conservation camps and the types of basic skills which will be developed as a result:

<u>Type</u>	<u>Work Experiences</u>
Soil and Water Development	Equipment Operation Basic Horticulture Basic Surveying Basic Engineering
Timber Stand Improvement	Forestry technician skills
Range Resource Development	Weed and Pest Control Farm skills Fencing Construction

<u>Type</u>	<u>Work Experiences</u>
Recreation Facilities	Basic Carpentry Basic Masonry Machine and Equipment Operation
Wildlife Habitat Improvement	Wildlife aide skills Forestry aide skills
Insect and Disease	Elementary Entomology Basic Surveying
Fire Protection	Truck Driving Specialized Equipment Operation Fire Control Aide skills Fire Prevention Aid skills
Road and Trail Development	Basic Surveying Basic Engineering Equipment Operation Equipment Maintenance
Boundary Surveys and Marking	Basic Surveying
Miscellaneous	Cooking Typing Record Keeping

Whenever possible, the young men in the camps will be placed in work groups on the basis of their skills and aptitudes as well as the particular job to be done, in order to provide a variety of work skills and situations and to enable counselors to assess the potential of each youth for future placement.

The Education Component

The education program in conservation camps will be designed to meet the needs of young men who are so lacking in basic academic

skills that they cannot undertake vocational training. (A 5th to 6th grade literacy equivalency is considered necessary to profit from vocational training. An analysis of Selective Service System rejectees indicates that over half of those who fail to meet mental achievement requirements will be below this level). Reading, writing, arithmetic and speech will be taught, and minimum levels to be obtained are as follows:

- Reading -- An ability to read and comprehend at mean 7th grade level,
- Writing -- An ability to complete, clearly and legible, application and other employment forms, to write simple letters of inquiry, and to make out orders,
- Arithmetic -- An understanding and mastery of the four basic skills (addition, subtraction, multiplication, and division), common and decimal fractions, reading of scales, units of measurement,
- Speaking -- An ability to be understood in employment and other conventional situations, and to understand directions.

To reach these goals, new instructional materials designed especially for the purpose will be developed. But the education component of the program cannot wait. The availability of current materials will be reviewed by the Office of Education and those determined to be best suited will be used. Continuing evaluation of the camps' programs will provide guidance for the development of new materials.

Group discussions, films, individual counseling, and specially selected readings will be used to instill in the young men an understanding of their role as citizens and workers. The same techniques will be used to teach the fundamentals of personal health and hygiene.

Camp recreation will include hobbies and sports, designed to teach the value of learning to play by the rules and to exercise self-discipline. The emphasis will be placed on participation rather than on observance. In addition, specific all-camp activities will be held on a regular basis; singing, a camp newspaper and

amateur dramatics will be used to promote the overall purpose of the program; and a system of recognition and awards for achievement will be created.

Other aspects of camp life will also be designed to improve the attitudes of the young men involved. A typical camp might have some 5-10 cabins of 20 young men each, with one adult resident and two youth assistants in every cabin. This responsibility will be rotated regularly, so that each may have a chance to lead. In addition, each cabin group will elect one representative to a camp council, designed to instill an appreciation of democratic principles.

The unifying force in the life of the camp will be a counseling program, dealing with every aspect of the experience -- living, work, education, and recreation. At the end of each young man's tour, the counselors will have the major responsibility for guiding him to placement opportunities or further vocational training through the U. S. Employment Service.

Staff

Each camp will have a director, who will have overall responsibility for the camp. In addition, for every 100 young men, there will be an educational and counseling staff of four, responsible to the Deputy Director for the Job Corps through the Camp Director. Three of these four will be basic education teachers, and one a health and recreation teacher. Since work projects will be undertaken in small groups, each 100 enrollees will require 7 to 10 work supervisors from the staff of the conservation agency concerned. A maintenance and support staff of about 5 is envisaged.

The 800 education and counseling staff members required the first year will be recruited from many sources, including college placement offices, retired people, and volunteers throughout the country. These teachers will undergo a special intensive training course, currently planned to take about four weeks, which will prepare them for their work in the camps.

B. TRAINING CENTERS

Life in the training centers will be similar in many ways to life in the conservation camps, with several important differences. The centers themselves will be considerably larger, ranging in size from 500 to 5,000 enrollees, which will call for different plans for handling groups. The major emphasis of the training centers will be on vocational training and basic educational improvement in preparation for permanent employment. Although high skill levels in particular vocations will not be achieved in most cases, the program will develop work habits and an attitude toward learning which will enable the young men involved to profit from more advanced education or work experience outside the centers.

The Training Component

Vocational training and basic education will consume most of the day in a training center. The courses to be taught are those for which the occupational outlook is good, for which the entering skills are within the capability of the young men in the program, and which can be taught within the framework of the existing facilities.

The skills to be taught may vary from center to center, and within each occupational group, trades requiring several levels of ability may be taught. For example, in a single center some young men might be trained as calculating machine operators; others as appliance repairmen; still others as clerks.

Along with other types of facilities, unoccupied or underutilized military camps will be used for this program, under an arrangement with the Department of Defense. To the extent possible, each occupational group will be placed at a facility which is particularly suitable. For example, an automotive center might be situated in a former armored division camp which has extensive automotive facilities; a maritime and fishing trades center might be housed in a Navy Yard; and a machinery center might be established at an unused Army arsenal.

Basic education courses will also be given in the training centers, since the academic achievement level of many of the young men involved will not be adequate for them to get and keep jobs. The goals of the basic education component in the training centers will be the same as those in the conservation camps, but less time -- about two hours a day -- will be allotted for daily instruction.

Other Components

Health training, recreation, and counseling will also play an important role in the life of the training center. The young men will be housed in barracks of approximately 200 each, under the direction of an adult leader, with one youth assistant for every 25 youths. Physical fitness and recreation programs will be organized by barracks groups.

Staff

It is estimated that a training center enrollment of 20,000 will require some 3,000 staff personnel, including basic education teachers, vocational teachers, health-recreation instructors, and administrative and support personnel.

C. GENERAL

Participation in the Job Corps will be on a purely voluntary basis, and members will be free to resign if they choose. It is hoped, however, that the benefits of successful participation and completion of camp training will be clear enough to the members so that resignations will be minimized. The ultimate reward will be the significant broadening of a young man's horizons. The Job Corps "diploma" -- identifying specific levels of educational and occupational accomplishment -- will open new doors to job and occupational opportunities. Other rewards for successful participation will include assignment of leadership roles involving an increase in pay, special privileges, and opportunities for advanced class and work assignments.

Disciplinary measures, including expulsion from the Corps, will also be applied when necessary.

Members of the Job Corps will receive a living allowance which will range from about \$30 to \$50 a month, depending upon the location of the camp and the services which are provided directly. An additional sum will be paid for assigned leadership duties, and upon termination of his enrollment in the Corps, each member will receive a separation payment of \$50 for each month of satisfactory participation. He may allot up to \$25 of this money to a dependent, and if he does, his contribution will be matched by the Office of Economic Opportunity.

BUDGET ESTIMATE
(In millions of dollars)

I.	<u>Initial Investment Costs</u>		<u>\$ 65</u>
	Training Center Preparation		
	20,000 @ \$500 per man		10
	Conservation Camp Construction		
	20,000 @ \$1500 per man		30
	Preparation of Facilities		
	for expanded program in FY 66		25
II.	<u>Operating Costs</u>		<u>\$101</u>
	Examination and Processing		
	350,000 @ \$20		7
	Operation and Maintenance of Facilities		
	20,000 man-years @ \$1500		30
	Administration, Education and Training		
	Costs		
	20,000 man-years @ \$1500		30
	Individual Costs		
	Clothing and Equipment	\$195	
	Subsistence	575	
	Travel	150	
	Pay, allowance	<u>780</u>	
	20,000 man-years @. \$1700		34
III.	<u>Costs of Guidance Centers</u>		<u>25</u>
IV.	TOTAL		<u><u>\$191</u></u>

WORK-TRAINING PROGRAM

Until recently, most young men and women -- whether or not they had not completed high school -- could find early work experience in the unskilled jobs which abounded throughout the economy. Today, however, even as the number of young people entering the job market is increasing rapidly, the number of unskilled beginning jobs is declining. Automation, mechanization, and other scientific and technological advances have eliminated and will continue to eliminate many of the unskilled jobs which formerly served as the young person's entry into the world of work. The jobs of today and tomorrow require higher motivation, more maturity, greater judgment, and broader experience than are possessed by the thousands of actual and potential school drop-outs aged 16-21 who need employment.

The Work-Training Program, which will be administered by the Department of Labor, will provide productive full-or part-time work experience and training in State and community public service jobs to these young people. It will thus increase their employability, and, whenever possible, it will encourage them to continue or resume their education. Unlike the Job Corps, it will be open to women as well as to men.

The cornerstone of the Work-Training Program is local initiative and control. Any agency of a State or local government, including Indian tribal groups, or an approved private non-profit organization may develop and conduct work projects. Such projects might place young people in work assignments in hospitals, settlement houses, schools, libraries, courts, children's homes, parks, playgrounds, public and private welfare agencies, and so on. Jobs might include, to suggest only a few, such diverse tasks as

- nurses' aides and hospital orderlies in clinics and health centers
- filing clerks, typists, and office machine operators in settlement houses and other welfare agencies
- cooks' assistants, dieticians' assistants, and waitresses in schools and hospitals
- building maintenance and landscape assistants in parks and recreation facilities

- mechanics' helpers in police and county garages
- switchboard operators and receptionists in neighborhood centers and homes for the aged
- electricians' assistants and painters' helpers in city and county buildings.

The possibilities for projects and jobs are limited only by local resourcefulness and imagination, and by several basic criteria established in the Act. These require that:

(1) Projects must increase the employability of the young men and women involved by providing work experience and training in jobs in which there is reasonable expectation of employment or by enabling students to continue or resume their education.

(2) Projects must contribute to an undertaking in the public interest which will not otherwise be provided or which will contribute to conservation of State or local natural resources or the protection of recreation areas.

(3) The work done by enrollees in the program must not result in the displacement of employed workers or impair existing contracts for services.

(4) The rates of pay and other conditions of employment of the young people involved must be appropriate in view of such factors as the type of work performed, the level of skill involved, and the locality where the project is situated.

(5) Projects must be coordinated, as far as possible, with vocational training and educational services so that the special needs of the enrollees may be met by State or local school authorities.

(6) Projects must include standards and procedures for the selection of applicants which will include assurances that they are encouraged to continue or resume school attendance, if that is appropriate to their needs.

The types of sponsorship and the types of projects will vary widely. The work programs can include any combination of full- or part-time employment. One project might involve only full-time employment, including an element of on-the-job training, while another might have only part-time employment, a work-study combination, or any other work program which addresses the needs of the unemployed youth whom this program is designed to help.

One type of Work-Training Program might be undertaken on a city-wide basis under the auspices of the Mayor's Office, while another might be run by a public institution such as a hospital, and still a third might be run by a settlement house or another type of private non-profit organization.

Budget

The annual unit cost per enrollee is estimated to be \$2,640 for full-time work, \$1,375 for half-time work, and \$735 for quarter-time work broken down as follows:

	<u>Full- time</u>	<u>Half- time</u>	<u>Quarter- Time</u>
Compensation and benefits	\$2,080	\$1,040	\$520
Physical examination	25	25	25
General administration:			
Local employment service - counselling, testing, placement, etc - 10 hours @ \$3	30	30	30
State employment service administration	10	10	10
Labor Department administra- tion	30	30	30
On-the-job supervision	420	210	105
User agency overhead	20	10	5
Miscellaneous	<u>25</u>	<u>20</u>	<u>10</u>
TOTAL	\$2,640	\$1,375	\$735

It is estimated that the Work-Training Program will provide employment of 200,000 young men and women, of whom 30,000 would be working full time, 60,000 half time, and 110,000 either quarter-time throughout the year or full time during the summer months. Ninety percent of the total cost of such a program, or approximately \$219 million for a full year, would be paid by the Federal government during the first year of the program. During the first year, however, phasing in of enrollees is expected to involve an average period of enrollment of about eight months, which will involve a total Federal cost of \$150 million.

WORK-STUDY PROGRAM

Under the standards of financial need most commonly used by this country's colleges, families with incomes of \$3,000 or less cannot be expected to make any contribution for the college education of their children. In fact, even at the \$4,000 bracket, the contribution expected from a family with two or more children is extremely small. Students coming from such families must be self-supporting while in college. And the need of these students is so great relative to their capacity to pay that institutions of higher learning are usually able to provide only for the extremely bright student, the boy or girl in the top two or three percent of a high school graduating class. A recent study conducted by the University of Pittsburgh indicates that children from families with less than \$3,000 annual income have the poorest chance of entering college, at all ability levels below the very top two percent.

The proposed College Work-Study Program, which will be administered by the Department of Health, Education, and Welfare, will provide a financial base for the able but extremely needy student to which can be added a loan or a limited scholarship grant. As a result of this program, the present levels of student employment are expected to be increased by 140,000 to 150,000 a year or over 30 percent. In addition to enabling a wider range of students to attend college through financial assistance, the program will sharply reduce the heavy debt load that often weighs on the student who is least able to bear it.

In order to avoid a program which will be detrimental to a student's academic work, however, the legislation provides that no student may be employed under the Work-Study Program for more than fifteen hours a week while classes in which he is enrolled are in session. Comparative studies at the University of Denver, the University of Southern Illinois, and Harvard on the academic achievement of students working part-time compared with non-working students all have concluded that the academic records of students who work part-time for a limited period of hours are as good as or better than the records of students who do not work at all.

The Secretary of Health, Education, and Welfare will establish criteria for fund distribution among colleges and universities. This will provide for concentration of Work-Study funds in institutions which serve poverty-stricken areas or which enroll student populations drawn from extremely low-income families. These include both rural institutions and large public and private universities serving metropolitan areas.

On-campus work under this program will include both the service-type job which requires no specialized training -- such as dormitory and plant maintenance, food service, clerical and stenographic work, and the like -- and jobs in somewhat more sophisticated areas which do require some degree of training or skill development -- such as work with a university press, computer programming, materials cataloging, and library work. At the University of Southern Illinois, student employees hold part-time jobs as bus drivers, cafeteria workers, and in other service categories. In the technical and supervisory groups are printers, surveyors, accountants, junior counselors, radio technicians and senior stenographers -- students of advanced or upper division standing with higher degrees of skill.

Another advantage of the Work-Study Program will be that it will stimulate colleges to specify and define new jobs in addition to the pattern of student employment now offered.

There are a number of off-campus jobs in health, welfare, recreation, and similar social service work which hold immediate promise of job expansion through a college or university work-study arrangement. A case in point are teach aide and tutorial assistant jobs, in which students work either directly as teacher assistants or as tutors with small groups of students having difficulty in a specific subject area. In most cases, community agencies involved in this work have had to depend upon voluntary assistance from the colleges. A much more satisfactory approach would be the provision of part-time student employees who are actually assigned to responsibilities appropriate to their interests and capabilities. In this way, the college or university can help meet the financial needs of the student; the student can gain valuable work experience; and the community can gain a gain a talented and highly motivated group of students for a variety of service jobs.

Because of the limited resources traditionally available to colleges for student employment, the expansion of off-campus jobs has been extremely slow. But just as the National Defense Education Act stimulated student borrowing to meet college expenses, so the Work-Study Program will give great impetus to this expansion. Furthermore, students from these college work-study programs will make invaluable part-time instructors, aides and workers in the Community Action Programs, the Job Corps, and other activities that develop under the proposed legislation. These students will have come from financially depressed backgrounds and they will therefore have a special understanding of the problems faced by youth enrolled in these programs. Their contributions will be particularly significant also because these same students, as mature upperclassmen, will represent positive proof that educational attainment can break the cycle of poverty.

Budget

It is estimated that the average earning of an undergraduate during the first year of the Work-Study program will be approximately \$500, of which the Federal government will pay 90 percent, or \$450, and the comparable figure for a graduate student will be \$1,000, of which the Federal government will pay \$900. It is estimated that

approximately 145,000 students -- 130,000 of them undergraduates -- could benefit during the first year, at a total cost of about \$71.7million. An additional \$800,000 will be required for the costs to the Department of Health, Education, and Welfare of administering the program, leading to a total cost of \$72.5 million.

CONCLUSION

As a result of all these programs, the Office of Economic Opportunity is expected to reach almost 400,000 young people in its first year alone. For these young men and women, the experience derived and lessons learned from participation in the Job Corps, the Work-Training Program, or the Work-Study Program may well spell the difference between futility and usefulness, between a continuing circle of poverty and a pyramid of opportunities for themselves and their children.

COMMUNITY ACTION PROGRAMS

A youth employment center opened in Boston in November, 1963. Within four months, it had helped 400 young people to find jobs. Three out of four of those placed came from families receiving relief. Most would otherwise have been unemployed high school dropouts.

In the Southwest, 35 Zuni Indians were given 24 weeks of electronics training. Within 12 days after the course, all were employed at wages averaging twice the 97 cents an hour they earned previously.

In a St. Paul high school, a coordinated program of special attention for children from broken homes, and low ability students, changed the dropout rate from highest in the city to second lowest.

In Jackson City, Florida, 49 persons of limited education were trained and are now employed as "cottage parents" for mentally retarded children. Eighty per cent of the trainees had been unemployed for the previous two years or more.

Successful employees of a Philadelphia company volunteered their services to speak to local high school students, emphasizing the importance of education to a career; the dropout rate decreased one-third.

Across the nation there are countless additional examples of imaginative community programming to expand opportunity and break the cycle of poverty. Many are created locally. Some received impetus from State agencies, private foundations, industry or labor unions. Others were initiated with the help of creative Federal programs, such as those undertaken by the President's Committee on Juvenile Delinquency. But nearly all share a common handicap; their scope is sharply limited by shortages of local and State resources. In many cases the shortages derive directly from the problem which these efforts are trying to cure - the low income and earning power of the poor.

Some efforts are therefore only demonstration programs, with little hope of expansion. Others provide full solutions for only a part of the problem - a few blocks of a blighted neighborhood, or several families out of several hundred. Often they provide adult education classes which can handle only a small number of

illiterates, or special counseling for only some of the dropouts and potential dropouts.

One crucial lesson has been learned from this community experience. Since the causes of poverty are complex, the solutions must be comprehensive. An illiterate adult must learn to read and write before he can enter the skill training program that will lead to employment. The mother on welfare cannot enter employment or manpower training unless there is a day care or community school program for her children. The sixteen year old youth might not be dropping out of school if he had learned to read in early grades or if a work-study program were available. Poverty is a web of circumstances, not the simple result of a simple condition.

The most successful community action, therefore, usually includes the political, business, labor, and religious leaders, the school board, the employment service, the public welfare department, private social welfare agencies, and neighborhood houses in a coordinated attack on local poverty. Above all it includes the poor people of the community whose first opportunity must be the opportunity to help themselves.

Present Federal programs

Already the national government is involved in programs that relate to the problems of poverty.

These programs make an important contribution, but they have not been enough. Moreover, Federal support of community efforts has generally involved insufficient coordination among the various Federal agencies. The programs are administered by different agencies under different terms and conditions with different objectives in mind. Nowhere in the Federal government can a community find broad support for a concentrated program to attack poverty. As a result, the combined expenditures of Federal, state, and local government and private foundations and united funds are too often dispersed into many single-purpose projects, each of which may be worthwhile within its own bounds but which fail to achieve the effectiveness a coordinated approach can bring.

A coordinated approach

Two steps are needed to change this situation. The first, described earlier, demands a focal point within our government for marshaling Federal programs to support communities ready to do battle with poverty. The creation of the Office of Economic Opportunity will achieve this.

But community action also encompasses many activities for which existing Federal programs can provide no support. The existence of special funds clearly designated for community action support is critical to spurring communities with existing programs to direct more resources into this area. The Community Action fund is therefore necessary.

Who may apply for a grant?

The local organization applying for a community action program grant must satisfy only one basic criterion: it must be broadly representative of the interests of the community. It may be a public agency which seeks to build into its programs the advice and expertise of business, labor, and other elements of the private sector. Or it may be a private non-profit agency which has the support of the relevant elements of community government. It may be an already existing organization, or it may be newly created for the specific purpose of fighting poverty. The community may be a city or a town, a metropolitan area, a county or a multi-county unit, or a combination of rural and urban areas. But above all, it must provide a means whereby the residents of the program areas will have a voice in planning and a role in action. Additionally, in the case of grants for educational purposes, the application must come from the appropriate public body.

How will programs be initiated?

The initiative for community programs must be distilled from the community itself; there can be no substitute. Through all regional representatives, the Office of Economic Opportunity will stand ready to assist any community in formulating its plans, in deciding how to marshal its human and financial resources, by providing technical assistance where this is needed, and by describing what Federal resources are available. The expertise of the Federal agencies concerned with specific aspects of the poverty problem will be brought to bear. Where necessary,

community officials may be enabled to visit other communities to see how problems have been solved elsewhere. But the momentum, the direction, and the energy must come from within the community itself.

What are the criteria?

The plan itself need not be complex. It must answer only five basic questions:

1. Does it demonstrate a basic knowledge of the facts of poverty in the area?
2. Does it propose to attack the real causes of poverty?
3. Does it promise effective solution of the problems which it identifies?
4. Are there community organizations which will work together to carry out the plan responsibly, speedily and efficiently?
5. Is the community itself dedicated to the achievement of the goals, contributing its own human and financial resources towards that objective?

Above all, this must be a program in which projects are carried out not for the community, but rather by the community - with external financial assistance - to attack community problems.

What activities will be undertaken?

Communities will have wide discretion in determining what program activities should be undertaken, for the needs will vary throughout the nation. In keeping with the focus upon opportunity and with the emphasis upon improving human performance, motivation, and productivity, and the conditions under which people live and work, it is likely that community action programs will include activities such as the following, all focused on the problems of poor people:

1. services and activities to develop new employment opportunities;
2. strengthening the teaching of basic education skills, especially reading, writing, and mathematics;
3. providing comprehensive academic counseling and guidance services and school social work services;
4. providing after-school study centers, after-school tutoring, and summer, weekend, and after-school academic classes;
5. establishing programs for the benefit of pre-school children;
6. reducing adult illiteracy;
7. developing and carrying out special education or other programs for migrant or transient families;
8. improving the living conditions of the elderly;
9. arranging for or providing health examinations and health education for school children;
10. rehabilitation and retraining of physically or mentally handicapped persons;
11. providing health, rehabilitation, employment, educational and related services to young men not qualified for military service;
12. providing community child-care centers and youth activity centers;
13. improving housing and living facilities and home management skills;
14. providing services to enable families from rural areas to meet problems of urban living; or
15. providing recreation and physical fitness services and facilities.

How will plans be processed?

Community Action plans will be received in Washington by the Office of Economic Opportunity and reviewed for consistency with the five basic criteria. In reviewing each plan the Director of the Office of Economic Opportunity will assure that the views of interested Federal agencies are sought and taken into account in decisions on plan approval. In those cases where the proposal does not contain the views of relevant State governmental organs, these will be sought. The Administrator's approval of a Community Action plan signifies that this effort warrants the full support of Federal assistance up to the maximum limits based on appropriate matching contributions in order to assure that the goals set forth are achieved.

The success of the program will depend upon the ability of the Office of Economic Opportunity, other Federal agencies, State agencies, and the communities to cooperate in program development, funding and implementation.

The Office will have field staff and consultants who will work with communities as they develop their action programs. The field representatives will also be responsible for involving staff of other Federal agencies - including the Departments of Labor; Agriculture, Commerce; Health, Education, and Welfare; the Housing and Home Finance Agency; and the Small Business Administration. The representative will also suggest involvement of appropriate State officials. This process will make possible a sharing of ideas among the levels of government. It will enable many sources, public and private, to combine to finance community action programs.

Once the Community Action plan has been approved, the Office of Economic Opportunity will assume two functions. First, it will make available to the community, according to the financial plan, those funds which are derived from its own appropriations. The Director may do this directly, by making allotments, advances, contracts, or other financial arrangements with appropriate action organizations, or he may transfer funds to an appropriate Federal agency or agencies to be administered by that agency in support of the action program. In instances where a number of action organs will be implementing a plan formulated and approved by the community action organization, it will normally be the practice to allot funds to

the community action organization which will administer individual action unit allotments. Secondly, the Office of Economic Opportunity will monitor the overall administration of the community action plan and the support provided by Federal agencies in order to assure that the goals planned will in fact be achieved.

Program development grants

For communities which have not yet formulated community action plans, but which exhibit a strong will to attack problems of poverty within the community, program development grants will be made. These grants will allow communities to call in experts to assist in analyzing the problems of poverty and to advise on approaches to solutions of the causes of poverty.

During the time that a community is formulating its action plan, whether with or without assistance of a program development grant, action grants may be made to initiate specific projects within that community which will clearly be a part of the final community action program. But it is not planned to continue to make action grants in the absence of a completed community action plan for a period of longer than twelve months.

Federal-local cost-sharing

The principle of community cost-sharing is vital to the success of Community Action programs. For cost-sharing demonstrates the community's commitment to the objectives of the program, and this commitment in turn leads to involvement of the leaders and organizations of the community in carrying out the actions proposed.

The Federal share of the added costs of expanded community action programs will normally be not more than 75 per cent. However, many city and county budgets for the next 18 months or two years are already enacted, or are far advanced in the approval process; local leaders will need time to refocus their programs and to reallocate their resources to put higher priority on poverty programs. Recognizing that the capacity of communities to share the costs of community action programs will be limited in the immediate future, but confident that their cost-sharing will grow, the Office of Economic Opportunity will increase its share of the costs of Community Action plans up to 90 per cent during the first two years of the program, or through June 30, 1966, whichever is

later. In calculating the value of the community's contribution, account will be taken of contributions in kind, and of the value of volunteers' services.

In some cases, however, poverty is prevalent through most of a community, not just a few neighborhoods. In those cases, the resources which the community itself can bring to bear are sharply limited.

Where these heavy concentrations of poverty occur, and where it is clear that an adequate attack on poverty cannot be undertaken within the normal cost-sharing standards, the Director will authorize a higher Federal share. This authorization will be based upon objective criteria, including the median income of the community, the adequacy of social services, the number of public assistance recipients, and other relevant factors.

FARM INVESTMENT: STRENGTH IN THE MARKETPLACE

Farm families represent 16 percent of the poor in the U. S. About 1.5 million farm families receive so little income from all sources that they remain at or below the poverty level year after year. When these families include large numbers of children, as they often do, their lack of adequate income represents desperate poverty.

The overwhelming majority of low-income farm families cannot make the transfer to some other environment. Walled in by physical or educational handicaps, severely limited in skills and aptitudes, often beyond the age of new employment, the family breadwinner must "make it" where he is or he won't make it at all.

Unless some means can be found to help these families where they are, they face an ever bleaker future in an increasingly technical and advanced rural society. What is of acute importance for the entire nation, the children of these families represent the seeds of future poverty scattered throughout the rural and urban communities of the future.

Improving the skills and abilities of these children through education, better health care, and specialized training is of absolutely first importance. Community action and other programs can help rural communities upgrade and enrich the potential of their young citizens. In addition, aids to stimulate business and industrial development will benefit some adult members of poverty-stricken farm families who need work off the farm.

But the root cause of farm poverty is a lack of resources on the farm itself, particularly land and capital. Poor farm families produce little. They therefore earn little. They thus have little to invest in farm development. It is the classic vicious cycle.

A keystone of the assault on rural poverty, therefore, is what might be termed a "package" of loan and grant programs and advisory services designed to get these poor farm families off dead center, to get their output up, and to give them some strength in the marketplace.

Farm Investment

The rural economic opportunity program will make grants to farm operators with meager earnings who have the character and ability to improve the earning capacity of their farms thereby. The grant would be made individually or in conjunction with a loan. It would be made with the specific purpose of moving the farmer to a position where he could finance continued improvements and developments through loans from public or private sources. At present, many small, poverty-stricken farmers either have no debt-paying ability or they are unable to amortize a large enough loan out of anticipated earnings to give them a new start. To gain a position where they can obtain conventional loan financing, they first have to expand their operations. However, they can't expand their operations without financing, for which they now are not eligible. The program will break this cycle by extending carefully managed grants.

Regardless of the financing available for farming expansion, however, some poor families will not benefit. They may not be able to obtain additional resources for farming because the resources--land in particular--simply aren't available. The rural opportunity program would, therefore, provide loans and grants to finance small items of machinery for non-agricultural enterprises on farms. Examples of such items might be a chain saw for felling trees, woodworking tools, a sewing machine, a small electric feed mixing mill, or similar capital equipment that can be operated easily and will significantly increase the productivity of family labor. Where a family has no opportunity to increase its income from agricultural production, such non-agricultural enterprises would be an alternative--the only alternative in a great many cases. Grants are necessary, as well as loans, because here again there is limited debt-paying ability. These families must first move to a position where they can qualify for credit. They can move to this position only through a capital grant that will increase their earning potential.

A direct assault is also proposed on what is probably the single most serious cause of poverty among low-income farm families: Their inability to pay the high costs of farm land

Farm Investment

coming on the market and thereby obtain the basic resource of agriculture. The value of farm land has been rising at the rate of 3 percent each year, a rise stimulated in part by speculative forces and the fierce competition among large agricultural operators for land to meet the requirements of modern farm technology. It is extremely difficult--indeed, almost impossible--for the nation's poorest farm families to buy good land at a price they can pay. Sharecroppers, tenants displaced by machinery, farm laborers, young farmers have no savings. The Department of Agriculture can not make real estate loans to the majority of these operators because the Department by law may extend a loan only up to the normal value of the land, not its current market value.

The poor farmer has no savings to make up the difference. Frustrated in acquiring more land, he cannot take the additional steps that would increase the earning capacity of his farm. Too often he faces a sad choice: Remain in poverty where he is or migrate to an urban environment where a lack of skills will severely handicap him in earning a living for his family.

The rural opportunity plan thus includes a program of loans and grants to State and local nonprofit corporations which will enable them to purchase at the going price farm land coming on the market and resell this land to individual small family farmers at its appraised value. The Department of Agriculture, through its regular farm lending activities, would help the individual families to buy the land from the corporation. Any loss the corporation might sustain in the transaction would be made up by a grant from the funds appropriated for the anti-poverty program. In the initial period of the program, an estimated 2,500 carefully selected families would be assisted in getting the land resources they must have to earn an adequate income.

Finally, the rural effort provides a credit program to finance cooperatives made up wholly or partly of low-income farm and other rural families. Such cooperatives would provide services, supplies, and facilities not now available to low-income families, and would serve as a market place for their products. Poor farm families

Farm Investment

generally are excluded from the benefits of participating in cooperatives. Most in need of strong marketing, purchasing and service organizations, they are least likely to be in a position to organize and support such organizations. There exists at present no practical source of financing for cooperatives that are in the early, try-out stages, are weak financially, or require financing beyond the legal limitations of the Bank for Cooperatives, private banks, and other existing sources of credit.

The proposals to combat farm poverty must be viewed as a single package. Major items of the package complement and reinforce each other. They have a single, unified objective: To raise the income-producing capacities of families by giving them access to capital, land resources and management aids on the farm and by opening up new opportunities for them to obtain economic strength in the community.

Following is a detailed explanation of how each major program will operate:

Grants and Loans to Individual Farm Families

Grants would not exceed \$1,500 and would be concentrated among those families who with such assistance would be able to move up to an income level which permitted financing entirely through credit sources.

To be eligible for a capital grant, the applicant must:

- a. be the operator of not larger than a family farm|
- b. demonstrate character, industry, and intent to utilize the grant to raise his level of living permanently
- c. be unable to maintain a satisfactory level of income but have reasonable prospects, with the assistance of a grant or loan-grant combination, of raising his income sufficiently to improve his living standard, and
- d. be unable to obtain credit for the desired purposes elsewhere

Farm Investment

Capital grants will be administered through Farmers Home Administration county supervisors, who serve all rural areas in the U. S. Priority will be given capital grants in areas which have adopted, or are in the process of formulating, community action plans. This will insure that full advantage will be made of the mutually reinforcing effect of the grants and community-wide human resources development assistance.

A combination of grant and loan financing will be programmed only after a formal analysis of the family resources and prospects. The amount of the grant will be determined by the amount of capital input required that the family is unable to finance through a loan while retaining a minimal standard of living. Depending on the family's farm and home development plan and management ability, the capital grant may be provided in one sum or phased in installments. However, in either case, Farmers Home Administration will retain control of all expenditures made with the grant.

Under the proposed program, capital grants would be made to approximately 45,000 farm families. The average grant is expected to be \$500. In the majority of cases it would be supplemented by a loan from the Farmers Home Administration. By combining a small capital grant and a loan, plus intensive farm and home management assistance provided by Farmers Home Administration a significant number of these low-income farm families can hope to increase their earnings and their standard of living substantially over a relatively short period of time. Farmers Home Administration experience with loans for purchase of farm real estate and for farm operations shows that on the average family cash income less operating costs increased from 85% to 102% during the life of the loan. A program of grants supplementing the existing loan program would open similar opportunities for extreme low-income farm families.

Farm Land Purchase and Resale

To make additional land resources available to poor farm families, loans and grants will be made to State and local non-profit corporations for the purchase and resale of farm land

Farm Investment

either (a) in small parcels to add to existing units or (b) in the form of individual farm-size units. On large tracts of land purchased, necessary improvements also would be carried out by the corporations to make these tracts viable as sites for family farms. These improvements would be financed by the corporations using loan and grant funds.

Under the program corporations would purchase suitable farm land coming on the market in local rural areas. Necessary improvements would be made on the land. Where large tracts were involved, after the land had been improved and subdivided into adequate family farming units it would be sold to selected potentially successful low-income farming families. These families would use loans from Farmers Home Administration to purchase the farming units or additional farm land to add to their existing units.

In most cases, the cost to the corporation of land purchase and development would be greater than the sale price of the land to an individual small farmer. The corporation would need to pay the going market price to acquire the land, while the individual farmer would be able to pay only the normal (or appraised) value of the land, using an FHA loan. The difference between what the corporation pays for the farm land purchase and development and the price it receives would be made up through a direct grant to the corporation.

Approximately 200,000 acres of land can be purchased and resold initially by the corporations, using loan and grant funds provided by the program. It is estimated that the average farm purchaser will acquire about 80 acres; thus the program initially will benefit approximately 2,500 families.

Loans to Cooperatives

Another important aspect of the anti-poverty campaign in rural America will be a new program of loans, grants, and direct technical assistance for cooperatives that are made up wholly or partly of low-income families. Some examples of enterprises operated by small cooperatives that might be assisted through this program are:

Farm Investment

Marketing of fruits and vegetables produced on small farms.

Processing, transporting, and selling timber products produced on farms. (Processing might include manufacturing of crates, furniture, millwork, etc.)

Purchase of farm supplies such as fertilizer, garden seeds, building materials, and machinery.

Cold storage and packing plants both for home use and for sale.

Livestock sales facilities.

Facilities for the manufacture, transport, and sale of handicraft items produced by members of the co-op, such as glassware, ceramics, furniture, toys, decorative items, clothing, etc.

Under this program, loans and grants would be authorized both to help a small cooperative get started and also to supply credit for one already in operation. Initially, however, the major emphasis would be placed on the former, with assistance concentrated where the largest number of low-income farmers and rural residents would benefit per dollar of expenditure.

In order to provide the supervision and technical services required to assure the success of the loan and grant programs proposed, the Farmers Home Administration will need to supplement its field staff in rural poverty areas, particularly those areas going forward with community action programs. It will therefore be necessary to supplement existing staffs with an additional 340 field personnel and 10 headquarters unit personnel to provide the supporting technical and farm and home management advisory services. These additional staff members will be concentrated in 469 counties where half the families have incomes of less than \$2,500.

EMPLOYMENT AND INVESTMENT INCENTIVES

Part A -- Incentives for Hiring

High rates of unemployment and underemployment and their invariable result -- severe poverty -- may be found in broad areas such as Appalachia and the Ozarks or in smaller pockets such as certain depleted mineral and lumber areas of the North and the slum-ridden core areas of many of our larger cities. Obviously, one of the most necessary and effective measures for the alleviation of poverty in these areas is to provide a means of stable employment for those who cannot find work.

The first major national effort in this direction was the Area Redevelopment Act passed by the 87th Congress and signed into law in May, 1961. Under that Act, low-interest loans were made available to stimulate the establishment of new or expanding industrial and commercial enterprises in designated areas of substantial unemployment and underemployment. Significant progress has already been made under this program in many localities. As of the end of February, the Area Redevelopment Administration had approved 291 business loans, involving the expenditure of \$119.2 million.

The ARA program, although still relatively new, has served to focus attention on the need for positive and constructive programs which can assist the unemployed once again to become self-respecting, self-supporting, productive members of society. Such programs also have the advantage of enabling the Government to realize a return on its original investment, even though their purpose is primarily social and economic. Without these investments, ever-expanding relief and welfare programs would be necessary, and even greater economic waste of manpower would occur only because opportunities for productive labor are lacking. The ARA experience thus far has shown that for every \$3,600 of business loans a new job in a private enterprise has been created. As against this, it should be noted that the average worker in the United States produces goods and services having a value of about \$8,500. The \$8,500, moreover, repeats itself every year in addition to the real wealth of the nation, while the investment of \$3,600 for each job is a one-time loan commitment which will be returned to the Federal Treasury with interest.

Incentives

Part A of Title IV would establish a new program of business loans for poverty areas or pockets beyond the reach of the regular ARA program, either because the poverty pockets are too small for designation as redevelopment areas or because capital resources in the other areas are so lacking that it is impossible to comply with the local participation requirements of an ARA loan. It is expected that most of the loan requests will come from business enterprises based on local natural resources, local markets and local labor. These industries probably will predominantly include the lighter types of manufacturing enterprises rather than large, national concerns requiring highly skilled labor. Also included will be businesses catering to tourist income such as handicraft and gift industries, and other service and commercial establishments which will help to install a viable economic base in the poverty areas.

The Director of the Office of Economic Opportunity would be authorized to establish a program of direct loans, participations with banks, and loan guarantees, to provide funds for the establishment, preservation, and expansion of promising business ventures which will hire the long-term or hard-core unemployed. The program would be administered through the existing resources and facilities of the Area Redevelopment Administration. It is expected that ARA in processing such applications would normally make the loan under its own program, wherever possible. The funds available to the Director under this expanded program to increase economic opportunities would be used only where the ARA program could not be applied.

Most of these funds would be used for direct loans, since banks in the poverty areas often lack the resources to make large or long-term loans. However, a portion would be set aside for loan guarantees in force at any one time, to provide for possible losses.

Loans to private borrowers would be authorized for a period of not more than 25 years. At least half of the employment openings created by the investment must be recruited from among the long-term unemployed, or from members of low-income families. No financial assistance will be extended to relocate businesses from one area to another, and assistance will be limited to areas undertaking an approved community action program. In order to assure that assistance extended under this program creates a significant number of new

employment opportunities, loans will be made primarily in labor-intensive industries, or in industries in which the investment cost per employee is relatively low. In no case will any loan be made for which loan-cost-per-job exceeds \$10,000; the average cost-per-job created will be substantially lower.

The Director would also be authorized to participate with other lending agencies and institutions whenever immediate participations could be obtained. Deferred participations, which depend on the ready availability of ample investment funds, are not deemed practical and would not be authorized.

Whatever the form of the financial assistance provided, the Director would first be required to determine that there were sufficient funds available to complete the project and that it gave reasonable assurance of repayment. Loans would bear interest at a rate determined by the Secretary of the Treasury on the basis of the average market yield of outstanding Treasury obligations of comparable maturity, plus an additional charge at the discretion of the Director to cover the other costs of the program. However, the legislation would require that no interest rate be charged on any project in a poverty area in excess of the rate then being charged under the Area Redevelopment program.

The Director would also be authorized to charge reasonable fees for administrative expenses and to cover probable losses in connection with the loan guarantee program.

Part B -- Small Business Loans

The small businessmen of our nation constitute one of the foundations of community life. When poverty strikes the community, it strikes them as well. Indeed, the ledgers and annals of the poor would be incomplete if they failed to show that:

- one-half of the nation's 5,600,000 sole proprietorships engaged in non-agricultural enterprises report annual profits of \$3,000 or less;

Incentives

- 16 percent of these proprietorships report net losses;
- 387,000 small businesses go out of business annually.

When small businesses fail, we lose the creative talents of individuals whose enterprise and initiative have long been the backbone of American life. Each such failure is America's loss and poverty's gain.

In addition, since almost one-half of the jobs in our country are created by small business employers, the demise of the small businessman proliferates poverty and further paralyzes the community.

The Small Business Administration has made more than 40,000 loans to small business concerns totaling more than \$2 billion over the past 10 years. However, there remain many small businessmen who have been unable to meet normal credit eligibility requirements under existing law. More often than not, these are the very small retailer or serviceman, the business with one, two or perhaps five employees, which is nevertheless an important part of the business community, and makes an important contribution to the economy. Such a small entrepreneur needs little capital, but he does need it on reasonable terms and for a somewhat longer period than is presently available.

Part 3 of Title IV would establish a broader lending program designed to meet the needs of the small proprietor. Such a program --

- will help put a new or incipient business on its feet;
- will enable an existing business to grow where there is a need for growth and provide small loans for longer terms than existing SBA programs permit;
- will enable small firms to ready themselves for the higher levels of economic activity which the tax reductions in 1964 and 1965 will produce; and for firms in areas where the ARA or other development programs have spurred economic growth, to share in the improved conditions which such development yields;

Incentives

- will hold out the promise of increased employment by every firm which can with the help of a modest loan from the SBA expand its labor force;
- will provide for these small businessmen an opportunity to learn by making available a program of management training in connection with which both the business community and the educational institutions will be encouraged to share their knowledge and their experience.

The SBA has within the limits of its existing legislation experimented with such an approach in Philadelphia, Pennsylvania, in cooperation with local business groups and foundations. This program was started as a pilot project on January 28, 1964, but the response has been instantaneous and extraordinary. To date, the SBA has conducted in connection with the pilot program more than 1,100 interviews. Three hundred applications for financial assistance have been received; 74 loans have already been approved, averaging \$5,000 each.

The borrowers include an insect exterminator now making \$40 a week. With a \$6,000 loan, he will purchase a new truck, buy new equipment, and expand his business to employ two or three helpers. He is taking a local Small Business Administration "How to Run a Business" course. Another borrower wholesales artificial flowers from his basement, but will expand into new quarters and hire several new employees with a \$6,000 loan just granted. An appliance repairman, through a loan, is expanding his small business by establishing several branch stores. A locksmith who has just invented a new electronic automatic timeclock has received a loan of \$4,500 with which he will be able to expand his presently very limited production.

In conjunction with these loans, members of the business community of Philadelphia who are recognized experts in fields such as bookkeeping, merchandising, and taxation, have volunteered their services as advisors to borrowers. The chief beneficiaries of both the lending and the management training aspects of the Philadelphia Pilot Project are expected to be the disadvantaged small business concerns -- frequently members of minority groups -- who are unable

Incentives

to obtain private financing, or to underwrite any form of management training for themselves or their employees.

The experience has been encouraging and dramatic. It should now be attempted in similar situations. This Act would authorize the Director of the Office of Economic Opportunity to make or guarantee loans to small business concerns or to those seeking to establish such concerns if the financing is not otherwise reasonably available and if there is reasonable assurance of repayment. The definition of "Small Business" would be governed by the Small Business Act and the authority to make such loans will be delegated to the SBA.

The maturity of the loans (15 years) would exceed that presently within the power of the SBA. In addition, the Act provides for more relaxed credit standards. The loan may be made under conditions which permit the borrower to defer repayment of principal for a period of time necessary to establish the business, or permit the payment of other existing indebtedness so as to insure the viability of the concern. The purpose of this more liberal approach is not only to enable small business concerns not otherwise able to meet the credit criteria of private lenders or the SBA to obtain financial assistance under this Act, but also to attract participation by private lenders. Because it is expected that the chief applicants will be the very smallest firms -- typically, service and retail enterprises -- the maximum loan limit will be \$15,000.

Particular emphasis is given to management training, both to train those entering business and to upgrade the skills of those already in business. The Administrator would be given specific authority to condition the granting of a loan upon the borrower's participation in an approved management training program, either privately conducted or Government sponsored. Such provision will also give the Government additional assurance that its investment will be repaid.

Incentives

Under the program it is estimated that more than 1,000 loans to small businessmen in Philadelphia alone can be made, based on the enthusiasm with which the announcement of the pilot was received. In addition, the Philadelphia approach will be extended to ten more cities with core area problems which a thriving community of small businessmen can help to solve. In all, more than five thousand loans to these sole proprietors and small enterprises can be made during the next year. These loans will average about \$5,000 each, and will be concentrated in neighborhoods which are undertaking community action plans. The Small Business Administration, through its fifteen regional offices, will be the prime mover of the program, and will absorb the estimated cost of \$25 million during the first year within its existing funding authorizations. No additional funds to finance this program are being requested as part of the 1965 Office of Economic Opportunity budget.

FAMILY UNITY THROUGH JOBS

For the unskilled and the semiskilled, loss of a job may mean far more than the loss of income. It is likely to mean eventual exhaustion of unemployment benefits, loss of dignity, loss of hope. And the long period of enforced idleness, with nothing to do and nothing to contribute, may result in the disintegration of the family.

What is needed is a program that will give even the least qualified of those low-skilled workers a chance to avoid this descent into hopelessness. The way for such a program has already been cleared.

In 1961, the Social Security Act was amended to authorize Federal financial participation in assistance to families with an unemployed, but employable, parent living at home. The following year the Act was again amended to permit this assistance to be paid in the form of wages for work or training in special programs.

Thirteen of the eighteen states which have expanded their Aid to Families of Dependent Children (AFDC) program to include unemployed parents (AFDC-UP) have undertaken or are completing plans for such work and training programs. These programs have been highly successful. They have proved that welfare recipients welcome the opportunity to return to productive work or training and that such programs both increase the employability of the recipient and benefit the community in which he lives.

In West Virginia, a State-wide work-training program has provided work for over 10,000 unemployed individuals each month. In the last 18 months, 6,700 welfare cases have been closed as the result of regular employment for the relief recipients. And institutions across the State continue to request more work-training participants than are available.

In Cook County, Illinois, 700 fathers from AFDC-UP families were given a special course in cab driving; 85 percent of them are now employed as cab drivers. Throughout the county, nearly 6,000 unemployed parents have been enrolled in a basic education program, and almost 2,000 in a high school program, both of which have been received enthusiastically by students and administrators alike.

Family Unity Through Jobs

In Fulton County, Georgia, 232 AFDC mothers participated in a training course in Commercial Food Preparation and House-keeping, and 103 of these found permanent employment. In less than one month, the costs of training these women were offset by savings in public assistance payments to them.

In Oregon, 610 unemployed parents are being provided work and training in clerical services, cafeteria operations, mechanical trades, and construction skills. In Indiana, 200 are being trained in nursing, barbering, and hair dressing. In downstate Illinois, over 2,000 are working at building maintenance, clerical and library services in public schools, and road maintenance.

These cases, and many more like them, demonstrate that public assistance with work and training can be used as a positive instrument to keep families together, to increase employability, and to brighten our communities.

Relationship to MDTA

This program directly complements programs carried out under the Manpower Development and Training Act. Both programs are directed primarily at the same person--the unemployed head of a family. However they differ in their methods of recruitment and accordingly in the persons they reach. The MDTA program, because it recruits through the State employment services and because it calls for a relatively high aptitude, tends to attract an "elite" element among the unemployed--those who are better educated, who are aware of the services available to them, and who have the confidence to seek admission.

But the lower ranks of the unemployed generally do not share this aptitude, awareness, or confidence. They must be reached by other means, the most effective of which is the mechanism of public assistance. When combined with a program of constructive work or training, public assistance serves as an effective device not only for reaching the unskilled unemployed, but also for preserving their basic work skills and initiatives. Some of those selected through this mechanism will enter MDTA programs immediately; others will be given experience and confidence to qualify them for such training; and still others will enter the labor force directly once again. But all will be given an opportunity to improve themselves and their communities through work and training.

Family Unity Through Jobs

The way in which the Office of Economic Opportunity will spur initiative of these programs has been dramatically demonstrated in the State of Kentucky.

In November 1963, Kentucky sought a grant from HEW to enable it to initiate a small, pilot program under which AFDC would be extended to families with unemployed fathers and a community work and training program would be initiated. In December, a grant was approved in principle under which HEW would underwrite, until the end of the State's current fiscal year, the total cost of an AFDC-UP pilot program in 7 eastern counties. The grant was made in January. Rapid progress and full public acceptance led the legislature in February to authorize the expansion of the program to 39 hard-hit East Kentucky counties at the beginning of its next fiscal year and to the entire State one year hence. Thus a small grant to finance a pilot program can rapidly lead to a statewide program.

In order to stimulate the adoption by other States of constructive work or training programs which will enable employable individuals and their families to transfer from welfare rolls to payrolls, a three-part program is proposed:

1. Extension of AFDC-UP and work and training programs to more families. In addition to the 18 states whose programs of aid to families with dependent children include families with an unemployed parent, 10 States are actively considering the establishment of such programs. But many of the 18 States which now have AFDC-UP programs limit their effectiveness and scope by using restrictive definitions of unemployment, need, or residence and there are 22 States in which nothing has been done. In all of the States there are substantial members of families--a total of almost 300,000 involving nearly 1.6 million persons--in which the father is unemployed and which are not receiving adequate assistance and training.

This situation permits the disintegration of many families, the withdrawal of many children from school, and the reinforcement of a pattern of poverty for many of this Nation's citizens. Accordingly, the Family Unity Through Jobs program has been designed to encourage the expansion of existing programs, the establishment of new AFDC-UP programs, and the inclusion of work and training programs on a pilot basis where they do not now exist.

Family Unity Through Jobs

It is estimated that approximately 80,000 unemployed fathers who are not now receiving public assistance can be reached during the first year of an expanded program. Since the average family receiving AFDC-UP contains 5.7 people, this part of the program alone will directly affect some 456,000 people.

2. Extension of work and training programs to more families now receiving AFDC-UP. An estimated 35,000 able-bodied fathers are now receiving public assistance while what skills they have wither from disuse, while technological change renders even those skills obsolete, and while pride and self-respect become luxuries which can no longer be afforded.

In order to avoid the perpetuation of this waste, the Department of Health, Education and Welfare would also underwrite pilot efforts to stimulate the adoption of work and training programs in connection with public assistance. It is estimated that approximately 20,000 families or a total of 114,000 people at an average family size of 5.7, could be reached during the first year in an expanded program.

3. Provision of basic education and training of AFDC mothers. A majority of the families in the AFDC program are headed by women. The father is absent, dead, or incapacitated. Of the over 700,000 women heading families receiving AFDC, about 14% are now employed and another 13%, or approximately 100,000 could work if employment were available. Many more would seek employment if adequate day-care facilities were available. Moreover, less than one-third of the AFDC mothers have more than an elementary school education, and their children will almost inevitably suffer from such a home environment. These mothers (primarily those with older children for whom day care arrangements can be made) would benefit both themselves and their children if they were to receive basic education and training. In addition to enhancing their prospects for employment, such training has proved its value in strengthening the family situation and making possible progress for the children.

It is estimated that during the first year of this program, about 30,000 of the 100,000 mothers seeking employment could be given basic literacy education and vocational training. Since the average size of an AFDC family headed by a female is 3.9 people, this would affect some 117,000 people.

Family Unity Through Jobs

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BUDGET ESTIMATE
(Cost in \$000)

	<u>Total Cost</u>	<u>Economic Opportunity Agency</u>	<u>State Contri- bution</u>
I. Extension of AFDC-UP and work and training programs to more families.			
Welfare Costs			
Public Assistance	\$95,760	\$95,760	-0-
Additional living expenses	11,200	11,200	-0-
Work and Training Costs	<u>28,000</u>	<u>22,400</u>	<u>\$5,600</u>
TOTAL	\$134,960	\$129,360	\$5,600
II. Extension of work and training programs to more families now receiving AFDC-UP			
Welfare Costs			
Public Assistance	NA	NA	NA
Additional living expenses	4,000	4,000	-0-
Work and Training Costs	<u>10,000</u>	<u>8,000</u>	<u>2,000</u>
TOTAL	14,000	12,000	2,000
III. Provision of basic education and training to AFDC mothers.			
Welfare Costs			
Public Assistance	NA	NA	NA
Additional living expenses	3,000	3,000	-0-
Basic Education and Training	<u>5,000</u>	<u>5,000</u>	<u>-0-</u>
TOTAL	8,000	8,000	
IV. Cost of Administration	<u>640</u>	<u>640</u>	
GRAND TOTAL	\$157,600	\$150,000	\$7,600

N.A. "Not Applicable" because basic cost of public assistance already
being paid under regular state program.

VOLUNTEERS FOR AMERICA - THE OPPORTUNITY TO HELP

The response throughout America to the Peace Corps has demonstrated with dramatic clarity the intensity of the spirit of service in this country. It is proposed to tap this vital source for domestic service through a Volunteers for America program within the Office of Economic Opportunity.

For those thousands of Americans who are not eligible for Peace Corps service (for the most part because they have families) who are unable to volunteer for a full two years, or who would prefer to make their contribution at home rather than abroad, the Volunteers for America program will offer an opportunity for service. Peace Corps experience has indicated the great extent to which this program can benefit the Volunteers themselves, the people and the communities served by them, and the nation as a whole.

Volunteers will participate not only in the programs proposed in the Economic Opportunity Act of 1964. They will also work in existing Federal programs related to poverty problems, and in State and local activities. A Volunteer may teach in a Job Corps training center, or he may work on an Indian reservation on projects administered by the Bureau of Indian Affairs. He may work in a community undertaking a Community Action program, or he may, on request of a State or municipality, be assigned to projects which are supported wholly by local resources. In each case, the aim of the Office of Economic Opportunity will be simply to bring together a Volunteer willing to serve and an opportunity for service.

The term of service in the Volunteers for America program will normally be one year, including training. To be eligible, applicants must be at least 18 years of age. Specific standards of selection--including physical condition and level of education and experience required--will vary depending on the job to be done, but a high degree of motivation and stability will be required in every case. As in the Peace Corps, initial selection will be made on the basis of detailed applications, references, and an aptitude examination; final selection will be based upon evaluation of a candidate during training.

Training for approximately a one-month period will be given to every Volunteer. The training will be conducted through contracts with colleges and universities throughout the country. Although the content of training will vary with the nature and location of the job at hand, it will normally include studies in the Volunteers of America program, the nature and causes of poverty in this country, the skills required for the specific project, and physical fitness and health care.

Membership will be of two basic types. Approximately 2,500 of the 5,000 Volunteers anticipated by the end of the first year of operations will be responsible directly to the State or local organization under whose auspices they are serving or to a central State office. In this case, the assignment of Volunteers will be subject to the approval of the Governor, and the State or local community will be responsible for payment of all allowances and support costs following the period of training.

Of the balance of the Volunteers, part will be assigned on request of Federal agencies to various poverty-related programs where opportunities for service exist. They will work in programs on Indian reservations, programs dealing with migratory workers, and programs located outside the 50 States--such as those which might be undertaken in the District of Columbia, Puerto Rico, and Guam or other American territories. And part will serve in conservation camps, in Job Corps training centers, and in Federally assisted mental health and mental retardation institutions. The Office of Economic Opportunity will bear the costs of Volunteer services for Federal programs.

The Deputy Director for Volunteers will both assign Volunteers to Federal programs and make available to interested States and communities lists of qualified applicants for programs under their auspices. All training will be conducted by the Office of Economic Opportunity, although a State or locality will, of course, be free to supplement such training to the degree it deems desirable.

Volunteers will receive an allowance of \$50 for each month of satisfactory service, including the training period, to be held for

them until the completion of their service. In addition, they will receive a living allowance which will vary depending upon the location of the project and the types of support provided in kind. In any case, Volunteers will receive -- either in kind or through their living allowances -- housing, subsistence, transportation, medical care, and the supplies, equipment and special clothing necessary during their period of service.

For Volunteers assigned to State and local programs, the entire cost to the Federal government will be the initial costs of selection, processing and training. These will normally be obligated at the time the Volunteer enters training. Two million dollars will therefore be required to enroll in service in Fiscal Year 1965 an estimated 2,500 Volunteers in this category at an estimated average per capita cost of \$800.

For Volunteers assigned to Federal programs and Federally-assisted institutions, it will also be necessary to finance all of the initial processing and training costs. These initial costs are expected to average approximately \$900, including the provision of certain items of work clothing and supplies. Since Volunteers will be phasing in during the year, average post-training costs and allowances during FY 1965 are estimated to be about \$300. Three million dollars will therefore be necessary to enroll in service in 1965 an estimated 2,500 Volunteers in this category at an average per capita cost of \$1,200.

INFORMATION CENTER

The anti-poverty programs of the Federal Government involve more than a score of agencies and offices, dozens of laws, and hundreds of pages implementing regulations and procedures. To a local mayor, city councilman, county supervisor, or welfare official the prospect of contacting and dealing with half a dozen or more Federal agencies can present a prohibitive obstacle to progress. The local official or community leader who attempts to mobilize the Federal help now available to him must thread his way alone through this labyrinth.

A one-stop anti-poverty data center will end that confusion and break through much of the existing red tape that has bewildered local officials. Above all, it will get into their hands a single response that will furnish them information about on-going Federal anti-poverty programs.

It is planned to establish such a center in Washington, D.C. to provide prompt and complete service to state, county and city officials, and others who will organize and carry out community action programs.

The operations of the center will be geared to meet the needs of specific communities. Conditions, problems, and avenues of attack on poverty will differ from community to community and from state to state. The center will furnish each community the kind of information it needs.

We expect the workload of the center to be large, as more and more communities seek ways by which they can tackle the problems of poverty. The first contact which a community makes with the center will be all important in keeping alive the spark of initiative that has been kindled in the community. No community anywhere should fail to act because the Government was either too slow in responding to a request for help or because the information and data furnished was inadequate to meet its needs. To assure that this goal is met, the center will serve as a coordinator for response to local officials. Where several agencies of the Federal Government are involved in a specific program, the center will do the necessary legwork to see to it that the local community gets a single set of replies to its questions.

This center would not duplicate or overlap present services performed by any existing agency. Specific requests for information about the Department of Labor, for example, will continue to be handled by that agency. The same would hold true for all other agencies.

This new dimension of the anti-poverty effort will however, require a new approach to the handling of requests for help from all across the nation, especially as the combined resources of the Federal Government are brought to bear in the attack on poverty.

The work of the center will be closely coordinated with the teams of experts who will work directly with local community action organization in their planning and programs. In addition, the center will make available, on request, to communities and officials samples, case studies, and models of how other areas have solved or attacked similar problems.

OFFICE OF ECONOMIC OPPORTUNITY

Organization and Administration

The Office of Economic Opportunity, headed by a Director, will be located in the Executive Office of the President. The proposed Economic Opportunity Act of 1964 would give the Director the function of coordinating existing Federal agency programs related to poverty, and also empower him to initiate new programs as specifically authorized by the Act. Except for the Job Corps, the analysis and review of Community Action plans, and administration of the Volunteers for America program, nearly all operating functions of the anti-poverty program will be performed by other departments and agencies, with the Director formulating guidelines to govern their overall shape and content.

Organizational details are still tentative, but the basic outlines are as follows:

Office of the Director

Director	Statutory
Deputy Director	Statutory
Two Special Assistants	GS-18
Executive Secretary	GS-16
Staff to the Office of the Director	6
Executive Secretariat	6

The Director and his staff will have over-all responsibility for the work of the Office. Paramount among the responsibilities involved will be (1) the coordination of the activities of other departments and agencies related to the combatting of poverty, and (2) encouraging the cooperation and participation of business, labor, and other private organizations and associations in this effort, and (3) administering the program authorized by the proposed Economic Opportunity Act of 1964. In order to achieve these ends more effectively, the Director and Deputy Director will also have the status of Special Assistant and Deputy Special Assistant to the President.

The two Special Assistants to the Director will assume special responsibilities in advising the Director on problems of Federal inter-agency coordination, and ways to enlist the cooperation of business, labor, and private organizations.

Job Corps

Deputy Director for the Job Corps	Statutory
Assistant Deputy Director	GS-18
Two Associate Directors	GS-17
Program Staff	48
Recruitment Staff	10

The Deputy Director for the Job Corps will have over-all responsibility for the composition and activities of both the conservation camps and the vocational training centers located throughout the country. The Washington staff will have two basic functions, as indicated by the divisions within the office: (1) program responsibilities concerning the basic nature of the camps, including the selection of enrollees and the administration, content, and evaluation of the camps, and (2) the recruitment, including any necessary training, of the teaching staff. The implementation of program plans will be carried out in the field by USES offices, the camp staffs, and other appropriate organizations or individuals.

Community Action Programs

Deputy Director for Community Action	Statutory
Assistant Deputy Director	GS-18
Chief - Program and Financial Analysis	GS-17
Chief - Information Center	GS-17
Eleven Regional Directors	GS-17
Program Analysis Staff	15
Financial Analysis Staff	8
Information Staff	30
Regional Office Staff	39

The Deputy Director for Community Action and his staff will be responsible for overseeing the efforts of "target" communities to combat poverty. To this end, they will conduct practical analyses of the causes of poverty and its incidence throughout the country, and they will formulate specific guidelines to other departments and agencies on the shape and content of their role in a coordinated Federal effort to eliminate poverty. In particular,

they will be responsible for the analysis of Community Action and related program submissions and for recommending appropriate action by various agencies.

There will be eleven regional offices, each headed by a regional representative, who will be responsible for the horizontal integration of all Federal services to meet the needs of approved community action plans. In addition, they will stimulate and process individual plans, recommend appropriate Washington action, and seek highest level State cooperation.

The financial analysis staff will be responsible for the allocation to other departments and agencies of funds appropriated to the Director for the implementation of programs recommended by the program staff.

The information center staff will serve as a one-stop source of information about the full range of Federal anti-poverty programs for State and local government officials and other interested individuals in order to enable them more effectively to take advantage of Federal resources available to assist in eliminating poverty.

Volunteers for America Program

Deputy Director for Volunteers	Statutory
Assistant Deputy Director for Volunteers	
Chief - Selection	GS-17
Chief - Training	GS-17
Selection Staff	GS-17
Support Staff	30
	40

The Deputy Director for Volunteers and his staff will be responsible for the nationwide program involving an estimated 5,000 Volunteers at the local, State, or Federal level in programs designed to combat poverty.

The selection staff will evaluate all applications and will allocate suitable applicants to appropriate programs including referral to State and local programs. It will also serve as a "clearing house" for the allocation of suitable applicants to local communities.

The support staff will develop training programs for all Volunteers and will develop and apply payment, transportation, and related policies for Volunteers in Federal programs. In doing so, they will work closely with State and local authorities in order to assure that Volunteer programs are coordinated throughout the country.

General Counsel

General Counsel	GS-18
Deputy General Counsel	GS-16
Staff	3

The General Counsel and his staff will provide legal counsel and other legal services related to the attack on poverty and to the proposed legislation.

Public Information

Associate Director for Public Information	GS-17
Staff - Press Relations	8
Public Affairs	15

The Associate Director for Public Information and his staff will be responsible for all information functions directed at the general public. The press relations staff will deal with communications media and with interested individuals to explain and interpret the Government-wide program to combat poverty to the public.

The public affairs staff will have primary responsibility for a nation-wide information campaign aimed at (1) volunteer enrollees in the Job Corps, (2) Volunteers to work as staff at the Federal, State or local level in the various programs involved in the anti-poverty effort, and (3) paid staff members for the Job Corps camps.

Management

Associate Director for Management	GS-17
Staff - Accounting and Audit	8
Personnel	6
Management Services	8

The Associate Director for Management and his staff will be responsible for the internal administration of the Office of Economic Opportunity. This will involve accounting for the funds appropriated to the Director, audit of the financial records of communities with approved community action and related programs, personnel services for the Office, and management services such as building maintenance, reproduction, stocks and records, and the like.

* * * * *

Summary

The organization of the Office of Economic Opportunity as described above would involve a Washington staff of 247, of whom 5 will be statutory and 16 will be supergrades, and a field staff of 65 direct hire personnel, of whom 11 would be supergrades.

BUDGET SUMMARY

WAR ON POVERTY

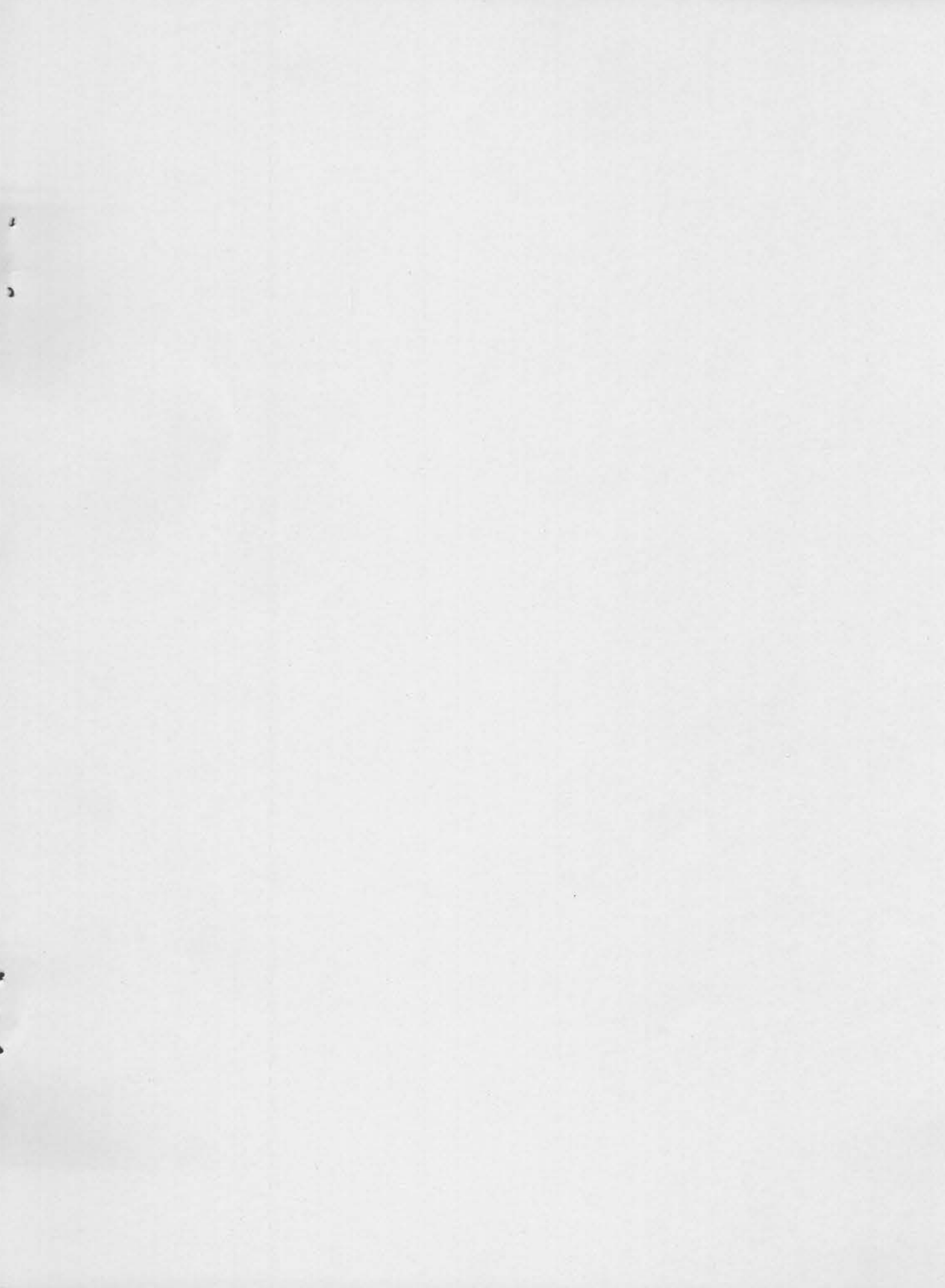
Fiscal Year 1965
(Thousands of dollars)

Title I	Youth Programs	\$412,500
A.	Youth Camps and Guidance Centers	\$190,000
B.	Work - Training Programs	150,000
C.	Work - Study Programs	72,500
Title II	Urban and Rural Community Action Programs	\$315,000
Title III	Special Programs to Combat Poverty in Rural Areas	\$ 50,000
A.	Family Capital Grants	\$ 22,200
B.	Farm Resources Adjustments	15,000
C.	Loans to Cooperatives	10,000
D.	Administrative Expenses	2,800
Title IV	Employment and Investment Incentives	\$ 25,000
A.	Incentives for Employment of Long-term or Hard-Core Unem- ployed Persons	\$ 25,000
B.	Small Business Loans	*
Title V	Family Unity Through Jobs	\$150,000
A.	Jobs and Training for Unemployed Fathers Not Now Eligible for Public Assistance	\$129,360

Budget Summary

B.	Jobs and Training for Unemployed Fathers now Receiving Public Assistance	\$ 12,000
C.	Training for Mothers of Families Receiving Public Assistance	8,000
D.	Related Administrative Expenses	640
Title VI	Administration, Research and Volunteers	\$ 10,000
A.	Office of Economic Opportunity Administrative Expense	\$ 3,500
B.	Research	1,500
C.	Volunteer Expenses	5,000
Total Appropriations Request - Fiscal Year 1965		\$962,500

*Utilizes existing Small Business Administration funding authority.





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