

THE WHITE HOUSE

WASHINGTON

July 7, 1970

Sir:

Miss Katz has raised serious and entirely legitimate questions to which there are answers that satisfy those of us working on the Family Assistance legislation, and which I hope will satisfy her, and those readers who follow the somewhat technical points involved.

I would like first, however, to make a general statement.

I was among those who drafted the Economic Opportunity Act in 1964. This may seem a long time ago to her; certainly it does to me. It was a moment of high, almost exalted aspiration. The bill proclaimed that we would "eliminate the paradox of poverty in the midst of plenty" in the United States. Its terms were absolute. Alas, its provisions were something less. Money was scarce. A large-scale employment program for adult men was considered but rejected as far too costly. (The cost was about one-quarter that of the Family Assistance Plan.) In the end we settled for a youth employment program, and a variety of services.

I doubt that any of us in those days could have imagined that in six years' time a President would be proposing a comprehensive system of graduated income maintenance that in ~~one~~ ^{STILL LESS} stroke would eliminate 60 percent of the poverty in the nation. ~~Little~~ would we have imagined that much of the sustained, detailed opposition to the new program would come from representatives of organizations such as the Center on Social Welfare Policy and Law, which is funded by the Office of Economic Opportunity.

I say this because I am dismayed by the rhetoric of Miss Katz' letter. A recent Center report states that among the things it did last year was the preparation of a comment on the Family Assistance Act. This critique opposed the measure on grounds that it "perpetuates much that is wrong in technical and administrative aspects of current Aid programs." Fair enough. Government needs criticism, and

should not be loathe to pay for it.

But do we really need the kind of relentless ascription of wrongdoing that pervades Miss Katz' letter? The proposed bill is "pitilessly inadequate." It is replete with "evils." And so on. Has she given any thought to why John Gardner, and Ben Heineman, the U.S. Catholic Conference, the American Jewish Committee have been struggling for the enactment of this legislation?

I ask because the question is important. It is not a matter of a generation gap, it is an issue of the quality of American liberalism at this time. This kind of attack has been directed at the Family Assistance program from the outset. Even before it was announced the National Welfare Rights Organization denounced it as "anti-poor, anti-black, and a flagrant example of institutional racism." The National Association for Community Development, made up for the most part of OEO community action program officers, excoriated it as "little more than a public relations gimmick to subsidize cheap labor and involuntary servitude," and demanded instead "Power to the People!" Before long one was hearing middle class ladies in lecture halls decry the "slave labor" provisions of the bill, and these voices, if anything, have grown more assertive. At the same time they ~~became~~ **HAVE BECOME** less open to fact and argument.

Can we not get back to facts?

Family Assistance is a system of graduated income maintenance provided as a matter of right to all persons with dependent children. The system has two fundamental principles. First, the working poor are included, along with those who have no outside means of support. Of the 3.7 million families who would receive assistance, fully two-thirds are headed by a worker. Second, a work incentive is built into the system so that the more one earns, the more one keeps. The bill also provides a comprehensive day care program for working mothers.

The administration proposal provides (for a four-person family) a base income of \$1600, plus \$864 in Food Stamp entitlement. This

figure corresponds closely to the \$2400 base proposed by the Heineman Commission, appointed by President Johnson in 1968, which reported several months after the present Administration sent up its program. (This is a matter of some note. The two groups, with quite different political bases and interests, came up with nearly identical programs.)

The term "base" is important. Of the persons who would receive Family Assistance, not one in ten would be living on \$1600 plus food stamps. Even for that small group, that sum would represent a considerable increase in current income. (Recall that Mississippi now provides a mother and three children \$468 per year in AFDC benefits.) For more than 90 percent of the recipients, the \$1600 is the amount of base benefit which gradually diminishes as income rises. For persons with larger families, the base is higher. A family of four would "phase out," that is to say cease receiving benefits when its income reaches \$3920. For a family of eight (~~the~~) the cutoff point is \$6320.

Thus a Mississippi farmer with a wife and six children and an earned income of \$2000 would receive as a matter of right an automatic cash supplement of \$2160, giving him a total income of \$4160, plus the value of his Food Stamp bonus. It should not be hard to see that this would very much change his life.

This is why Family Assistance is widely held to be the most important piece of domestic legislation to go before the Congress in two generations. It would transform the life of the poor -- particularly in the South, where almost half the poor live. Over 40% of the recipients of FAP benefits would be black. It is not too much to say FAP would transform the lives of the working black poor as well.

There are conditions attached to these benefits, but they are hardly onerous. Indeed the public that will pay for the benefits has every right to expect such conditions.

The first condition is that anyone not working and receiving benefits must be available for work or training at prevailing rates of pay.

THIS**RECIPIENTS**

This, in essence, is the condition attached to Unemployment Insurance benefits. When work requirements ^{WAS} ~~were~~ first proposed in the 1930's there was much talk about how ~~they~~ ^{IT} would be used to oppress the poor. But this has not happened. Nor will it happen under FAP. The condition has no application for most of the families in the program, who are headed by adult males who are now working. Of the female headed families, only those without children under six are subject to the work requirements.

The work requirement is simple. If a person refuses to work he loses his benefit, namely \$500 per year. The allowances for his wife and children continue as a matter of right. I do not know about those sick New Yorkers cutting brush knee-deep in snow, but Family Assistance has nothing to do with any such parochialisms. It is a national program, which for the first time will establish national standards of income entitlement by right.

The legislation would abolish the present AFDC-U program. There are two points to be made here. First, note the tortured state of regulations under our existing system. Hoping to cover a few members of the working poor, HEW officials defined unemployment as working less than 35 hours a week. But it didn't achieve its goal. In the entire nation, only 90,000 families receive AFDC-U benefits. Working men don't seem to take it where it is available, and in the poorest states it is not available.

Miss Katz is right in pointing out that under Family Assistance a broken family might still have greater income than one which remains united. But this is much less so than under the present disastrous case of the Aid to Families of Dependent Children program that has brought us to the point of a seemingly permanent welfare population in New York City of over one million persons.

Family Assistance is not perfect, but it is quite the most extraordinary proposal to come along in two generations.

I believe I understand the motives of persons such as Miss Katz. She would hope for a genuinely marvelous program, with none of

the strictures, or to use her term "oppressive features," of the present bill, nor the compromises with political reality which any legislation requires if it is to succeed. But as one who has been involved with this subject a long time, may I not plead that what we have before us is infinitely better than what we have now, and that everyone's help is needed if the bill is to pass. Increasingly it is being opposed by forces of the extreme right, and also by plain conservatives who simply don't believe in this kind of thing. It would be tragic if compassionate liberals added just that extra push that toppled the bill. (Which is now in the Senate Finance Committee, having passed the House by a thumping majority.)

I believe I also understand Miss Katz' attraction to the National Welfare Rights Organization bill, which calls for a base of \$5500. It seems a reasonable proposition, indeed the battle cry "\$5500 or fight" is a stirring one, but in fact it is terrifying conservatives who might otherwise be with us. The simple arithmetic is this. The N. W. R. O. bill would cost something like \$60 billion per year. (Just to give some order of magnitude, in 1968 there were some 22 million male workers whose annual earnings were less than \$5500.) For a family of four, assistance would not phase out until at least ~~\$11,000~~. Under its provisions, there being no work requirement, such a family need do absolutely nothing to obtain an income equivalent to a wage rate of \$2.75 per hour. By the same token, a man could earn more than ~~five~~ ^{four} dollars per hour and still receive some Federal assistance. Given the inflation that would follow, the ranks of poverty would be swelled, especially by older persons. (Let me be clear, I intend no slight to Senator McCarthy. To my knowledge, he was the first national political leader to propose a system of graduated income maintenance. It took courage to do so: a quality he has not lacked.)

I would return to my earlier theme, and cite Martin Mayer's excellent small book on the New York City teachers strike of 1968. It was a calamity, he reports, brought about by persons of great good will. Too many such persons, he suggests, have been set up in the "grievance business." Their job is to find things that are wrong; then get out to right them. If their efforts only make matters worse, well, they find something else wrong. There is a saying

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around the criminal courts, Mayer reports, that "the lawyer always goes home." I respect and admire the things the young poverty program lawyers are doing in this country. But I also have the strongest conviction that if the Family Assistance Plan is not enacted by this Congress it will not be enacted in this decade. I would remind those lawyers that if there is no bill for them to critique next year, they can always join a Wall Street firm. But the children of that Mississippi farmer will go on living the spare, bare life into which they were born, and from which they can be spared only by a large, bold national effort.

Sincerely,

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Counsellor to the President

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