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ABSTRACT

This paper traces the development, articulation, and defeat of two major welfare reforms in the period 1968-1972; the Family Assistance Plan (FAP) of the Republican administration and the "$1000 Plan" of George S. McGovern. Both plans were put forward with little sense of the real choices implicit in the selection of the specific plan, both met with criticism, and the sponsors of both bills withdrew their support before the debate was over. The fundamental failure of welfare reform proposals to deal with conflicts and trade-offs among alternative programs is illustrated. The paper is a chronicle of a farce, a comedy of errors that is unbelievable; but it is an unfunny farce because it happened.

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I. Introduction

The failure of the rehabilitation strategy, the spiralling increase in public assistance expenditures, and the frustrations produced by the quixotic politics of the late 60s focused public attention on what has come to be called "the welfare mess." Beyond the phrase, "the welfare mess," there are a number of persistent themes. There was the belief, among conservatives, that welfare recipients were lazy and promiscuous. There is the belief that welfare programs themselves encouraged withdrawal from the labor force and family splitting, and other socially undesirable behavior, such as illegitimacy, migration to urban areas, and black dependency. Dissatisfaction with welfare programs also existed among liberal critics of welfare. This latter group focused on what they termed the "built in flaws" of the welfare bureaucracy which seemed to encourage interference with the political freedom and civil liberties of welfare recipients. It was the liberal critics who focused attention on the condition of inequity between the working poor and those poor persons eligible for categorical aid programs. Finally, there were those whose concern with welfare reform arose because the welfare system of the 1960s placed the heaviest burden of welfare cost on those units of government least able to bear the costs. Each set of objections to welfare--liberal, conservative, and fiscal--took on a mythical quality with little regard for factual evidence.

As a consequence of those criticisms there was a demand for welfare reform that was fueled by a dislike for the persons receiving welfare, the structural form of current welfare practice, and the method financing the programs. The impetus for reform was generated by "exaggerated" claims of work disincentives, family instability, and civil rights and civil liberties violations inherent in welfare programs. Each set of welfare critics was content to redesign programs without regard for other constraints. Civil libertarians seemed to have no cost consciousness, and those who were cost conscious had little regard for the niceties of constitutional safeguards. Recent congressional debate and presidential campaigning on welfare reform has not resulted in a clarification of the issues, it has not resulted in a sophisticated awareness that welfare plans have to select between constrained alternatives in a scarce economy. It has apparently resulted in--if not creating--a public decision to live with poverty awhile longer.

II. Prelude To Reform

The public assistance program did not wither away as the original Social Security Act advocates had hoped. Total aid expenditures declined from the time the program became operative in 1939 until 1944. Since then they have shifted upward and until the last year they have increased at an alarming rate. Money payment more than doubled in the eight years preceeding the election of Richard Nixon. In 1960, when John Kennedy defeated Richard Nixon, 2.8 billion dollars were spent on public aid; in fiscal 1969, the figure rose to 5.6 billion dollars. The number of AFDC recipients had jumped from three to six million and were to continue to increase for four more years reaching nearly 14 million in 1972. What had occurred is that a larger share of the poor were aided, nearly three-quarters in 1971 as compared to one-quarter or less in 1960. As a program to increase aid to the poor, the program was a success. As a program to eliminate poverty, the expansion was a failure. Since the rhetoric emphasized the latter goal, but programs the former goal, the welfare expenditures which Nixon inherited were judged an "intolerable waste."

While public aid expenditures moved upward, the national incidence of poverty seemed stagnant. However, with a larger portion of state and local expenditures going to welfare, the demand for reform reached nearly universal proportions. The directions of the demanded reform were, however, fundamentally evolved, each with a different but viable political base.

Two specific proposals, Nixon's Family Assistance Plan (FAP) and George McGovern's $1,000 Plan," provide classic examples of the alternative positions. Marmor and Rein comment on the Nixon effort as follows:

> The introduction of the Family Assistance Plan in 1969 was classic compromise politics for a Republican President and a Democratic Congress: steal the liberal's thunder by introducing a Republican version of negative income taxation (resulting in few enemies on the left); impose Republican party discipline in Congress to get moderate Republican votes; throw sops to the conservatives in the form of slogans like "from welfare to workfare;" wrap it all up in the liberal reform rhetoric of the past few years, concentrating on what's wrong with welfare (which is very easy to do); and leave most of the tough administrative problems to technicians or else for later discussion.
>
> It almost worked...[1]

Jeff Gramlich commenting on McGovern's difficulties with his welfare plan has written:

> ...for George McGovern it was an albatross--a $1000 albatross. It was hung around his neck by accident and his over-eager staff and it haunted him for the last 14 months of his campaign, contributing, in all probability in the largest part, to the magnitude of his defeat.
>
> The albatross was his welfare plan, the $1000 per person proposal that surfaced late in 1971 and was to become the club with which everyone beat McGovern regularly. Hubert Humphrey

> used it first in the California primary to brand McGovern 'an economic radical,' and then Bob Hope and Johnny Carson built it into their television patter once the conventions were over and the Republicans were hounding McGovern, the mad spendthrift, in the final run for the White House.[2]

A number of specific questions about the political ramifications of the welfare-tax plans remain. Why did both welfare-tax plans fail? (1) Did the McGovern proposal produce its own unique negative response simply because it was an idea hopelessly out of tune with the temper of the times? (2) Did the McGovern plan fail because the concept behind the plan was badly specified and insufficiently investigated and understood by the staffers on the McGovern campaign team? (3) Did it fail because the opposition, first Humphrey in the primary election and later Nixon in the general election, deliberately distort the dimensions and shape of the McGovern program thus miseducating the public? (4) Did it fail as a consequence of idiosyncratic events and personalities in the campaign? (5) Finally, did the proposal fail or has the recent presidential level debate has been raised from the closets of academics to a legitimate political issue or did the history of both proposals serve to banish debate about redistributive policy back to the trivia of academia?

A similar set of questions surrounded the failure of Nixon's venture into welfare reform. George Herman asked one and answered it.

> What killed welfare reform? Well, first of all, its early popularity was largely based on misunderstandings--everybody saw in it what he wanted to see. And the final legislative version displeased both the liberals and the conservatives. The liberals, typically, though it could be jiggered a little here and there and made acceptable. The conservatives were flatly opposed and, typically, they held the crucial committee chairmanship and controlled the timing.[3]

An obituary report on welfare reform is likely to tell more about the reported than the pathology of the legislative history. I hope that this account of the failures of both a massive redistributive plan and a relatively minor reform effort will yield some insights into a very dismal problem.

III. A General Note on Taxation and Transfer Programs

The fiscal process of taxing and spending is one of the means available to a government to redistribute real income and wealth among its citizens. A placing of a tax on one group in the polity to finance a benefit for another obviously changes the real income and wealth of both groups but not of the polity itself. The problem of identifying and measuring the effect of such public spending on the distribution of income is enormously complex despite the fact that the dependent variable (income) is inherently quantitative. The complexity results in part from the fact that our knowledge about the real incidence andthe real beneficiaries of public programs is very imprecise. Despite the uncertainties associated with assigning the real incidence of taxation or the specification of those who benefit uniquely from public expenditures, public finance scholars have made draconian efforts to chart their alternative impact. One of the best efforts by Herriot and Miller indicate the flow of taxes and cash transfer expenditures in 1968. Table 1 shows their estimate of tax incidence by pretax-transfer-income class and the mean income class receipts of such transfer expenditures as Old Age Survivors Disability Insurance, public assistance, and Unemployment Insurance. They make no attempt to allocate the benefits of such exhaustive expenditures as national defense, education resource development, or business and agricultural subsidies. While the purist might argue that their procedures and assumptions are debatable, it is clear from their results that our taxation and transfer programs do very little to prevent income inequality. But even with these modest results, our

Table 1: GOVERNMENT TAX AND TRANSFER RATES AS A PERCENTAGE OF TOTAL INCOME: 1968

	Total			Federal Taxes				State & Local Taxes		
Adjusted Money Income Levels	Taxes	Gov't Transfer Payments	Taxes Minus Transfer Payments	Total	Income Tax	Corp. Profit Tax	Social Security Tax	Total	Property Tax	Sales Tax
Tax & Transfer Rates--Total	31.6	6.9	24.6	21.7	9.5	4.7	5.1	9.9	3.7	2.8
Under $2,000	50.0	106.5	-56.5	22.7	1.2	6.0	7.6	27.2	16.2	6.6
$2,000 - $4,000	34.6	48.5	-13.9	18.7	3.5	4.6	8.5	15.7	7.5	4.9
$4,000 - $6,000	31.0	19.6	11.4	19.0	5.3	3.6	6.7	12.1	4.8	4.1
$6,000 - $8,000	30.1	8.6	21.5	19.4	6.5	3.2	6.8	10.7	3.8	3.6
$8,000 - $10,000	29.2	5.5	23.7	19.1	7.4	2.9	6.2	10.1	3.6	3.3
$10,000 - $15,000	29.8	3.9	25.9	19.9	8.7	2.9	5.8	9.9	3.6	2.9
$15,000 - $25,000	30.0	3.0	27.0	20.7	9.9	3.9	4.6	9.4	3.6	2.4
$25,000 - $50,000	32.8	2.1	30.7	25.0	12.9	7.5	2.5	7.8	2.7	1.8
$50,000 +	45.0	0.4	44.7	38.4	19.8	15.4	1.0	6.7	2.0	1.1

Source: Roger A. Herriot and Herman P. Miller, "The Taxes We Pay," The Conference Board Record, May 1971, p. 40.

experience clearly indicates that it is administratively feasible to use the instruments of a tax bill and a transfer payment to accomplish a desired level of redistribution. The possibility is not a subject of debate----the ultimate redistributed result is. As the McGovern plan and FAP experience illustrate, the eqvalizing effects of such plans are very much a sensitive and complex political topic. Some redistribution, at least in a relative sense, seems to be generally accepted as a desirable social goal but the more direct and visible such efforts are, the more politically suspect they become. The McGovern plan was not only very explicit and ultimately very visible, it also would have resulted in a very significant redistribution from those generally conceded to be affluent but not rich, to those citizens who are poor and to those middle citizens who are not poor but are not the affluent either. While the Family Assistance Plan was considerably more modest; it would have expanded the eligibility for guaranteed income from the present select categories to all families, but not to individuals. It would have established a principle of income by right, constrained only by willingness to accept bona fide work. The course and fate of these proposals is thus a good place to examine the political processes associated with the debate about income distribution.

VI. Some Historical Precedents

The idea of a universal transfer scheme appeared long before the current welfare crisis. Outside of the United States, the idea of a universal transfer program dates back at least to the Speenhamland system of relief inaugurated in Berkshire, England, in 1795.[4] In 1920, A.C. Pigou discussed the idea of a minimum income support program and its possible impact on aggregate outputs. He did not formulate a specific plan of a taxation transfer scheme but clearly indicated that the notion of negative tax rates was practically possible, though he deemed it undesirable.[5]

There was some considerable discussion of negative taxation programs outside the United States in the immediate post-World War II years.[6] There is evidence that there was some discussion during the 1940s in the Division of Tax Research, U.S. Treasury Department, but no evidence that a specific paper on the topic was then developed. The evidence that the idea was under discussion is a statement in a 1946 paper by George Stigler, "...there is great attractiveness in the proposal that we extend the personal income tax to the lowest income brackets with negative rates in these brackets."[7] In 1956, Milton Friedman suggested the idea of negative rates taxation as a replacement to direct welfare subsidies in health, housing, public aid, in a series of lectures at Wabash College. This proposal was reiterated in his book, Capitalism and Freedom, published in 1962. Liberal critics of the welfare system also began to suggest similar forms of income redistribution schemes at about the same time. Some of the early proposals were Robert Theobald's, contained in Free Man and Free Markets, published in 1963.[8] Professor Edward E. Schwartz of the University of Chicago's School of Social Work published a highly specific transfer-by-taxation scheme in the July, 1964 edition of Social Work,[9] and Robert J. Lampman presented the most comprehensive early proposal in his "Prognosis for Poverty," delivered in September of 1964.[10] The economists were treating the question as an aspect of tax reform while Theobald and Schwartz focused their attention on welfare reform.

By 1966, concern with a new mechanism for welfare transfer systems had moved from the academic arena, exclusively, into the active political sector. The Economic Report of the President issued in January of 1966 stated:

> Increasing concern about these problems (gaps and inequities in coverage) is producing a variety of new income maintenance proposals. One approach would make public assistance coverage more

> comprehensive and assure all recipients more adequate benefit levels. Another approach is the institution of uniformly determined payments to families based only on the amount by which their incomes fall short of minimum subsistence levels. Such a system could be integrated with the existing income tax system. This plan is now receiving intensive study by many scholars. It could be administered on a universal basis for all the poor and would be the most direct approach to reducing poverty. In future years, these and other proposals deserve further exploration.[11]

In the 1967 Economic Report of the President, Lyndon Johnson set the current legislative debate into motion. While reviewing the strategy of the War on Poverty, the report called for continuation of action to (1) stimulate the economy to create new jobs, (2) train the unemployed for existing jobs, (3) break the cycle of dependence by therapeutic interventions of Head Start, Upward Bound, health centers, social casework, and community action programs. But in addition, President Johnson issued a call for increased income supports for those who could not be reached by "traditional anti-poverty strategies." In the accomplishment of this aim, the President announced:

> Completely new proposals for guaranteeing minimum incomes are now under discussion. They range from a "negative income tax" to a complete restructuring of Public Assistance to a program of residual public employment for all who lack private jobs. Their advocates include some of the sturdiest defenders of free enterprise. These plans may or may not prove to be practicable at any time. And they are almost surely beyond our means at this time. But we must examine any plan, however unconventional, which could promise a major advance. I intend to establish a commission of leading Americans to examine the many proposals that have been put forward, reviewing their merits and disadvantages, and reporting in two years to me and the American people.[12]

It was not, however, until 1968, a few days before the release of the 1968 Economic Report that the President did appoint a Commission on Income Maintenance. The Commission Chairman was Ben Heineman, Chairman of the Board of Northwest Industries and an active Chicago Democrat.

Among the 20 persons serving, only Heineman, Thomas Natson, and J. Henry Smith were to play significantly active roles in the Commission's deliberations. The task of the Commission as specified by President Johnson was:

> to examine every aspect of our present public welfare and income maintenance programs and to propose necessary reforms. The Commission will examine a number of major reforms proposed in recent years--including several varieties of minimum income guarantees. It will evaluate the costs and benefits of these proposals in terms of their effects both on the recipients and on the economy.[14]

Chairman Heineman, on the recommendation of Professor Otto Eckstein, selected Robert Harris as Staff Executive Director. Robert Harris selected a staff of economists, sociologists, and social workers whose work resulted in two volumes of technical papers. The ultimate policy objectives were not ever subject to serious scrutiny. Mr. Heineman met with Mr. Harris and a number of academic consultants in the spring of 1968 shortly after President Johnson's surprise withdrawal from the Presidential race. At that meeting an agreement was reached that no substantive work could begin until the elections were completed, thus a series of technical papers were planned to provide background data.

Meanwhile, Congressional action was directed toward correcting the more flagrant abuses of the then current transfer system. First, Congress established a jobs program in the private and public sectors whereby caseworkers would designate AFDC and AFDC-U recipients as employable. They would be referred to the Department of Labor which would place them in federally funded or supported jobs and private sector job slots. Refusal to accept such a position would terminate the whole families' benefits under AFDC. The number of slots funded was never sufficient to meet the natural demand, and thus the private sector program did not develop. Thus only in highly isolated cases was the compulsion of great termination used.

In the 1968 Presidential campaign neither candidate stated a position on welfare reform. Richard Nathan prepared a campaign document for Mr. Nixon while Robert Nathan (no relation) prepared a very similar report for Humphrey. Both position papers relied heavily on earlier Presidential task force reports and called for little more than a more active federal role to raise benefits in the lowest paying states, an unspecified measure of fiscal relief form state welfare expenditures to be supplied by the more active federal role, and a stimulant to see that the 1962 and 1967 public welfare amendments actually were implemented. The Republican Nathan promised more activity to secure jobs for welfare recipients while the Democratic Nathan promised welfare recipients freedom from "harrassment" in administration of welfare programs.

Despite the lack of specificity on welfare issues in the 1968 Presidential campaign, the Nixon Administration did take seriously the opportunity for a Republican Administration to pass the first fundamental reform in income maintenance since the adoption of the Social Security Act. The Democratic awareness of the costs of such a Republican coup is one significant factor that is frequently overlooked in the current impasse in the adoption of new legislation. Covala and Wildavsky report that during the early days of the Nixon Administration the Democratic study group, where one would hope a Democractic alternative would emerge, there was little concern with the moral questions or with the knotty technical issues involved in income maintenance. The liberal strategy has been to introduce vast comprehensive bills with price tags that had only the limit that the defense appropriations was larger. This would then provide an opportunity for liberal rhetoric with no real commitment to legislative action. Covala and Wildavsky report that liberal

Congressmen readily admit that an operative income guarantee program had little support even in their constituencies, hence their support for a $5,500 guarantee was "nominal and not very serious."[15]

The conservative Democratic stratgey has been to press, not for welfare reform, but for federal relief of the welfare burden. One southern Congressman privately reported to this author that he would get more mileage out of a bad federal system than a good federal-state system. Curiously, among the traditional defenders of states rights, the state's right to keep a welfare system got precious little support.

Into this vacuum the planning of a new income maintenance system fell to the executive office of the President and the lame duck Heineman Commission.

V. Welfare Reform within the Administration

The economic policy of the Nixon Administration during his first year in office called for significant cuts in the level of federal spending. The welfare advisors in the White House recognized that significant welfare reform and budget cuts were incompatible goals and it was some months before the new administration settled into the task of specifying a new approach to reforming the welfare system. The task of preparing the "welfare game plan" fell to the newly created and short-lived Council for Urban Affairs (UAC). The principle participants in the design of the new system were Robert Finch, then Secretary of HEW; Daniel P. Moynihan, then Presidential counselor; Arthur Burns, also then Presidential counselor; John Ehrlichman; and Charles Schultz, the Secretary of Labor. The first working draft of the Committee on Welfare of the Council of Urban Affairs revealed that the Committee itself was divided. One approach suggested by

Arthur Burns called for only a correction of the most blatant faults of current public assistance--most specifically raising the low levels of AFDC support in the poorest states. Burns's proposal, dubbed in administration as "Uniform Standard Benefit" (U.S.B.), was apparently President's first option but it was strongly opposed in the Urban Affairs Council deliberations. That group supported a Finch-Moynihan alternative, initially called the Family Security System. This latter proposal, once it won support of Secretary Schultz, would later be the President's choice, and it did become the Administration's program--ultimately to be known as Family Assistance Plan (FAP). The internal disagreements took some time to be resolved and the announcement of the Presidential welfare reform plan was delayed twice in the spring of 1969. An Urban Affairs Council paper, dated April 4, 1969, expressed support for the skeletal form of a plan that was later to become FAP.

The paper specifies (or justifies) the need for welfare reform on the following bases:

(1) The growth of federal expenditures and caseloads--particularly of AFDC. The growth in the number of persons receiving welfare had begun in 1966 and was growing at a rate of one million persons annually.

(2) The presence of interstate inequities and the inequities between similarly situated individuals depending on the presence of essentially arbitrary qualifications for eligibility.

(3) The uneven distribution of fiscal burden was among the states. Superior efforts in particular states were discouraged by the matching formula then in use.

(4) The fact that current AFDC was perceived to encourage (a) family instability, (b) withdrawals from the labor force, and (3) undesirable migration of low income persons--particularly poor blacks.

It is important to note here that the early reform efforts emphasized the failure of public assistance. Yet, writing at the same time, Covala and Wildavsky reported that congressional awareness of these failures was already very high, and there was no congressional initiated moves for reform.

The first Administration proposal would provide aid to the six million AFDC recipients and an unspecified number of working poor--perhaps as many as nine million--for a federal disbursement of \$3.7 million; \$.7 billion of this would be federal replacement of the current state expenditures. The total money payment bill for a minimum of 15 million recipients was to be only 3.0 billion more than the current AFDC spending or only \$200 per person. New federal expenditures for new recipients were 1.3 billion for nine million new recipients or \$133 per person. The first administration plan thus sought to buy welfare reform at a rather low dollar level.

The Urban Affairs document proposed a program that "above all .... would eliminate the much criticized AFDC program." For a family of four there would be a guarantee of \$1,600, a guarantee which was lower than the then operative guarantee in 39 states. The benefit would provide a work incentive of a .50 tax rate to replace the .67 tax rate then specified in law. The states--39 of them--with current guarantee above the Family Security System would be required to continue their AFDC program but the Committee recommended there be no federal participation in that supplementation. States with even a reasonable guarantee would have faced not a savings but an additional expense.

The Family Security System did not receive sufficient internal administrative support because of its lack of fiscal relief to key states. In April 1969, it was announced in The New York Times that the unveiling of the Nixon welfare reform had been postponed until May. It was later postponed an additional three months.

While the internal administrative struggle was going on, the Heineman Commission was continuing its efforts. Heineman ruled Commission discussion heavily and staff reports were seemingly prepared to sell the Commissioners on a universal negative income tax as the alternative to present welfare. The administration seemed unmindful of the structure of the Commission's reform proposal, but was mindful of the level of support. In late June of 1969 at a dinner party attended by Patrick Moynihan, Ben Heineman, and Robert Harris at the home of Herbert Rowen, president of RAND and a Commission member, an agreement was reached that in return for continued staff support the level of support of a family of four would not exceed $2,400, the level which internal administration bargaining had reached.

On August 2, 1969, the general outline of the Nixon welfare reform was leaked to the press and on August 3, The New York Times reported that the Finch-Moynihan plan had won the endorsement of the President. Arthur Burns and Secretary of Labor Schultz had won a commitment for a rigid work test which was to be a permanent feature of the Nixon reform during the months of Congressional negotiations and compromise. When the President formally announced his plan on August 9, cautious support of the reform effort was forthcoming from governors and large city mayors who thought they saw in the reform an opportunity for significant fiscal relief. This proved to be an illusion. When the hearing on the bill opened on October 15, 1969, the administration's efforts were clearly in the direction of shoring up conservative support for the measure. The Secretary emphasized in his testimony the focus on jobs and work incentives. In the testimony on November 14, 1969, Milton Friedman testified that while the bill was sound in principle, it was defective programmatically. Specifically, Friedman was concerned with the fact that the real tax rate would be much higher than .50 since the cut in the welfare subsidy was based on the gross and the recipient would also pay state and perhaps federal positive tax on the gross; also the food stamp benefit would be derived on the basis of gross earnings. While his remarks on the high combined marginal tax received little public attention at that time, it was this feature of the legislation which resulted in its rejection by the Senate Finance Committee.

Following the public hearings, the House Ways and Means Committee considered the measure in executive session. During the early months of the second session of the 91st Congress the Committee rewrote the Administration bill (H.R. 147311) and reported it out as H.R. 16311. The redesigned bill strengthened the work requirement features considerably by (1) requiring the work-training participation and employment registration of all recipients whereas H.R. 147311 had required to register at 16 as opposed to the Administration's 18. The Administration rather gladly accepted the changes as approved by the House Ways and Means Committee which had come on February 26, 1970. This was an unexpected victory for the Administration. Earlier, Wilbur Mills had expressed serious reservations.[16] With Mills' support, the bill cleared the full House easily on April 16, 1970, by a vote of 243 to 155.

On April 29, 1970, the Senate Committee on Finance chaired by Senator Russell B. Long (D., La.) opened hearings on the House-passed measure. Administration efforts had been concentrated on House action and it was generally that Senate approval would be forthcoming with little opposition.

The assessment of Senate passage was made without considering Senator John Bell Williams, a lame-duck Republican from Delaware whose intense opposition to the concept of a nonpunitive welfare system was well-known to close students of income maintenance policy. On the second day of the hearing, Secretary Robert Finch was testifying when Williams opened fire. He produced figures which illustrated the micro-appropriations of the program. A family in Chicago, for example, with earnings of $720 would receive $1,600 in FAP payments, $1,628 in a state supplement, $312 in food stamps, edicaid payments worth $789, and $1,116 in a public housing subsidy. On all this, the only tax liability would be $37 FICA payments; the family's real income would be $6,128 on $720 of earnings. In contrast, an identically constituted family with earnings of $5,560 would receive only the housing subsidy but have tax liabilities of $262 federal income tax, $16 in state income tax, and $289 in social security for a real income or $119 less than the family earning only $720. Finch conceded that the Administration was aware of such problems but said that the situation described was unlikely to actually occur. Williams retorted by illustrating a similar outcome in a number of different situations. Finch, obviously stunned by the attack, replied that food stamps, housing, and tax laws were programs proposed outside of his department.

Senator Fred Harris (D., Okla.) then accused Finch of seeking to scuttle the Administration program: "with all due respect, gentlemen, this is the most ill-prepared presentation since I've been in Congress...rumors have been circulating strongly in this room that the Administration intends to abandon the bill...that's why you have made such a lukewarm presentation." Finch strongly replied, "If the Senator wants a categorical denial, I'll be happy to enter it."[17]

The following morning after 90 minutes of prefunctory hearings, Finch was summoned into executive session of the Committee and informed that the Committee would not accept the legislative proposal in its present form. The Administration requested and received a recess in order to modify the bill and prepare a new presentation. Finch prepared for defeat, moved to halt speculation that the Administration had grown lukewarm in its support of welfare reform. The day after his abrupt confrontation with the Senate Finance Committee he announced that the Administration was appointing a top policy team consisting of Ehrlichman, Schultz, Moynihan, Finch, and Budget Director Robert Mayo to revise the proposal in the light of Senate Finance Committee objections. Secretary Finch further stated, "We expect to have proposals ready within a matter of a few days and I do not expect these further studies to delay significantly the progress of Family Assistance through Congress for enactment this session."[18] That statement turned out to be exceedingly optimistic.

The few days stretched to six weeks. On June 11, 1970, Secretary Finch presented a revised bill to the Senate Finance Committee. The Administration report[19] combined the new version of the bill with an announcement of a health insurance program which would be submitted in January, 1971, a plan to revise the food stamp price schedule so that the rachets objected to in the earlier SFC hearing were eliminated, a plan to integrate the housing subsidy with the FAP welfare payments, increase support for social services, and a new way of deciding state liability under the reform.

When hearings were resumed on July 21, Senator Long greeted the newly-appointed Secretary of HEW Elliot Richardson (Finch having been "promoted" to Presidential assistant shortly after the first Senate Finance Committee debacle) with the following disquieting news:

The Family Assistance Plan is a massive and costly experiment which proposes adding 14 million Americans to the welfare rolls. In Mississippi, 35 percent of the total population would become welfare recipients. The program would cost the Federal Government a total of $9.1 billion--more than $4 billion over the Federal cost of the existing system.

It was the hope that the Administration would work to improve the bill when the Committee sent it back after three days of hearings. In significant respects, the new plan is a worse bill--and a more costly one than the measure which passed the House.

One important area in which the revised Administration Bill is worse than the original concerns the category of unemployed fathers. Payments to these men in 23 states would be cut substantially. (The bill did not provide Federal matching for state supplementary benefits to this group; the existing welfare program does provide Federal matching funds to the 23 states which make payments to unemployed fathers.)

The revised bill could result in reduced benefits for recipients in 22 states which base benefits on a standard of need. (If welfare payments do not reach that standard, recipients are allowed to retain income which fills the gap between the welfare payment and the standard of need, without losing the welfare benefit. Under Family Assistance, any income over the $1,600 paid a family with no income is deducted by a formula from the $1,600 for a reduced benefit.)

The Administration has not given the Committee any idea of what its policy will be and what standards would be applied in the numerous areas in which the bill gives the Secretary of Health, Education and Welfare discretion to set policy.

The Senate should be, and will be, given an opportunity to vote on welfare reform this year. The present welfare system is a shambles. With all the faults in the existing system, however, the "mind of man is still capable of devising something worse."[20]

Committee hearings in July, August, and September did not give any indication that favorable Senate action would be forthcoming. During the hearing, a number of influential witnesses expressed criticism of the bill which ranged from mild to harsh:

Mayor John V. Lindsay (R., N.Y.)

W. D. Eberle, Common Cause

Leonard Lesser, Committee for Community Affairs (a community organization of poor persons)

Joseph C. Wilson, testifying for Committee for Economic Development

Harold Watts, Director, Institute for Research on Poverty, University of Wisconsin

Mrs. Ed Ryan, PTA (Parent Teacher's Association)

Howard Rourke, NACO (National Association of County Officers)

Carl Stokes (D.) Mayor of Cleveland, representing National League of Cities

Karl T. Schletterbeck, U.S. Chamber of Commerce

William C. Fitch, National Council on Aging

Fred Jaffee, Planned Parenthood-World Population

Warren Hearnes, (D.) Governor of Missouri for the National Conference of Governors

Tom McCall, (R.) Governor of Oregon

Whitney Young, National Urban League

What gradually emerged from testimony was that FAP was very old wine in new bottles and that aside from expansion of aid to the working poor--a strategy previously espoused by Congress, FAP was not a reform proposal at all. As it appeared clear that passage of FAP in the 91st Congress (1969-70) was unlikely, the Nixon Administration shifted strategy in the fall of 1970 to seek passage early in the 92nd Congress. First, Nixon sought to secure support from the conservative Senators. Nixon invited to San Clemente, California the strongly conservative members of Senate Finance Committee: Bennett (R., Utah); Fossin (R., Ariz.); Miller (R., Iowa); Long (D., La.); and Harry Byrd, Jr. (D., Va.). Only Bennett committed himself to support of the President's plan. The President sought support of the nation's Republican governors and while he received a more sympathetic response, the Republican governors refused to give full endorsement to FAP.

Wilburn Schmidt, Wisconsin Secretary of Health and Social Service and Chairman of the State Welfare Directors Group, reported that FAP had the support of his group but that only a few directors were willing (or able) to provide independent political support. After failure to win support in the Senate Finance Committee of the Republican Governors' Conference, Nixon attempted to salvage defeat by support of a plan for a six-month testing of the new welfare with the program to become operative unless rescinded in January 1, 1972. Nixon did not receive conservative support for that compromise nor could Ribicoff deliver support for FAP, and it died in the logjam at the end of the 91st Congress.

Welfare reform was briefly resuscitated in the 92nd Congress. It was given the presitiously symbolic number of H.R. 1 and without difficulty its second approval in the House of Representatives. The key vote on H.R. 16311 had been 204-183 (H.R. 1 passed 288-132) making it appear to some observers that the legislature was now really ready to act. After its passage in the House the reform effort was forwarded to the Senate where its receipt was "noted." Patrick Moynihan's exhaustive account of the fate of the Family Assistance Plan was apparently written and in press before the Senate Finance Committee acted, which is approximately analogous to writing a definitive history of the Civil War just before the Battle of Gettysburg.

In July and early August the Senate Finance Committee began its deliberations. Though Senate liberals expressed dissatisfaction with various facets of the legislation, the Administrative spokesmen at the Hearings equipped themselves well, particularly in contrast to Finch's disastrous performance two years earlier. The bill received strident criticism from the National Welfare Rights Organization which probably had the effect of securing support for the bill. More important, the lobbiests of the AFL-CIO, Common Cause, the

League of Women Voters supported it; though the League later so qualified its support it could be described as opposition. The summer of 1971 was the time when passage of the Family Assistance Plan seemed most likely. Then on August 15, 1971, President Nixon announced his "new" economic policy. At that time the President asked that reform of welfare be delayed until the following year. According to Abraham Ribicoff this announcement sealed the fate of FAP; without Presidential prodding there was no one to push the Administration's middle-of-the-road position. In early 1972 Senator Ribicoff, believing he had no chance of support for his own liberalized version of FAP withdrew his program from consideration. On May 28, 1972, the Senate Finance Committee reported its plan of a Senate substitute for H.R. 1 which was, in fact, a work-relief program, rather than a welfare reform measure. Even after Long's plans were announced the Administration refused to compromise. By summer of 1972 a three-way battle was taking shape in the Senate: Long and the Conservatives, Ribicoff and the liberals, and the now captainless Nixon team. No legislative action was possible without a coalition and there was no compelling reason for any two groups to join forces. Mitchell Ginsberg, of Columbia's School of Social Work who served as a bridge between the Nixon group and the Ribicoff group, reported the last possibility for joint effort vanished with the arrival of the McGovern option. For Nixon, McGovern's vulnerability on welfare reform was too great for him to risk any counter-attack by compromising his own position. For the Senate liberals having just taken the nomination for one of their own they could ill afford to be accused of not backing McGovern. The Ribicoff-Long forces had no substantive agreement out of which a compromise could be forged. A Nixon-Long compromise was attractive to the Nixon camp but Long was content to defeat FAP and had no overwhelming desire to pass his own bill.

The chances of a liberal-middle coalition, the only real chance for welfare reform thus died with the vulnerability of Senator McGovern on welfare and it is to the origin and fate of that plan that we now turn our attention.

VI. Origin and Development of the McGovern Plan

McGovern announced his candidacy for the Presidency earlier than the other candidates, in fact earlier than any candidate in history, 17 months before the convention. The first stage of the campaign, it is difficult to recall in light of the Eagleton incident, was characterized by painstaking organization and meticulous concern with detail. Professor Edwin Kuhe had been recruited as early as the summer of 1970 and was requested to develop an "economic brain-trust" which could develop an issue slate for the candidate. In traditional campaigns, intellectuals--and particularly academic intellectuals--are far removed from the vortex of campaign activity.

Academics normally stand aloof from primary campaign, reserving their "exalted" expertise for the instruction of major party candidates. Premature identification with a particular candidate diminishes their issue credibility. Opposition to the war changed this and virtually the entire academic community was pledged to McGovern when he was still a very minor aspirant for the nominations. Through the efforts of Gordon Weil, a government Ph.D. from Columbia, an impressive array of committed and talented persons were drawn into the campaign far ahead of the traditional schedule.

The first meeting of economic staff and advisors took place in June of 1971. Attending a meeting at the home of Blair Clark were Ed Kuhe, James Tobin, John Kenneth Galbraith, Robert Triffin, Vessely Leontif, Roy Fair, Bill DeWind, Arthur Schlesinger and Weil. The focus of the meeting was tax reform but it was agreed that this subject could not, conceptually, be separated from welfare reform. In the manner of experts, their notion of welfare reform was far more embracive than is the traditional notion. Weil accepted the responsibility for the welfare part of the package and DeWind, the only other nonacademic present, accepted the responsibility for the tax half with Weil also accepting responsibility for the integration of the two parts of the tax-welfare package. Subsequent to the Manhattan meeting Leonard Green, of Safe Flight Instrument Corporation, lobbied strenuously for his plan among the McGovern staffers. Aside from opposition to the war, the McGovern staff were strongly committed to the notion of major income redistribution. Heather Ross, an Urban Institute Economist prepared a specific proposal incorporating the major features of the President's Commission on Income Maintenance was rejected by the staff as too specific though judged as being in principle correct. Tobin and Kuhe were asked to prepare position papers but neither paper was forthcoming; Kuhe on the grounds that such a paper was not in the purview of his primary competence; Tobin on the grounds that he had already prepared and published a paper in Agenda for the Nation. The responsibility thus fell to Weil, who prepared a paper that was presented by McGovern in Ames, Iowa and submitted in the Congressional Record, January 19, 1972.

Weil is not an economist but he was sensitive to the issues involved in a welfare reform proposal. Moreover, he was aware of the danger of being too specific on such a complex issue. The paper carried a precise disclaimer of commitment of the candidate to any specific plan:

> There are a number of methods by which this proposal could be implemented. Some are discussed here. These methods require full examination by the best economic talent available, and the plan chosen must have the support of the President, if

> it is to have any chance for adoption, for those reasons the present proposal is not designed for immediate legislative action. Instead it represents a pledge that, if elected, I would prepare a detailed plan and submit it to the Congress.[21]

This was perhaps the most profound statement that McGovern ever made on welfare reform. The fact that it was promptly forgotten by everybody--including McGovern--goes a long way to explain the failure to adopt welfare reform.

After its delivery in Ames and its insertion into the Congressional Record, the McGovern welfare reform received blessed little attention. Following the New Hampshire and Wisconsin victories, McGovern became a leading candidate and the press outstriped the candidate in detailing McGovern's domestic positions. Try as he did, McGovern supporters forced their candidate to use his exposure time to speak on the war issue. The Ames speech received considerable play in the Michigan press and the New York Times. Yanklovitch polls reported strong voter resentment to it particularly among Wallace supporters. This led Humphrey to try his oar at criticizing McGovern on welfare. The Humphrey staff, the most issue oriented staff in the primaries, were familiar with the Ames speech and felt it was perfect for them. They realized that the first-mentioned plan in the Ames speech was just an illustration, that when sold as a specific plan it provoked voter hostility. Thus they felt that an attack on the welfare plan would bear double fruit. First it would show McGovern not in command of the complexity of domestic policy and second, when McGovern retreated, as he surely would, McGovern could be shown to be a vascilator--a job at the "right from the start" theme of the McGovern campaign. Humphrey began to criticize McGovern on welfare in the Nebraska primary and to the surprise of the Humphrey staff, McGovern didn't back down.

A mere recitation of the original disclaimer during the Nebraska primary may have been sufficient to define the welfare issue but McGovern categorically refused. Apparently he felt then that he had to be specific. Unfortunately, McGovern chose to be specific about a plan that was not specified. As the California debates showed, McGovern simply could not defend a specific position because he didn't have a specific position. The Humphrey staff had fully expected a denial of specificity and were genuinely perplexed by McGovern's ill-considered firmness. On the one hand, they felt that a very little amount of homework by Humphrey would have a large pay-off in the California contest where face to face meetings on nationwide television were already scheduled. On the other hand, some of the older Senate staff hands were reluctant to attack McGovern on this issue for fear of its impact on Humphrey's already tarnished image among Democratic liberals whose lukewarm support had cost him the election four years earlier. In the end of a rather acrimonious debate, the decision was reached to press the attack in the California primary and plans were laid to sabotage McGovern in the first TV contest.

The McGovern staff recognized that they were in trouble, but not soon enough. During the first TV debate Humphrey charged, "Senator McGovern has concocted a fantastic welfare scheme which will give everybody, even Nelson Rockefeller, $1,000 and it will cost the taxpayers 60 or 70 billion, mostly middle income taxpayers." Humphrey further commented, "A secretary working in San Francisco, making $8,000--a single person--would have an increase in his or her taxes, under Senator McGovern's proposal of $567." It would have, too! One of the TV panelists most familiar with the issue thought he offered McGovern a life raft with the question, "How much will your plan really cost, Senator?" It was a torpedo instead, for George McGovern replied in his own flat mid-western accent, "I don't know." Later, in post-mortum of the debate, McGovern said of his welfare plan, "I wish that I never heard of the Goddamn idea."[22]

Even with the usual dogged optimism that surrounds a political campaign, Hart, Weil, and Mankowitz were aware that welfare reform had bombed. The Washington staff phones were soon over-loaded with urgent calls from respected economists offering authoritative and contradictory suggestions of how McGovern should handle the welfare reform issue in future debates. Following the debates, McGovern did not recoup, but he still won the California primary. The slapslick handling of the welfare issue continued for days after the first debate. A press conference with a Brookings Institution economist had been characterized by Gary Hart as the high point of campaign comedy and the low point of campaign strategy. Remembering the Eagleton incidents, that ranks it low indeed.

A decision was made to turn the issue back to "the experts" but by this time welfare reform was a thoroughly discredited issue. One would have expected a major income redistribution plan to be editorially attacked by National Review and the Wall Street Journal and it was, but not until after Humphrey had exposed McGovern's weakness in the California primary. What is also significant is that the plan was attacked by Tom Wicker in The New York Times, Melvin Ulmer in the pages of the New Republic, and even by his daughter's father-in-law, Herbert Rowan, in the Washington Post. The criticism was as imprecise as the proposal but McGovern did not respond to the criticism of his "nonproposal." His response was that, as president he would only propose legislation and if Congress felt it too radical they could reject it.[23]

The tax-welfare task force, headed by Adrian DeWind, was the "expert group" with responsibility for dealing with the welfare issue. The task force was clearly cognizant of the enormity of the task they faced. During the summer of 1972, three fairly consistent positions emerged. The academic economists, Isner, Tobin, and Ross recommended a respecification of the original plan along the lines suggested by Harold Watts at the St. Louis convention hearings. Adrian De Wind, Stanley Surry, and others suggested that the welfare consideration be dropped and that the candidate focus his attention on tax reform. Alvin Schorr and Wilbur Cohen suggested a specific rejection of the earlier plan and the substitution of a more modest welfare reform.

The three options were presented at a meeting at Hickory Hill, Virginia. When the meeting ended the proponent of each of the three positions thought he had converted the candidate. A week and a half later a draft form of a speech to be delivered in New York to the Security Analysis was circulated. The speech focused on a tax reform with no suggestion of a negative tax plan. In its stead there was a plethora of proposals for incremental change in Social Security and welfare programs. For the next few days an intrinsic behind-the-scenes battle insued, and the negative tax plan was in, then out, in again, and finally out. In fact, the mimeographed copy of the Securities Analysis speech actually contains a large white space in the middle of one of its pages where McGovern pledged his support to a negative income tax plan, but at the very last minute ordered it deleted. Alvin Schorr is willing to assume the credit for the final deletion. He feels that in a late Monday afternoon meeting on August 28th he convinced McGovern of the folly of a guaranteed income proposal. Others close to the scene say that Schorr achieved the deletion by a threat to publicly resign from the McGovern staff of advisors if the section were not deleted. Schorr admits to discussing a resignation with Mancowitz but says there was no threat to make it public and the question of resignation was not discussed with McGovern so far as he knows. At any rate, on August 29, 1972, in a speech before the Security Analysis, McGovern, in fact, withdrew support from the NIT plan. But he never got out from under it. The drum beat of tension and surrogate speeches built around the $1,000 "gift" continued until the election. Advocates of the NIT were disappointed at this withdrawal of support and opponents of NIT were unaware of the fact that he no longer proposed it.

McGovern's Welfare Reform has been eulogized by one of it's mid-wives, Gordan Weil. Weil in his book of campaign recollections, makes this startling summary statement.

> For the first time in a presidential campaign, a candidate put forth a comprehensive tax reform proposal. In the past, candidates have been reluctant to move in this direction because they feared the loss of contributions from their major backers. But McGovern was convinced that he would draw sufficient financial support from small contributors to enjoy the freedom to advance these bold suggestions. As early as the first session of Congress after the election, there was a new wave of interest in the kinds of reforms he had proposed. As ways are found to increase the number of small contributors to political campaigns, the chances for the kind of tax equity that McGovern proposed will improve.
>
> Despite his ultimate decision to move away from income redistribution, he had, for the first time, opened serious political consideration of the only workable alternative to the present welfare system. Unless the electorate continues to accept this cumbersome, costly, and often unworkable welfare operation indefinitely, McGovern will find that he has once again set the terms of the national debate. I would not be surprised if one day the President of the United States journeyed to McGovern's home for the ceremonial signing of the Income Redistribution Act of 1991 in the presence of the man who first made it possible to talk about the concept in the political arena.[24]

VII. Conclusion

It has been argued in this paper that welfare reform failed in the first Nixon Administration because none of the reformers really recognized the monumental choices that welfare reform demanded. When choice became necessary as an alternative to inaction, this nation chose inaction. The Ribbicoff group wouldn't compromise with the Administration plan. The Administration wouldn't sacrifice the political clout necessary to accomplish reform and the painfully pathetic brokerage of the McGovern plan made it easy for the Nixon administration to retreat into inaction and return their plan to the academics. Two years into his second administration, a viable reform has not been offered. In July of 1974 the Institute for Research on Poverty, in cooperation with HEW's Income Security Analysis Unit in the Office of the Assistant Secretary for Planning and Evaluation, issued a monograph. The concluding paragraph states

> What the HEW report does so well is to identify these conflicts and the consequent trade-offs among the alternatives. This kind of analysis is an essential input into sound decision-making. Hopefully, the HEW report and this essay will contribute to an informed debate about how to strengthen our income support system.[25]

Informed debate usually begins with an awareness of the fact that there are trade-offs among the alternatives. Otherwise there is no debate--informed or otherwise.

This account deals principally with what are only the first two acts. Whether there will even be a third act is not now clear.

APPENDIX A

A Political Calendar: Welfare Reform in the Nixon Administration

8/11/69	Announcement of FAP
10/3/69	Introduction as *H.R. 14173 by Rep. Byrnes
1/69 - 3/70	House Ways and Means Committee Hearings on H.R. 16311
3/11/30	Redesigned as H.R. 16311 reported
4/15/70	Closed rule adopted - vote 204-183
4/16/70	H.R. 16311 passed House - vote 243-155
4/29/70 - 5/1/70	Abortive Hearings before Senate Finance Committee; report returned to White House
5/1/70 - 6/11/70	Administrative rewrite on H.R. 16311
6/11/70	Revised and resubmitted H.R. 16311 submitted to S.F.C.
7/22/70	S.F.C. resumes Hearings
10/9/70	S.F.C. rejects (14-1) FAP
11/5/70	Revised version sent to S.F.C.
11/21/70	S.F.C. rejects revised revision to Social Security Amendment but approves 1 year demonstration
12/18/70	Senate manipulation of S.F.C. revised revision begins effort toward getting a vote on FAP
12/20/70	Senate (65-15) refuses to vote on liberalized version of FAP submitted by Ribicoff
12/28/70	Senate (49-21) rejects FAP
1/20?/71	*H.R. 1 New version of FAP reintroduced to new Congress in House goes to Ways and Means
3/71	Mills rewrite of November version is reported out of Committee and sent to rule committee with request for a closed rule
6/22/71	FAP given open rule--debate set for 6/22/71
6/22/71	House passes H.R. 1 by 288-132

*See House of Representatives Report 91-904

6/24/71	Long promises early report on H.R. 1
7/27 - 7/29/71	S.F.C. opened hearing on H.R. 1
8/19/71	Nixon requests delay in welfare reform in phase one (SVYT 8/19/71)
8/21/71	Nixon supports welfare work experiment
9/14/71	Liberal Senators plan by-pass of S.F.C.
9/19/71	Civic groups ask Nixon for support
10/19/71	3-way talks begin in Senate conferences
10/20/71	Welfare Reform put off until January 72
10/28/71	Administration announces it will support Ribicoff group
1/20/72	S.F.C. Revised Hearings (evidence of diminished support from Administration)
1/28/72	Ribicoff announces withdrawal of support for Administration
2/15/72	S.F.C. concluded public hearings
2/22/72	S.F.C. issued tentative reports on H.R. 1; fate of FAP title left unspecified but division was now an accomplished fact
3/27/72	Nixon sends message to Congress asking for action on FAP features
4/28/72	Outline of Long alternative reported out of S.F.C.
6/13/72	Long proposal reported in detail
6/22/72	Nixon sticks to center; refuses compromise with Long except with Ribicoff!
9/12/72	H.R. 1 with Long feature reported out of S.F.C.
10/17/72	Compromise bill passed Senate without any FAP reform section in it
11/7/72	Richard Nixon re-elected

APPENDIX B

A Political Calendar: McGovern Welfare Reform

6/71	First meeting of McGovern Economic staff
1/19/72	Ames speech advocating basic welfare reforms
4/72	Yanklovitch Poll indicates McGovern vulnerable on welfare
5/72	Humphrey begins attack on "McGovern Welfare Plan"
5/72	McGovern refuses to back off from his welfare plan
5/28/72	Humphrey attacks welfare in first TV debate in California
6/72	Welfare-tax task begins its work
8/29/72	McGovern withdraws his basic welfare plan in Security Analysis speech
11/7/72	Richard Nixon re-elected

APPENDIX C

Legislative Changes in FAP, 1969-1972

	Family Security System	FAP (Aug. 1969)	HR 14173 (Oct. 1969)	HR 16311 (March 1970)	June Revision (June 1970)	Nov. Revision (Nov. 1970)	HR 1 (June 1971)
Minimum guarantee	$1500	$1600					$2400
Value of food stamps	$500	$840	$ 840	$ 840	$ 840		0
Offset	0	$720	$720				$720
Tax rate	Cash .50 Food stamps .25	Cash .50 Food stamps .30					.67
Breakeven	3500	3920					4320
State supplement	States to pay to current levels, but no fed. participation in payments	States to spend at least 50 percent of current amount for 5 yrs, but not more than 90 percent		States to supplement fed. payments to families according to state AFDC need standards in 1970, fed. to pay 30 percent of supplementary cost.			Not required, no federal participation
Work requirement	yes	yes	yes				yes
Social service	none	not specified	Up to 90 percent federal funding (open ended)††	75 percent federal funding	Up to 90 percent federal funding	75 percent federal funding	75-100 percent employment-related social service
State savings	.710 billion	.736 billion*	0.500 billion*	0.568 billion**	0.662 billion**	0.523 billion**	1.600 billion***
New federal cost	2.000 billion (exclusive of food stamps and training programs)	4.00 billion* (incl. $600 million for day care and job training)	4.400 billion* (incl. $600 million for child care and job training)	4.400 billion** (incl. $600 million for child care and job training)	4.400 billion**	4.300 billion**	5.500 billion***
Net new cost	1.290 billion	3.264 billion*	3.900 billion*	3.832 billion**	3.738 billion**	3.780 billion**	3.9 billion***
AFDC population	6.1 million	9.4 million	9.6 million	10.4 million	10.4 million	10.4 million	15.0 million†
New eligibles	7.9 million	11.6 million	11.4 million	13.4 million	13.4 million	13.4 million	10.2 million†
Total eligible	14.0 million	21.0 million	21.0 million	23.8 million	23.8 million	23.8 million	25.6 million†

* Fiscal 1970
** Fiscal 1971
*** Fiscal 1972

† Fiscal 1973
†† Congress to appropriate a sum sufficient to cover federal share of states social service expenditures.

NOTES

[1]Theodore Marmor and Martin Rein, "Flim, Flam, Flop in Welfare," Society 9 (June 1971): 38.

[2]Village Voice, November 25, 1972.

[3]CBS Evening News, September 12, 1972.

[4]Karl Polyani, The Great Transformation (New York: Rinehart, 1957), Chapter 7.

[5]A. C. Pigou, The Economics of Welfare (London: Macmillan, 1952), pp. 720-28, 758-67.

[6]Christoper Green, Negative Taxes and the Poverty Problem (Washington: Brookings, 1966), Chapter 4.

[7]George Stigler, "The Economics of Minimum Wage Legislation," American Economic Review 26 (June 1946): 365 cited in Green, Negative Taxes, p. 57.

[8]Robert Theobald, Free Man and Free Markets (New York: C. N. Potter, 1963).

[9]Edward E. Schwartz, "A Way to End the Means Test," Social Work 9 (July 1964): 3-12.

[10]Robert Lampman, "Prognosis for Poverty," Proceedings of the 57th Annual Conference of the National Tax Association, Pittsburgh, 1964.

[11]Report of the Council of Economic Advisors, January 1966 (Washington: U.S. Government Printing Office, 1966), p. 115.

[12]Economic Report of the President, January 1967 (Washington: U.S. Government Printing Office, 1967), p. 17.

[13]Commission members were Clifford L. Alexander, Jr., James W. Aston, Sherwood O. Berg, Edmund G. Brown, D. C. Burnham, John M. Dalton, Otto Eckstein, Margaret S. Gordon, Anna Rosenberg Hoffman, Barbara Jordan, Geri Joseph, Maxwell Rabb, A. Philip Randolph, Henry S. Rowen, Julian Samora, Robe-t M. Solow, Asa T. Spaulding, and David Sullivan.

[14]Economic Report of the President, February 1968 (Washington: U.S. Government Printing Office, 1968), p. 25.

[15]*CQ Almanac*, 1971, p. 853.

[16]*CQ Almanac*, 1969, p. 833.

[17]*The New York Times*, April 1, 1970.

[18]*The New York Times*, April 2, 1970.

[19]*Committee Report*, Senate Finance Committee, June, 1970.

[20]*CQ Almanac*, 1970, p. 1035.

[21]*Congressional Record*, 1/19/72, Vol. 118, p. 3.

[22]*Right From the Start*, p. 190.

[23]*Washington Post*, May 16, 1972.

[24]Gordon Weil, *The Long Shot* (New York: W. W. Norton and Company, 1973), p. 89.

[25]Irwin Garfinkel, *Toward An Effective Income Support System: An Overview Paper* (Madison, Wis.: Institute for Research on Poverty, 1974), p. 166.