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EMPLOYMENT DEVELOPMENT DEPARTMENT

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I. THEORETICAL POSITIONS

- A. Control of anti-poverty programs through locally elected officials will reduce duplication, overlapping, and proliferation of social service programs intended to assist low-income residents. Furthermore, consolidation of fragmented efforts will enable the poor to have greater access to all locally-controlled programs available in the community. Local control will also reduce the overhead administrative cost inherent in the multiplication of projects and programs.
- B. Local control of anti-poverty programs will ensure greater participation of all members of the community in the local efforts to overcome poverty and will reduce polarization among the different segments of local residents. It will enable poverty programs to develop stronger ties with private industry and private enterprise efforts to ameliorate conditions of poverty.
- C. Local control of anti-poverty program will strengthen fiscal responsibilities and program accountability by placing responsibility for monitoring and evaluation on locally elected officials, responsible to the citizenry.

II. FACTUAL DATA - ANALYTICAL AND LEGAL/LEGISLATIVE - SUPPORTING THEORETICAL POSITIONS

1. There are at least 470 education programs spread among 20 executive agencies and departments, with at least 69 manpower training and vocational-educational programs spread among the Office of Education, the Department of Social and Rehabilitation Service, the Department of Health, Education and Welfare, and among 7 other departments and agencies.

There are at least 112 programs related to providing assistance of direct relevance to the poor spread among the Department of Health, Education and Welfare and 8 other departments and agencies.

There are at least 74 economic and business development programs spread among 10 separate departments and agencies.

There are at least 43 programs relating to child health and welfare spread among the Department of Health, Education and Welfare, the Department of Health, the Department of Defense, the Office of Economic Opportunity, the Veterans Administration, and the Public Health Service.

2. "A community action agency shall be a State or political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or a public or private nonprofit agency or organization which has been designated by a State or such a political subdivision or combination of such subdivisions, which--
 - A) has the power and authority and will perform the functions set forth in section 212, including the power to enter into contracts with public and private nonprofit agencies and organizations to assist in fulfilling the purposes of this title, and
 - B) is determined to be capable of planning, conducting, administering and evaluating a community action program and is currently designated as a community action agency by the Director.

For the purpose of this title, a community may be a city, county, multicounty, or multicounty unit, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed for a community action program."

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1. Catalog of Federal Domestic Assistance, 1972, 1973
Executive Office of the President - Office of Management and Budget
 2. Economic Opportunity Act of 1964 as Amended,
Section 210, A and C

II. FACTUAL DATA - ANALYTICAL AND LEGAL/LEGISLATIVE -
SUPPORTING THEORETICAL POSITIONS (Continued)

3. "Weaknesses in financial controls were found principally in the areas of payroll, travel, procurement, property management, and maintenance of basic accounting records. The nature and intensity of these weaknesses varied from grantee to grantee.

"About 3,500 audit reports were prepared on grantees by certified public accountants, other licensed public accountants, and independent agencies from July 1, 1970, to December 31, 1972. The Audit Division classified more than 40 percent of the audit reports as showing that the grantees had inadequate or weak accounting systems and/or systems of internal controls.

"The following table shows the number of audit reports received during fiscal years 1971 and 1972 and the first 6 months of fiscal year 1973 and the Audit Division's opinions of accounting and/or internal control systems discussed in the reports.

	Total reports received	Systems considered inadequate		Systems considered weak		Systems considered adequate (note a)	
		Number	Percent	Number	Percent	Number	Percent
Fiscal year 1971	1,454	111	8	539	37	804	55
Fiscal year 1972	1,472	86	6	552	38	834	56
First 6 months of fiscal year 1973	621	39	6	222	36	360	58

"^aNumber of adequate systems may be overstated. About 60 percent of over 1,000 audit reports on grantee operations issued in fiscal year 1970 reported no major accounting system and/or internal control deficiencies. We reviewed 27 from this group and found that 17 failed to disclose significant deficiencies in grantees' financial operations".

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3. United States General Accounting Office - August 23, 1973
Financial and Program Controls of Selected Community Action
Agencies
Office of Economic Opportunity

III. DISCUSSION SECTION

- I. A. When dealing with a pre-packaged, allegedly responsive solution to an unusually complex problem, it is necessary to refocus on the central concept which provided the basis for such "solution". If this is done, it will be often found that the "pre-packaged solution" has served to obscure the basic issue rather than provide a clear response to an identifiable problem.

The "war on poverty" has attempted to provide a pre-packaged solution to the "problem of poverty in America", but it has not suggested nor has it activated a response which can be judged as result-producing and, therefore, valid and reliable.

Therefore it is of paramount importance to reconsider the basic issues of anti-poverty efforts, such as what is "poverty" and who are the "poor". How is this population going to be identified and defined? What is it about this group of individuals that is problematic? The term "poverty" has an implication of concreteness, something which is readily identifiable as a condition. But such conceptualization has the ingredients of massive confusion. The basis of such confusion is the failure to distinguish between absolute and relative terms and the continual shifting between the two. Poverty, in an absolute sense, could refer to conditions of chronic and acute deprivation such as starvation, lack of clothing or shelter, the absence of medical services, etc. Poverty, on the other hand, in a relative sense, is quite different; it may be addressed

to a population whose income and other circumstances are judged to be worse than those of other populational segments. Poverty in this sense, then, could be applied to those individuals who are essentially satisfactorily fed, have more than a minimal amount of health care, and have sufficient housing.

- B. The poverty-income line definition of poverty is one of the best illustration of the inadequacy of definition and the confusion inherent in the usage of the concept. For example, the formulation of a poverty criteria for a family of two or more persons with an annual cash income of \$3,000 or less is patently untenable unless other considerations of "deprivation" are considered.

When we talk about poverty in America, we are talking about families and individuals who have less income than most of us. When we talk about reducing or eliminating poverty, we are talking about changing the distribution of income. It has been proposed that there are essentially two ways of redistributing income; the first, which some feel is more preferable, is to increase the productivity of those who are in the category of "poor". This may be done by maintaining a very high level of employment, improving workers' skill, health, and geographical mobility, and ending discrimination of jobs on the basis of race, sex, age, etc. However, such efforts do not eliminate poverty caused by old age, disability, family dependence, and others. The other method of redistributing income is by

transferring payments, that is, "by taxing some and giving to others". Some would refer to such procedure as a "negative income tax".

- C. It is entirely possible that in the effectualization of the pre-packaged solution to poverty, as developed and implemented by the dictums of Washington, there was a loss of the whole issue of what is poverty and what are the reasonable and fruitful means of its reduction. In an evaluation of the largest Community Action Agency (CAA) of California, EYOA in Los Angeles County, the Controller General's Report to the Congress found that "EYOA has not developed a comprehensive plan to identify the causes and effects of poverty in the Los Angeles area as a basis for developing its overall program. EYOA developed program priorities and gave consideration to the priorities in the requesting approvals of programs. EYOA, however, did not allocate the expected resources on the basis of the priorities nor did it accumulate costs for approved programs so that the amounts spent on priority programs could be readily identified." Also, this report found that "members of EYOA Board of Directors, designated as representing the poor, have not been selected in the manner which would ensure that they truly represented the poor in the county." (The Controller General's Report to Congress on Title I and II Programs of the Economic Opportunity Act of 1964 in Los Angeles County, October 1969).

11. A. During the early years of the "war on poverty" there was an uncoordinated and usually overlapping rush by innumerable existing or specifically created agencies and union of individuals, sometimes composed of only a handful of activists, to partake in the millions of dollars available through the Economic Opportunity Act. Often self-styled "administrators" and "community leaders" raced to the front to secure a favorable and, more often than not, financially rewarding position in the "war", using the umbrella of "community action" for their undertakings. An essential problem with community action was that the term covered a number of differing and distinct meanings, such as "organizing the power structure" as in the Ford Foundation programs, "confronting the power structure" as in the programs of Saul Alinsky, and "assisting the power structure" as in the Peace Corp programs. Answers and solutions by the dozens were bursting forth from innumerable sources with differing interpretations and identifications on the functions of the anti-poverty efforts.

It has been stated that if anti-poverty administrators and politicians are going to "play God with other persons' lives (and other persons' money), they ought to at least get clear what the divine intention is to be". This was clearly not the case. For some, anti-poverty programs were all encompassing compensation efforts by the "establishment" for past wrongdoings, alleged discrimination, racism, and unequal justice. For others, anti-poverty programs were essentially economic in nature to

focus on educational and manpower efforts to provide better income and thereby removal from the income criteria defined conditions of poverty. Still others looked upon anti-poverty programs as a new political tool to confront, radicalize, and revolutionize social and political organizations of society.

- B. It is not surprising that with these divergent and conflicting viewpoints, the anti-poverty programs became an umbrella for any undertaking which could obtain funding from the local Community Action Agency having the fiscal dispersal powers. In other instances, direct funding was obtained from national sources, sometimes duplicate funding for essentially the same purpose, from a number of federal agencies at the same time. In the City of Los Angeles, for example, in early 1966 there were more than 20 separate programs addressing themselves to essentially the same population of citizenry, i.e., youths, and basically providing the same type of employment and training services. Within a five block area of South Los Angeles, there were six major "manpower training" agencies providing similar opportunities and services in the manpower training field and permitting considerable "shopping" of eligible participants, including individual negotiations for better subsidies and for add-on benefits. At the same time, many residents 10-15 blocks removed from these "centers of activities" on 103rd Street of Los Angeles were hardly aware of any opportunities or operations of programs which could have responded to their needs for training, education, and improved participation in the economic life of the city.

C. The haphazard and uncoordinated attempts by agencies and organizations to partake in anti-poverty monies and programs was also often co-orchestrated with divisive and polarizing rhetoric which, in many communities, provided a fodder for violence, pitting the "poor" against other segments of society and local government. The results of these "demonstrations" and direct actions usually were nothing more than temporary "bandaid solutions", mainly benefiting the leadership of such efforts and activities. A critical failure of most anti-poverty efforts, often encouraged by the Federal Administration of the Economic Opportunity Act of 1964, was the further "ghetto-ization of the poor" and the incremented, artificial alienation from the rest of society and the local officials of government.

III. A. As community action programs were originally set up, local agencies were to be established in rural and urban areas to conduct a number of locally developed social programs for the poor. The original 1964 Economic Opportunity Act provided authorization for the activities of the local Community Action Agencies (CAAs), which were to be "developed, conducted, and administered with the maximum feasible participation of residents of the area and members of the groups served". This loosely drawn statement contained the seeds of continuous misunderstanding and conflict which has troubled the effective conduction of community action programs. There has been widespread disagreement whether or not it was meant for the "poor" to be deeply involved in the various aspects of CAA programs or whether or

not they were to be entirely in the "controlling" position. During the first two years locally developed programs ranged from direct action efforts to improve housing, transportation, employment, and other allegedly unequal and unfair conditions, to projects on remedial reading, homemaking services, educational opportunity programs, and others. Local, elected officials have often been the target of militant activists supported by OEO monies and many of them found themselves eliminated from any meaningful participation in the decisions affecting their constituents, including the low-income residents. In some communities local officials were forced to withdraw from even limited participation in the community action programs due to the constant attacks and emasculation efforts by many militants and professional "poverty leaders".

- B. By 1966 some of the community action programs had been in existence for over two years and had already indicated various types and different degrees of problems in their program implementation, in the general administration, in fiscal control and, particularly, in measurable effectiveness. The euphoria of the initiation of these anti-poverty efforts have slowly evaporated into national recognition and realization that unless there are some improvement in the administration of CAA programs, and a sense of responsibility and accountability is developed in relation to the hundreds of millions of dollars spent, there will be a national revulsion against the continuation of the anti-poverty programs. Furthermore, by 1967, many of the

programs which were to be continued under the umbrella of anti-poverty efforts were nationally determined, national priority-categorized projects. These included Job Corp, Work Training and Work Study Programs, adult education, migrant programs, business development projects, and Volunteers-in-Service to America (VISTA). In addition, national programs in the field of education included Project Head Start, initiated in 1965, as well as Project Upward Bound, started the same year. Legal service programs were also nationally prescribed, as well as special projects nationally developed for senior citizens.

- C. It has become clear, even though not admitted, that the initial stated intention of local programming, which de facto eliminated the democratically elected officials of the people in most communities, have become nationally determined, Washington-packaged, categorically funded programs. The choice in local communities was of the type which has become so familiar with federally-packaged programs which provided "solutions" irrespective of differing local-community problems and needs; the communities had a choice of either taking the federal guidelines and the federal money which were to provide the "answers" or they would be eliminated from receiving tax monies taken by the federal government.
- D. The spokesmen and supporters of the Economic Opportunity Act of 1964 were fully cognizant of the difficulties and problems the anti-poverty programs faced and were willing to compromise,

at least on a superficial level, with the critics of the program. In 1967 a new local control feature, called the Green Amendment after its sponsor, Representative Edith Green, was written into the Economic Opportunity Act which provided for numerous amendments to improve administration of the programs, and as its most important regulation, furnished the local subdivisions of a State, i.e., cities, counties, or any combination, with the opportunity to be designated as prime sponsor of all programs under the Economic Opportunity Act.

- IV. A. The harsh rhetoric, the polarization, and the fomenting of conflicts between elected officials and their constituents, i.e., the low-income residents, has deeply soured the interest and attitudes of many local officials regarding more vigorous involvement in anti-poverty efforts. Furthermore, the administrators of Federal OEO overtly and covertly discouraged the changeover of control of community action programs from private groups to locally elected officials, utilizing guidelines and regulations so extensive and onerous that it greatly reduced the willingness of public officials to initiate and complete such change.
- B. Nevertheless, some anti-poverty type programs were directed by local officials, including those similar to but not funded by OEO funds. These included such programs as the Model Cities projects, Community Development and Public Housing projects, and others. In each instance, local officials were bound by

the categorical requirements of each program to such a high degree that local initiative and variation was almost impossible. It has been stated that a significant portion of the time utilized in the administration of these programs was spent in meeting the paper work and other semi-legalistic requirements of these federally controlled-locally delegated programs, providing little time and energy to develop effective, locally responsive solutions to locally determined problems.

- C. Many have long affirmed the superiority of local government in responsiveness and responsibility over those agencies which are thousands of miles removed from the communities in which the problems exist. For these persons it is not surprising that of all of the multitude of anti-poverty type programs, the one which had the least amount of categorical "guidelines" and the one which permitted the most local initiative and variation has been the most successful. While innumerable "manpower training" and manpower-related programs have been initiated and instituted throughout the past decade, few of them can validate the claim for permanent improvement in the lives and earning powers of its participants. It has been estimated that the range of permanent, consistent participation in the labor market for various trainees and participants in manpower programs under the anti-poverty umbrella has rarely reached the 25 percentile and, more often, approximated 10-15% of all the initial participants.

The programs conducted by local governmental agencies, counties and cities, under the Emergency Employment Act of 1970, commonly referred to as Public Employment Program (PEP), has indicated greatly superior achievements. In some communities, permanent public and private employment-placement has reached as high as two-thirds of all participants and, in some instances, the bettering of the income earning power of the participants has been as much as 50% in a period of less than two years. The more freedom and opportunity for local responsiveness and unique, relevant tailoring of programs were permitted in the PEP projects by the federal "overseers", the more apparent is the success of participation and training. Similar findings are becoming prevalent in those instances where there has been a more meaningful and vigorous involvement of local officials in anti-poverty efforts, particularly as it reflects on fiscal responsibility and program accountability in the fields of education, community services, and housing.

- V. A. It would be improper and incorrect to suggest that none of the anti-poverty efforts and programs initiated by the Economic Opportunity Act achieved any success or impact. The success and result ratios do tend, however, to increase in almost direct relationship to the intertie and involvement of the program with the community mainstream efforts and the linkage with local agencies and officials. Such results which Legal Aid programs have shown were usually related to the linkage with the Local Bar and the support of elected officials. The participation

and involvement of the elected officials and community representatives in such programs as Head Start, Senior Opportunity Services, Day Care projects, Bi-Lingual Education, and many others greatly contributed to the relative achievements of these programs, which should provide for their continued viability. Other programs which could be considered for continuation, based on local determinations, include Comprehensive Health Services, Emergency Food and Medical Services, Family Counseling and Planning projects, as well as Counseling and Rehabilitation services for alcoholics and drug users. These are the anti-poverty programs which have shown some of that result which points to approvable utilization of public, tax monies.

- B. It has been repeatedly validated that those projects and programs which were so open-ended and so alien imposed by outside forces on the community that a criterion for success was impossible to develop and measure, were those under the various categories of "Community Organizations", "Neighborhood Development", "Information Referral and Centers", "Social Action Services and Centers", and similar undertakings not based on quantifiable or demonstrable needs and desires of the people, but dependent upon philosophical considerations and whims.

- VI. A. The often stated argument of some activists and social militants that local government has been unresponsive to human problems, needs, and values appears to be without any validity or demonstrable facts. American cities and counties, in spite of their

limited resources caused by, to a high degree, excessive federal taxation of all citizens, have and are accepting the challenge of social services to improve human values. The local communities, under their elected officials, have and are instituting new social programs in addition to the traditional city and county social projects. Social service is by no means a new activity for cities nor for many counties, and youth services, special programs for senior citizens, emergency food and medical projects have been part and parcel of most American communities.

- B. It must be recognized, of course, that with the increasing demand and the expanded consciousness regarding the needs, the service area becomes more complex and more comprehensive. Social services and programming in a multiplicity of areas of human endeavor are planned, controlled, funded, and delivered by an interlinkage of public and private agencies. Centralized social planning for private agencies from contributions from private citizens and private industry is accomplished by local United Ways in most communities of California. In major communities such as Los Angeles, San Francisco, San Diego, Sacramento, and San Jose, United Ways sponsored planning councils provide a coordinating and planning mechanism used by public and private agencies in various degrees. This is not to say that these efforts do not suffer from some fragmentation and lack of coordination, but based on the encouragement provided by the national administration block funding-revenue sharing approach, local officials and agencies have moved into the development of

single and multi-purpose agencies of social planning mechanisms, dealing with single and multi-disciplinary issues such as manpower, aging, comprehensive health planning, and others.

- C. In the largest demographic community of the State, Los Angeles, a consolidation effort is being completed to bring together into one locally controlled city department such agencies as the Model Cities Program, the Housing Authority, the Office of Urban Development, and others, including the OEO and other federal agency-supported Greater Los Angeles Community Action Agency (GLACAA--the successor of EYOA). In most instances, the locally controlled programs will have input in all aspects of the operations from all segments of the community, including the low-income residents through Advisory Boards and/or through the participation of democratically elected, true "representatives of the poor". (It must be noted, that in the past many of the so-called "representatives of the poor" were elected by a vote of less than 1% of the eligible low-income residents. In some instances, Board members of Community Action Agencies, allegedly representing the poor, were elected by a handful of votes--in some extreme cases, by one vote, which may have been the person's own.)
- D. It is recognized by most local officials that social problems do exist in all cities and communities. But because of the size, the location, the economic base and, most of all, the people, each community is somewhat different and distinct from any other one. While there are patterns of similarities, as

related to conditions requiring remedial actions, responses to these must differ based on local needs and local relevancy. If the experiences under the anti-poverty efforts and other federal, categorized programs of the past decades have taught a lesson, it is that uniformity in programs does a disservice and creates a waste in the social service system and produces a great deal less than optimal results for the intended beneficiaries. Program flexibility and variation, locally planned and determined, is to be the key to any effective social service programming and anti-poverty planning.

- VII. A. It would be a grievous error if the control of anti-poverty programs by local officials would omit a consideration of the role and responsibility which private industry and private sector can fulfill and is available to perform. The participating and volunteering private sector and private industry can assume responsibility for identifying and fulfilling those community social needs that have traditionally been the concerns of individuals helping their neighbors and their community. To coordinate with and compliment the locally controlled anti-poverty programs, the private sector can plan its resource allocations, both monetary and human, and its delivery of human-social services directly and with agreements with local government. Such planning can prevent duplication and by its coordination with the publicly administered and supported programs can fill the gaps in addressing community needs.

B. The locally determined and controlled anti-poverty effort should not be considered to be operating in a vacuum or be disconnected from the proper programmatic roles and concerns of federal and state governments. It would be inconsistent with the maximum utilization of revenue sharing-block funds and with the "returned tax funds" usage not to benefit from resources and capabilities of the federal and state government in the social planning areas. It may well be necessary to consider the creation of some type of State-wide coordinative bodies which can provide overall, generalized recommendations and, when requested, technical assistance to local government and local communities in the multiplicity of social service and social planning areas. Nevertheless, the local governmental control and local application of responses, based on locally identified primacy of needs, must be the paramount determinant for anti-poverty efforts and for all social service projects.

VIII. A review of the anti-poverty efforts under the Economic Opportunity Act of 1964 has clearly indicated the need for local control of programs which are addressed to the low-income members of the community. It has been repeatedly and conclusively proven that in the absence of community-wide involvement, acceptance, and support, projects and programs intended to assist low-income residents cannot succeed on a permanent basis. Generally, programs which had a nebulous and poorly defined goal, based on philosophical considerations and were implemented with a maximum of rhetoric and a minimum of application, have resulted in their own

elimination or have been continued only because of the self-interest of those conducting them, without reaching and assisting the mandated constituents. Other programs more carefully developed and implemented, with a continued attention to cost-benefit ratios and with the involvement of the democratically elected officials of local agencies and government, have demonstrated differing degrees of viability. Many of these programs, in the fields of Education, Manpower Training, Housing, Health Care, Services to Senior Citizens, and others, can and should be continued and, with the participation and control of local officials, should meaningfully and measurably assist the low-income neighbors in the communities.

IV. QUOTATION SECTION

1. "Poverty can be alleviated or reduced, and in the Western world in the last two centuries it has been almost miraculously alleviated and reduced; but poverty is ultimately individual, and individual poverty can no more be 'abolished' than disease or death can be abolished.

"Individual or family poverty results when the 'breadwinner' cannot in fact win bread; when he cannot or does not produce enough to support his family or even himself. And there will always be some human beings who will temporarily or permanently lack the ability to provide even for their own self-support. Such is the condition of all of us as young children, of many of us when we fall ill, and of most of us in extreme old age. And such is the permanent condition of some who have been struck by misfortune--the blind, the crippled, the feeble-minded. Where there are so many causes there can be no all-embracing cure.

"It is fashionable to say today that 'society' must solve the problem of poverty. But basically each individual--or at least each family--must solve its own problem of poverty. The overwhelming majority of families must produce more than enough for their own support if there is to be any surplus available for the remaining families that cannot or do not provide enough for their own support.

Where the majority of families do not provide enough for their own support--where society as a whole does not provide enough for its own support--no 'adequate relief system' is even temporarily possible. Hence 'society' cannot solve the problem of poverty until the overwhelming majority of families have already solved (and in fact slightly more than solved) the problem of their own poverty".

2. "The assumption of the McCone Commission (regarding the Watts riots) that an improvement in material welfare is bound to make a major contribution to the solution of almost any social problem is a pervasive one: better nutrition, better housing, better transportation, better street cleaning and refuse removal--all such things are commonly seen as ways of reducing crime, of preventing the break-up of the family, of encouraging upward social mobility, and so on. Although one cannot demonstrate it rigorously, such measures probably do have some effects of this kind. However, even if this is the case, the policymaker needs to ask the same question about them as about adequate midday meals: Is the contribution that this one cause makes to the total effect that is desired (i.e., what would constitute the solution of the problem) more than trivial?

"Even if it is feasible in all other respects, a measure lies outside the bounds of feasibility if its implementation would entail costs that more than offset its benefits".

3. "The emphasis now is on the politics of innovation: the effort to adjust or create agencies and procedures in such a way that they are responsive and adaptable and that they use and build upon the 'uncommon knowledge' made available by modern science which touches the future as well as the past. It no longer suffices simply to absorb and act according to the 'common knowledge' of the present. History, experience, custom, and tradition have become poor guides to comprehending our present difficulties--or undertaking to solve them.

"Innovative politics seeks a new combination of resources that will yield new solutions to previously intractable problems. It would care enough to find the method for stopping the dust storms. As Max Ways has written:

The trouble with many such New Deal 'experiments' was that they weren't. They provided material for gladiatorial contests between enthusiastic 'have-nots' and 'haves.' The excitement generated by these political circuses buttered no parsnips and represented a disgraceful waste of the intellectual resources of a society that, even then, had scientific and administrative experts who could have been organized for more effective planning. There are, of course, social and moral values (as well as a political value) in

letting disadvantaged people know that their government 'cares'. But there are higher social and moral values in caring enough to make programs work."

4. "In the last five years the federal government enacted scores of new federal programs. It added tens of thousands of new employees to the federal payrolls. It spent tens of billions of dollars in new funds to heal the grave social ills of rural and urban America. No previous half decade had witnessed domestic federal spending on such a scale. Yet, despite the enormous federal commitment in new men, new ideas and new dollars from Washington, it was during this very period in American history that the problems of the cities deepened rapidly into crises.

"The problems of the cities and the countryside have steadily resisted the solutions of Washington. The stature of the federal government as America's great instrument of social progress has suffered accordingly. All the more so because the federal government promised so much and delivered so little. This loss of faith in the power and efficacy of the federal government has had at least one positive impact upon American people. More and more, they are turning away from the central government and to their local and state governments to deal with their local and state problems. It was further pointed out that as

the federal government grew in size and power, it became increasingly remote, not only from the problems it was supposed to solve, but from the people it was supposed to serve. For more than three decades, whenever a great social change was needed, a new national program was the automatic and inevitable response. Power and responsibility flowed in greater and greater measure from the state capitol to the national capitol".

5. "These funds will strengthen the chief executive in his role of managing local government. They will be used--with the help of local citizen advisory groups--to identify the priority needs of the community and to develop a local comprehensive plan, which includes a strategy for resource allocations to meet priority needs, and which assures that both Federal and local funds are used effectively in concert with this plan. In this respect, the Planned Variation program offers us a chance to test another of this administration's reform proposals--the new Planning and Management program, announced in conjunction with the Urban Community Development Special Revenue Sharing proposal. This new program would provide assistance on a general basis for improving the management capacity of State and local governments".

"The administration also views Planned Variation as an important beginning step in the process of returning

authority to local government. We will carefully evaluate the results. It does not replace other Federal programs".

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