
CHAPTER XVII

PUBLIC-AID POLICY: THE SELECTION OF ENDS AND MEANS

Successful long-range planning in the field of public aid requires a full appreciation of the character of the problem to be faced and agreement as to the objectives of national policy. Given these prerequisites, we believe that the American people will discover the ways and means to implement their decisions. It is the object of this chapter to suggest the broad principles which should govern national public-aid policy in the future and the major financial and administrative principles whose application would facilitate the attainment of the proposed objectives. The application of these policies and principles to existing programs and situations will then be discussed.

The major purpose of this Committee has been to develop a comprehensive, consistent, and well-rounded

system of public-aid measures. It follows that a high degree of interdependence characterizes our various proposals. Failure to implement some of our major recommendations, such as the creation of a comprehensive general public-assistance underpinning system or the development of an adequate work program, would render meaningless many of our other proposals.

In making the following recommendations we wish to make it clear, too, that we do so only on the basis of experience and of trial and error up to the present. We set up before us certain goals, such as the maintenance of national unity, and our proposals to achieve these goals are based not on our individual judgments but solely on what the present state of evidence compels us to conclude will achieve these goals.

THE CHARACTER OF THE PROBLEM

The American public must base public-aid policy upon the acceptance of the following facts:

1. *The need for socially provided income, in whatever form, is in large measure a consequence of the imperfections in the operation of our economy and of personal, physical, or psychological defects, many of which may be remedied.*

The influence of economic forces is evident in regard to loss of income attributable to unemployment. In a still more fundamental sense the low incomes from private employment that, as this report has shown, are received by a substantial proportion of our people, especially in certain areas, create a public-aid problem. For not only is it impossible for persons receiving low incomes to accumulate savings against periods of unemployment, disability, or old age, but, even during the height of their earning power, such persons are denied access to many of the necessities and conveniences which Americans have come to regard as the basic essentials of decent living. It is obvious, too, that, even in periods of so-called prosperity, sickness and disability account for a large part of the need for public aid. The greater part of the public-aid problem is thus in the last resort merely an extreme manifestation of the general problem of our failure to exploit to the full our productive resources, to achieve a more satisfactory distribution of incomes and to make a more effective attack upon sickness and ill health. It follows that every constructive measure aiming to secure fuller and more efficient utilization of our productive resources, to rectify the present

maldistribution of our national income, and to improve the health of our people, will reduce the need for public aid as such.

2. *The public-aid problem is likely to be both large and persistent for some time to come.*

Although we may hope that intelligently applied national economic policies will be developed in increasing measure, it is idle to expect that the defects in our economic order will be remedied overnight. Common sense requires acceptance of the harsh reality that for many years to come there will be a widespread need for socially provided income. Analysis of the available data suggests that, even under conditions approximating full employment, the need for public aid is unlikely to fall below about one-half of its magnitude in 1940.

Whatever the causes of the great depression of the thirties, it is unreasonable to expect their permanent solution by the defense effort. Their reappearance may be delayed, but the country must be prepared to face them again, once the war is terminated. Even if spending for war should raise the level of national income to its practical maximum, it is problematical whether private demand for investment will be sufficient, upon the termination of the war, to absorb all the savings made at such a high-income level.

There may be developments in the investment sphere which cannot be foreseen at present. If the war should be of long duration, a backlog of delayed demand might accumulate, as it did in the first World War, so that a post-war spurt of private demand would offset part or

all of the decline in war spending, at least for a while. Nor do we know what "termination of the war" will really signify. It may mean drastic disarmament in a world of good neighbors, or it may mean maintaining a large navy and army in a precarious truce between potential enemies. Much will depend upon the extent to which America will be called upon to aid in the reconstruction of Europe. It is possible that the second World War will destroy Western civilization to such a degree that all long-range problems of oversaving or underinvestment will be "solved" for an indefinite period.

Nor must it be forgotten that the war program itself will cause economic dislocations with resultant repercussions upon the security of some sections of our people. While it is in progress, the war mobilization inevitably disrupts the peace-time economy and results in some measure of unemployment. Even if fiscal policy manages to facilitate full production while avoiding inflationary general price rises, there will be specific disruptions of costs, wage rates, and prices due to localized scarcities. The war industries are absorbing millions of workers, not only those who have been unemployed but also millions who were working on farms or in shops or were engaged in "submarginal" work. Once the war is terminated, these millions will be released. Will there be other industries ready to employ them? Certainly some program of readjustment will have to be prepared, with emphasis on the nonmonetary problems of productive facilities and employment.

In these circumstances, prudence demands that public-aid policy be postulated upon the probability of recurrence of need attributable to unemployment. It follows that planning for its occurrence must be viewed as a continuing and regular function of Government to be performed by agencies with permanent status.

The country has increasingly recognized the continuing nature of need attributable to old age and dependency and to short-period unemployment; and it has implemented this view by the creation of permanent agencies to administer programs dealing with these groups. There has been, however, an unwillingness to accord the same degree of permanence to the agencies concerned with long-term unemployment because of a belief that the problem is itself temporary. For the reasons we have given, we believe that this attitude reflects a failure to accept current realities.

We recognize that the attribution of permanence to an agency concerned with the problems of long-period unemployment involves a risk which has, no doubt, influenced Congress in its continued refusal to grant permanence to the agencies at present performing this function. It would be unrealistic not to recognize that

the will to survive is strong in all agencies. But it is equally unrealistic not to admit that a large part of this tenacity is attributable to the understanding which the agency has gained of the vast magnitude of the problem and the necessity for continuing appropriate measures.

Hitherto the Nation has met the issue by refusing to recognize the essentially persistent character of the problem. In the long run, this is not a satisfactory solution. Our analysis of the character of the social problem of unemployment convinces us that the question is not one of whether or not there should be permanent agencies, but rather how the necessary flexibility can be combined with permanence. *For it is evident that flexibility involving periodic expansions and contractions of functions and staff must be the outstanding characteristic of any agency charged with continuously planning for and, if necessary, operating such programs as may be required.* We would draw attention to the fact that precisely the same problem has been faced by our War and Navy Departments. Both of these agencies are charged with responsibilities requiring the establishment of a permanent nucleus for planning and operating a minimum program, and in periods of war or emergency both departments undergo great expansion. But when the emergency has passed they again contract. We see no reason why a similar flexibility should not characterize an agency responsible for dealing with the peace-time emergency of unemployment.

3. *The social problem created by economic insecurity is many-sided and requires for its solution a series of diversified programs.*

Our examination of the characteristics of the dependent population and of the operation of existing programs convinces us that loss or inadequacy of private income gives rise to three types of needs which, though closely related, are none the less distinguishable. These needs exist over and above the general need for preventive action to which we have already drawn attention.

The individual suffering loss of private income requires in the first place the wherewithal to purchase the minimum requirements of physical existence. This need for maintenance can, and we believe in general should, be met by the assurance of the necessary cash income. In the second place, however, certain types of health, welfare, and advisory services which are essential for well-being are not enjoyed by all persons receiving low incomes, including recipients of public aid, because they are unable to purchase them or because there is no machinery for supplying them. This type of need cannot be met merely by the assurance of cash incomes. Moreover, such services can be most effectively supplied by large-scale provision. They call

for the expansion and development of community resources and social services. In the third place, unemployment as such creates problems both for the individual and for society as a whole which require for their solution positive policies and constructive measures that aim to do more than provide merely for physical maintenance. The needs created by the loss of work can be satisfied only by the provision of work.

In a well-organized and wealthy society, it would be difficult to attach predominant importance to any one of these three aspects of the problem of individual economic insecurity. The solution of all three is essential to the well-being and stability of the Nation. On the other hand, it cannot be denied that a poverty-stricken community possessing limited resources would undoubtedly concentrate on the assurance of physical maintenance before tackling the other problems. And it is a difficult issue of policy, involving the weighing of important social values, whether a rich society such as ours should, if willing to expend only limited funds on public-aid programs, devote any part of them to the solution of the second and third problems until the first is satisfactorily solved.

During the last 10 years, maintenance has been provided for millions of our people, but there are still serious gaps and inadequacies in this basic provision. On the other hand, we have begun to recognize that even the assurance of physical maintenance is an inadequate response to the broad problem of loss or inadequacy of private income. We have increasingly and simultaneously adopted measures for meeting needs other than for physical maintenance, many of which, it should be pointed out, were of long standing. But, because inadequate funds have been available both to meet the increased need for physical maintenance and to grapple with the wider problems now recognized as created by loss or inadequacy of private income, our achievement has been very uneven. The provision made for the other-than-maintenance

needs of the economically insecure population has in some respects vastly improved. The level of living of many groups dependent on socially provided income has been raised, and they have secured public aid under less restrictive and offensive conditions than in an earlier period. But, because of the absence of an adequate underpinning system, for certain groups and in certain areas bare physical needs are still met not at all, or at best inadequately. Indeed, as the report makes clear, in some cases improvement of the position of certain groups of public-aid recipients has been purchased at the expense of others.

We have no hesitation in saying that if the country is prepared to sanction only limited appropriations for public-aid purposes, these funds should be utilized first of all to ensure adequate physical maintenance for all our people wherever they reside. *But the issue has never been clearly submitted to the country in this form, and we doubt whether it would be seriously contended that this country is so poverty-stricken that it must face this drastic choice.* On the contrary, we believe that the vast productive potentialities of our country offer ample leeway not merely for the assurance of decent maintenance for our people, but also for an expansion of our social services and for the provision of more nearly adequate opportunity for work. All of our policy recommendations which follow are based upon this premise. It is indeed important to observe that much of this expenditure yields a direct economic return to the Nation as a whole. Consumers with more purchasing power can absorb the surpluses of our agricultural economy. Healthier and better-adjusted citizens make better and more effective workers; and, given appropriate planning and careful selection of projects, workers employed on public projects can add as much to the material and nonmaterial wealth of the Nation as those employed by private enterprise or on what the public still regards as the "normal" functions of Government.

THE BROAD OBJECTIVES OF PUBLIC-AID POLICY

Full appreciation of the character of the problem of public aid would materially contribute to the clarification in the public mind of the objectives of public policy. For we are convinced that the American people as a whole desire the eradication of the distressing and disturbing conditions to which this report has called attention. In enumerating the broad policies which should govern national policy in the future, we recognize that there are many difficulties in the way of their attainment and that not all of them can be achieved overnight. But we believe that progress toward the goal of a better life for the people of our

country will be more sure and that the appropriateness or inappropriateness of specific measures will be more speedily apparent if we have at all times clearly in mind the nature of our ultimate objectives.

Our findings concerning the character of the public-aid problem and our analysis of established programs lead us to conclude that the major objective of public-aid policy is and should be to assure minimum security for all our people wherever they may reside, and to maintain the social stability and values threatened when people lack jobs or income.

We believe that the assurance of a decent minimum of economic security for all our citizens, regardless of place of residence, has become an essential prerequisite for the maintenance of a sense of national unity. The present emergency, by stressing the strategic significance of civilian morale and loyalty, reinforces all other considerations in support of this conclusion.

So long as the recipients of governmental aid constituted an insignificant proportion of the total population, the adequacy or inadequacy of the provision made for them was unlikely to react upon the stability of the social system of which they were a part. Suffering or demoralization of a few individuals here and there might have offended the susceptibilities of the more humane and stimulated the more active to agitate for reform. During severe depressions, marches of the unemployed and occasional riots served as a warning that inadequate public provision for incomeless persons might have serious social repercussions. But it led to no serious challenge or widespread loss of faith in the established order.

We live today in a different world. The tragic developments in Europe, the rise of dictatorships, and the collapse there of democratic forms of government have challenged old assumptions as to the permanence of existing institutions. It has become increasingly evident that systems of government inspire loyalty and faith only if they justify themselves by their works. Political democracy has little appeal unless translated into economic realities. To be worth dying for, a political system must make possible a society that is worth living in. To those who have nothing to lose, any proposed change in the form of government offers

at least the illusion of greater economic liberty and opportunity. Thus, our democracy, if it is to survive, must secure adequate and appropriate provision for the millions of people directly dependent for their livelihood upon socially provided income. In these times this objective of democracy assumes a new significance. It cannot be dismissed as a mere matter of sentimental humanitarianism; it is at once in the economic interest of society and the first line of national defense.

Individual and national well-being is, however, dependent upon much more than the mere assurance of basic economic security. Most of our people desire independence and a sense of participation in productive work. The division of our Nation into two groups—one independent and actively engaged in industry, agriculture, or commerce, and the other dependent and, although willing and able to work, unable to secure employment or to have any confidence that steps are being taken to facilitate their absorption into industry within a reasonable period of time—is not a healthy state of affairs.

The great security that the vast majority of our people look for is the opportunity to work at decent wages. If this opportunity were available for all, much of the need for socially provided income would be removed and many of the personal and social maladjustments attributable to idleness and a sense of difference from the rest of the community would disappear. Furthermore, the extension of the objectives of public-aid policy to embrace the assurance of work opportunity has evident economic advantages. It prevents the wastage and lack of utilization of our greatest productive resource, namely, our labor power.

THE SPECIFIC OBJECTIVES OF PUBLIC-AID POLICY

Having stated what we believe to be the broad objectives of public-aid policy, we think it desirable to make clear our concept of specific objectives.

1. *Every measure aiming at the prevention of economic insecurity must be prosecuted to the full.*

This recommendation follows from the fact that so large a proportion of the need for public aid is attributable to the imperfections in the operation of our economic order (in the form of both incomplete utilization of all our resources and a high degree of inequality in the distribution of incomes), or to remediable personal physical or psychological defects. The experience of our own and other countries has shown that the need for public aid can be materially reduced by judiciously applied social and economic policies. We do not believe that the American people will remain satisfied with palliatives when farther-reaching preventive measures are available.

We fully recognize that our recommendation envisages the attribution to government of a more active role in the economic life of the country. But the nature of the measures to be applied, in view of the size and national character of the problem, leaves no alternative. As a democratic society, we must utilize every instrument available for grappling with a serious threat to our welfare and our national solidarity.

It is a strange and melancholy fact that the people are prepared to accept the leadership and judgment of their freely elected government in regard to the needs and strategy of war and military defense but are distrustful of it in regard to the needs and strategy of peace and economic defense. We believe that the degree of personal insecurity that now characterizes our Nation and the admitted failure, hitherto, fully to utilize our vast productive resources constitute a real economic and social menace. We are confident that

when the American people fully appreciate both the severity of the situation and the potentialities of the tools now available to them, they will rise to the challenge and prove that their willingness to run the risks of social engineering is no less than their willingness to defend their country from attack from without.

2. *Government should provide work for adults who are willing and able to work, if private industry is unable to do so.*

We see no other way in which one of the most urgent social and individual needs arising from the instability of operation of our economy can be satisfied. During recent years this country has experimented more extensively and constructively than any other with the public provision of work. As we have already indicated, the record shows that a high degree of success has characterized this venture.

Acceptance of the policy of public provision of work undoubtedly involves certain economic and social risks, but much has already been learned from experience. It is now recognized that effective utilization of the idle manpower of the Nation calls for advance planning of projects by all levels of government. The great improvement in the quality of projects which has characterized the Work Projects Administration in recent years is largely attributable to the accumulation of a backlog of projects. This in turn has come into existence because State and local authorities have to some degree begun to regard public provision of employment when private enterprise fails to provide it as a normal function of government and to plan for it accordingly. It is evident, however, that public projects must be subject to expansion and contraction with changes in the volume of unemployment, and it will be no easy task to ensure that in periods of relative prosperity there is no cessation of the planning activity essential to the scheduling of worth-while projects for adoption as and when they are needed.

The devising of a variety of projects with sufficient flexibility to adjust to the changing numbers, characteristics, and experience of the unemployed presents real practical difficulties. The imagination and ingenuity which our people have shown during recent years in developing and organizing socially significant and useful projects encourage us to believe that these difficulties will not prove insuperable. Some of these projects may well involve government in certain fields traditionally regarded as the preserve of private enterprise. If government is to be forbidden to operate projects which yield products of the type produced by private industry, it is difficult to see how one of the major advantages of a work program can be secured: the maintenance and the creation of skills and work habits which will be in demand when private industry

recovers. Nor, if the scope of public projects is to be thus severely prescribed, can it be expected that work programs will attain another of their major objectives: the maintenance of the respect of the worker both for himself and for the job on which he is employed. The public must therefore be willing to countenance a diversification of the types of projects undertaken by government if the full social and economic advantages of the public provision of work for the unemployed are to be secured.

Admittedly, continuous work for those claiming to be involuntarily unemployed and capable of work cannot, in the economic interests of society, be assured to all workers regardless of their previous patterns of unemployment or the duration of their employment. But here, too, it should be possible to utilize the lessons of the past decade, and in our discussion of specific programs we make certain specific suggestions for a more effective allocation of the unemployed between work programs and other measures.

Finally, we recognize that the provision of work is, in the short run, a more costly form of providing economic security. But we believe that reluctance to countenance large expenditures of this type will be reduced as the public increasingly appreciates the real values of a work program, as compared with other methods of providing for the unemployed, and recognizes the material and nonmaterial gains reaped by the community as a whole from the productive utilization of otherwise idle labor. Opposition to such expenditures will also be lessened by a wider understanding of the contribution toward the achievement and maintenance of a high level of national income that can be made by a well-timed and sufficiently large public spending program. In this connection the experience of the war program should be instructive. Hereafter it will be difficult to argue either that a relatively small deficit of \$3 to \$4 billion will weaken the financial standing of the country, or that public spending does not influence the tempo of economic life.

In the last resort we do not face a choice between a painful and a painless social policy. The risks and costs of the policy of public provision of work must be set against the risks and costs of doing nothing. We believe that the social costs of prolonged idleness and denial of participation in the normal productive life of the community are so great as to overshadow the social and economic costs incidental to the provision of work by government.

3. *Appropriate measures should be provided to equip young persons beyond the compulsory school-attendance age to assume the full responsibilities of citizenship.*

Because the period between school-leaving and adult-

hood is decisive for the formation of both social attitudes and economic potentialities, society has a duty and an interest in making the most constructive use of these strategic years. We do not, however, believe that it is in the public interest that all young people under 21 claiming to be capable of and available for work should be entitled to expect government to supply them with jobs similar to those made available to experienced adults. On the one hand, the great majority of them will have had little work experience and are not "capable of work" in the same degree as experienced adults. On the other hand, it is not in the interests of society as a whole that all of them should be "available for work" during these years. Undoubtedly, there are some who would become better-adjusted adults through being engaged in productive paid work under realistic conditions immediately or almost immediately on leaving school. But the greater proportion of them would profit by further education and training. Whether this may best be accomplished through full-time attendance at an educational institution after the compulsory school-attendance age or through productive work with related training will depend on the characteristics and capacities of the individual youth.

In any case, during these formative years all young people should be assured of an opportunity to acquire that degree of formal and cultural education which is essential for the exercise of the responsibilities of citizenship in a democratic society. It is equally desirable that, by the time they reach the age of about 21, young people should have secured through experience the necessary work habits, discipline, and familiarity with the use of tools and equipment which will place them in a position to compete effectively for employment with other adults. If they have been thus prepared for participation in adult economic life, we believe that no special measures will be necessary for the age group 21-25, but that they should receive the same treatment as all other adults.

4. *So far as possible, basic minimum security should be assured through social insurance.*

The case in favor of extending the social-insurance type of security can be briefly stated. First, there is growing evidence that our people highly prize the privilege of receiving a form of socially provided income whose amount is specified in the law and not related to need, thus avoiding the necessity of undergoing a minute examination of resources or coming in contact with a relief system which still has obnoxious associations. Second, the fact that the right to income in certain contingencies has been introduced through contributory insurance systems offers the financial advantage of securing at least part of the cost of these benefits from prior contributions from the bene-

ficiaries themselves. Third, it seems likely that, once routines are established, the administration of a system of benefits provided as a right will prove less expensive than one in which each individual payment involves minute investigation of each separate case and the exercise of considerable official discretion.

Great importance must be attached to the social advantages of a system which minimizes the degree of official discretion in matters which closely affect the private life of the citizen. These advantages assume even greater importance as the numbers of persons affected increase, and as technical and economic considerations appear to point to a continuous extension of the activities of government. We believe that the vast majority of our people, including those at any time on relief, can be trusted to make the best use of whatever funds are given them and to manage their own lives in an intelligent and orderly manner.

It is evident, however, that in a certain proportion of cases there is need for more individualized treatment, calling not merely for greater flexibility and adaptability in the sums granted to applicants but also for guidance and an opportunity on the part of the applicant to discuss his problems with a trained official. For many persons, the need for public aid and the conditions giving rise to this need, whether death or illness of the breadwinner, unemployment or other catastrophe, tend to introduce serious tensions and emotional insecurity into personal and family life. This is especially true when the family has been reduced to complete destitution before receiving public aid. Change of economic status in itself also creates problems of social and economic adjustment regarding which professional advice may be desired.

It is also obvious that a society operating under conditions of private enterprise would run great economic risks in making universally available for an indefinite period stated security payments unaccompanied by any test of need. The danger is particularly acute in regard to workers in the productive years, especially if the differential between the minimum security payment and their normal level of earnings from private employment is relatively small. Financially also, the risks of making any specific sum of money generally available as a right, with no test of need, are considerable. For, if the sum is to be large enough to provide basic security for those with no private resources, it will be more than is necessary for those with resources of some kind. Total expenditures will inevitably be much greater than if payments were graduated according to need.

These considerations, however, do not in themselves imply that the social-insurance type of security is

undesirable. They point rather to the need for careful delimitation of the groups to whom social-insurance benefits are made available; namely, those who can reasonably be expected to require little more than alternative income when earning power is temporarily or permanently lost through reasons beyond their control and who are also unlikely to be deterred from seeking an independent livelihood because of the assurance of fixed payments in certain contingencies.

Furthermore, to the extent that economic uncertainty and the fact of destitution tend in themselves to create a need for advice and even therapeutic treatment over and above assurance of income, these considerations point to as wide an extension as possible of social-insurance measures. Social insurance, with its specified payments which can be definitely counted upon, is valuable not only because it provides income but because it prevents the discouragement and lack of initiative which uncertainty begets.

5. *A comprehensive underpinning general public-assistance system, providing aid on the basis of need, must be established to complete the framework of protection against economic insecurity.*

The adoption of the policy of publicly provided work for employable adults who cannot find private jobs, the development of adequate specialized programs for youth, and the extension of the social insurances do not remove the necessity for a noncategorical program capable of providing public aid to all needy applicants regardless of the causes of their need. The values of the special programs will be realized only if access to them is restricted to those, and only those, for whom each measure is peculiarly appropriate. In view of the diverse causes of economic insecurity and the many-dimensional character of the needs to which loss of income gives rise, it is doubtful whether it will ever be possible to group applicants for public aid and related services into a manageable number of neatly arranged and logical categories which neither overlap nor exclude any needy person, whatever the cause of his insecurity.

Quite apart from the difficulty of providing for all types of need through the special programs without detriment to the attainment of the proper objectives of each, there are other reasons for believing that the goal of assurance of access to minimum security will not be attained unless there is a comprehensive residual system of general relief or, as we prefer to call it, general public assistance. The special programs do not always provide even for those clearly eligible for them. The establishment of eligibility frequently takes time, but the needs of the applicant for maintenance may be urgent and immediate. Unless there is a residual public-assistance system in which the only

essential condition of eligibility is need, many applicants will undergo serious privation. Because payments on many of the special programs are not adjusted to need, they cannot be expected to provide for all types of situations. Recipients with unusually large families, those with special problems, or those incurring occasional large and unavoidable expenses will require some supplementary aid.

It follows that a stable, effective, and adequate general public-assistance system is a necessary underpinning to all the specialized programs and a vital element in any comprehensive social-security system.

6. *Social services which are essential for the health, welfare, and efficiency of the whole population should be extended as widely and rapidly as possible.*

The years 1930-40 have witnessed a notable increase in the provision by governmental agencies of certain community services, sometimes designed to assist mainly the public-aid population but often available to, and certainly needed by, all low-income groups or even by the entire population. Outstanding among these are health services, both preventive and remedial, educational and recreational facilities, better housing, meals for school children, and technical advice and guidance on a wide range of problems occasioned by the complexities of modern economic and community life.

We believe that this type of social provision should be expanded for several reasons. All of the services which we have listed make an important contribution to the well-being, not only of the individual but also of the community of which he forms a part. Their efficient rendering often calls for large-scale organization and for the ability to tap the resources of costly specialists and research organizations. This is notably true of health services. It is obviously impossible for the public-aid population to purchase these services. But it is equally obvious that, if the much larger numbers of the population who possess cash incomes of as low as \$1,000 or less a year are required to purchase these services, they can enjoy them to a vastly smaller degree than is socially desirable.

It follows, therefore, that where the national interest requires that certain types of service or facility be utilized to the full by the population at large, these services should be made freely available and regarded in the same way as elementary- and high-school education or access to the public employment service. The development of the social services in this way has the further advantage that it would permit a substantial increase in living standards with a minimum of both cost and interference with the wage and price structure. For since, in the case of medical facilities, the need for costly types of service is experienced only by

certain unfortunate individuals, it would be uneconomic to aim to provide all individuals with the minimum cash income necessary to purchase them. In any case, the attempt to provide through public aid or other

measures cash income to each individual which would suffice to pay for these services would involve making payments greatly in excess of the incomes normally yielded by employment in private industry.

FINANCIAL AND ADMINISTRATIVE PRINCIPLES

We have already stated our conviction that, given a clear understanding of the character of the problem and the objectives of national policy, the American people will discover ways and means to implement their decisions. The attainment of the objectives we have suggested calls for appropriate developments in the fields of finance and administration. In this section we indicate some of the major principles which we believe would be essential to more orderly financing and administration as well as to a more certain attainment of our goals. The application of these principles to existing programs and situations will be treated in the following chapter.

1. *The financing of public aid should be provided for as a normal and continuing function of government in a revised and reorganized fiscal system.*

This conclusion follows from our finding that the need for public-aid measures is persistent and will probably be of considerable dimensions for some time to come. Permanent provision for adequate and orderly support must be as assured as the provision now made for education, roads, and other normal responsibilities of government. The compartmentalized financing of public aid tends to place this function in the position of a financial residuary legatee—an unfortunate consequence in view of the fact that the need for expenditures is usually greatest when the fiscal resources of government are most strained. The treatment of public aid as but one of several normal functions of government is also suggested by the facts given in this report concerning the difficulties of allocating financial responsibilities for this function between different levels of government without taking into account the other responsibilities of the various governmental units.

We wish, however, to state our conviction that orderly and continuous provision of adequate funds for public aid, even when treated as one of several normal governmental functions, will ultimately call for radical revisions of our present intergovernmental fiscal relationships. Many of the problems that have arisen in recent years in connection with the financing of public aid are but an acute manifestation of a more general problem with which the country has yet been unable or unwilling to grapple; namely, the lack of adaptation and adjustment of the financial arrangements of government to the new functions (of which

public aid is only one) which government has been forced to assume. This lack of adaptation is evident in regard to both the time periods over which budgets are expected to balance and the distribution of fiscal resources as between the different levels of government. Many of the new functions call for a period of accounting considerably longer than a year, if the best economic results are to be achieved. And additional functions have been accepted by, or imposed upon, the States and localities with little or no consideration of their fiscal and economic capacity to sustain the expenditures necessary for efficient performance. Any such basic reconsideration of the appropriateness of fiscal resources to the responsibilities of the various levels of government is obviously beyond the scope of this study. We strongly urge, however, that consideration be given to the feasibility of such an investigation at the earliest possible moment. For we would repeat that the unsatisfactory character of existing intergovernmental fiscal arrangements is not evident in the field of public aid alone, although, as one of the newer functions to be supported by government, public aid has experienced these difficulties to a peculiar degree.

2. *Public-aid financing, even if treated on a compartmentalized basis, should be coordinated with the broader economic and monetary policies of government.*

The revitalization of the economy which has accompanied the vast national expenditures for defense and war purposes has again demonstrated that public spending directly affects the tempo of economic life. This report has also shown that public-aid disbursements are now of such a magnitude that changes in their volume and the methods by which they are financed play a major role in influencing the character and extent of fiscal measures designed to stimulate the economy. These facts must be duly reflected in future policy, for it is clearly absurd for public policy in one field to defeat the objectives of policy in another. Co-ordination of policy would obviously be easier if it were decided to provide for public aid as a normal and continuing function of government in a revised fiscal system. But, even if public-aid financing continues for some time to be treated in a compartmentalized manner, it should be possible to achieve greater coor-

dination with the broader economic policies of government.

Coordination of the financing of public-aid measures with these broader fiscal and economic policies of government has two aspects. In the first place, the specific financial provisions of public-aid programs must not be allowed to imperil the objectives of public fiscal policy. A situation such as occurred in 1937-38, when the imposition of pay-roll taxes undermined the effectiveness of a spending program, must not recur. It does not follow that the integral requirements of social-insurance programs must be sacrificed to the larger objective. Social considerations may well dictate the imposition or the increase of such taxes if the integrity and the special values of social-insurance measures as such are to be retained. But in such cases there should be full realization of the economic effects of this policy, and efforts should be made to offset these influences by appropriate changes in the other financial activities of government. Thus, for example, if realization of the objectives of social-insurance measures demands the imposition or raising of wage and pay-roll taxes despite the fact that the Nation has at the same time embarked upon a program of monetary expansion, it would be necessary to offset the deflationary effect of these taxes by a reduction in other types of tax or by deliberately planned compensatory increases in expenditures.

The second aspect of the coordination of public-aid financing with broader economic and fiscal policies requires that increasing attention must be paid to the utilization of public-aid measures as vehicles for the implementation of national monetary and economic policies. If an expansionist program is decided upon, public-aid measures offer a variety of devices for effectuating the desired end. Thus, if a rapid increase in consumer expenditures is desired, the unemployment compensation systems, suitably amended, offer a speedy and almost automatically operating mechanism for distributing funds to those who will spend them; they also provide certain safeguards to insure the termination of expenditures when their objective, the revitalization of the economy, has been attained. For, unlike an increase in spending attained through the grant of more generous assistance to the aged, an increase of public payments through the unemployment compensation system will automatically decline as employment rises, i. e., as the conditions justifying an increase in expenditures disappear.

The use of unemployment compensation in this way will, however, necessitate at least temporary changes in the principles on which the program is now financed, for it is evident that no increase in consumer purchasing power will occur if the increased disbursements are financed out of increased wage and pay-roll tax levies.

A direct subsidy from the general revenues financed by borrowing will be essential.

In the same way, if national economic policy should be based upon the assumption that continuous growth cannot be assured by the automatic functioning of privately controlled economic factors, certain types of public aid—notably work programs and improved health and welfare services—offer themselves as more suitable vehicles for implementing a spending policy than the payment of cash allowances, which call forth no immediate economic return.

3. *Reliance on consumption and earmarked taxes should in general be avoided.*

The heavy use in financing public aid of sales and other consumption taxes, wage taxes, and even pay-roll taxes, all of which fall more or less heavily on low-income groups, is of doubtful wisdom. As we show in the following chapter, in certain circumstances a case can be made for recourse to wage and pay-roll taxes, at least to a limited extent, in the financing of the social insurances. But no such justification applies to the use of sales and other consumption taxes.

It is obviously contradictory in a series of programs whose major objective is the enhancement of the economic welfare of the lower-income groups to collect any substantial proportion of the funds necessary to finance these measures from the very group whose incomes the programs are striving to raise. The greatest expenditures will occur in periods of depression because they will be occasioned by unemployment. At such times it is particularly important that consumption be stimulated rather than curtailed. An increase in consumption taxes in such a period would clearly be contrary to the economic interests of the Nation.

Reliance on earmarked taxes to a large degree, with the possible exception of the social insurances, is also unsatisfactory. There are few specific taxes whose yield is not directly affected by the level of economic activity. Yet the most fluctuating and at times the most substantial part of public-aid expenditures arises in periods of economic depression. It is obviously undesirable that expenditures should be curtailed at the very time when the need for them is greatest, because of a decline in the yield of an earmarked tax.

4. *A distribution of financial responsibility for total public-aid costs between the various levels of government is advisable and should reflect differences in need and in economic and fiscal capacity.*

There are wide differences between States, both in regard to the extent of need for public aid and in regard to economic and fiscal resources. In many cases the inadequacy of access to basic security experienced by some sections of the population is directly attribut-

able to the fiscal incapacity of the jurisdictions in which they reside. At the present time the financial responsibilities of the various governmental units vary from program to program and, for certain programs, from State to State. The resultant location of financial responsibility when all public-aid programs are considered together frequently fails to correspond to need or to economic or fiscal capacity. This situation must be remedied in any satisfactory long-range program.

In the following chapter some specific proposals are made toward this end. At this stage it is only necessary to observe that any such readjustment of financial responsibilities for public-aid expenditures will necessarily result in heavy financial participation by the Federal Government. Both its taxing and borrowing powers are much greater than those of the States and localities, and, as we have already indicated, the financial burden of public aid for many years to come is likely to be both large and characterized by sharp fluctuations from year to year. The practical question in carrying through any redistribution of financial responsibilities between levels of government on the basis of the principle we recommend will not be *whether* the Federal Government should continue to participate, but rather *where* that financial contribution can be made most effectively.

5. *The objectives of the various special programs should be clearly stated and distinguishable, and the beneficiaries of each should be only those for whom the specific type of provision is peculiarly appropriate.*

Our examination of the characteristics of public-aid recipients and our analysis of the potentialities and costs of the different measures now operating convince us that any satisfactory and comprehensive public-aid program must be highly diversified. Programs that are obviously suitable for certain types of persons are equally obviously inappropriate for others. Many of the administrative difficulties of the past few years and much of the inconvenience and uncertainty experienced by applicants, as well as the confusion in the public mind, have been due to the lack of clearly marked differences between the various programs and to the inadequate attention given to devising eligibility provisions which will admit to each program only those persons for whom it is appropriate.

The importance of the kind of clarification of objectives we have in mind may be illustrated by a single example. During recent years the people have been asked to approve measures directed toward satisfying the need of the unemployed for work, primarily on the ground that these measures were needed to provide for bare physical need. In these circumstances it is not surprising that those who are convinced of the im-

portance of constructive programs for the unemployed have on occasion opposed proposals for a more nearly adequate general-relief system on the ground that, because the peculiar and unique values of a work program are not generally appreciated, public support for a work program would be withdrawn if physical needs were met. It may well be that in the present confused state of public thinking, this danger is real. However, we believe that the remedy is not a perpetuation of the confusion, but a more strenuous effort on the part of those responsible for policy determination to clarify the issues. For in the long run it seems unlikely that progress can be made by indirection. Programs whose major aim is to provide work for the unemployed but for which public support has been sought on the ground that they are necessary for the assurance of physical maintenance, will be in a precarious position when the urgency of the need for maintenance alone becomes less evident. Regardless of whatever may have been the situation during the last 10 years, we believe that in the future a more determined effort should be made to enlist popular support for welfare and work programs by disseminating a wider understanding both of the specific objectives of these measures and the social and economic gains and costs of putting them into effect. Only if public policies are based upon a broad measure of popular understanding and approval of the basic objectives, can there be any hope for stability of policy.

We attach equal importance to the second part of the principle we have enunciated, namely, that the beneficiaries of each special program should be only those for whom that measure is appropriate. Inadequate attention to this principle in the past has led, for example, to the inclusion in unemployment compensation programs (where benefits are affected by wage levels and stability of employment) of workers whose past earnings would entitle them to benefits of an insignificant amount or payable for an unduly and uneconomically brief period. Similarly, at various times and places, persons who would not normally be members of the work-seeking population or who are of less than normal efficiency have been admitted to the work program, a situation which tends to discredit the program itself in the public eye.

More widespread recognition of the character of the total problem of public aid, of the peculiar values of each special program, and the appropriateness of each to meet the needs of certain types of the insecure population would promote more intelligent policy formation. Adoption of the principle we recommend would mean that it would no longer be possible to contemplate extensions or contractions of any given program without taking into account the existence of related meas-

ures and the relative desirability of expanding one rather than another. More specifically, it would mean that the size of the appropriation for WPA would not be determined, as now, mainly by reference to the fluctuations in the total number of needy unemployed persons. The relevant additional factors to be taken into consideration would be the characteristics of the total group of the unemployed, the nature and scope of the unemployment compensation program (both actual and potential), the character and availability of general relief, and the relative desirability of utilizing these programs to a greater or lesser extent as compared with work programs for groups with specific characteristics. Similarly, proposals to extend or liberalize legislation for unemployment compensation or old-age and survivors insurance would no longer be supported merely by reference to the illiberality of prevailing benefit rates or the restrictive character of eligibility requirements. It would be equally relevant, if the implications of the principle we recommend were fully appreciated, to take into account the availability of work programs, the special assistances and general relief and their relative appropriateness for the groups concerned.

This method of approach to public-aid policy has an important corollary. It points to the necessity for more adequate and comprehensive data concerning the social and economic characteristics of the public-aid population. Only when this information is available can intelligent decisions be made as to the desirability, from the point of view of both the individual and society as a whole, of providing for specific groups on one program rather than another.

6. *Although Federal-State cooperation is preferable as a general principle, the allocation of administrative responsibility for the various programs between Federal, State, and local governments should be determined by reference both to the capacities of the different governmental units for the exercise of specific financial, policy-forming, technical, and routine administrative functions, and to the national importance attached to the attainment of the objectives of the given program.*

The many-sided character of the public-aid programs, together with the close relationship that necessarily exists between all of them in view of their common concern with the problem of economic insecurity, precludes the adoption of any simple formula for determining whether administrative responsibility for public-aid functions is "naturally" or "inevitably" a State or local or Federal concern. The issue is no longer the simple antithesis of Federal *versus* local administration.

The importance of continuing State and local participation in the administration of a service so vital

as public aid to the welfare of each community is obvious. Even had not historical developments and established traditions suggested the wisdom of this course, practical considerations would lead to the same conclusion. In a country as large and varied as the United States, policies and programs must necessarily be flexible and adaptable to the peculiar needs of different sections of the country. These objectives are necessarily more difficult of attainment in a highly centralized administration. Local interest and initiative, so important in the maintenance of the democratic tradition, are most likely to be fostered if accompanied by a real responsibility for, and participation in, policy formation and administration.

On the other hand, it is equally evident that the Federal Government, as the only available authority capable of operating across State lines, must play an important role in many aspects of administration. First, any constructive attack upon the factors making for poverty and economic insecurity calls for many measures which can only be operated effectively on a national basis. The presence of depressed areas and stranded populations, calling for revitalization of industry or transferences of manpower or equipment, the training of a labor supply and its direction to the places and occupations where it is in demand, the carrying through of monetary and fiscal policies contributing to recovery, all call for action on a national scale.

Second, certain important public-aid programs can for technical reasons be operated only on a national basis. This is the case, for example, with the old-age and survivors insurance program, which involves a semicontractual obligation between government and the individual, running over a generation. With a mobile population, the rights of the insured population can be assured only if the responsible governmental unit is a national one. Economy of operation is also promoted if the record-keeping essential to a program of this type is the responsibility of a single governmental unit. Similarly, it is evident that for technical reasons the problems of the transient population cannot be handled solely by the smallest political units.

Third, purely financial considerations also point to administrative participation of the larger units of government. We have already indicated our reasons for believing that heavy Federal financial participation is inevitable. But all experience demonstrates that it is unwise to divorce administrative from financial responsibility. The Federal Government which will, as we believe, be heavily committed financially must exercise some control over the spending of the funds, not only in its own financial interest but also because it has a responsibility for assuring the attainment of the

broad objectives of social security for which the Federal appropriations were made.

The national importance of the broad objectives of certain public-aid programs will also condition the extent to which the Federal Government must accept responsibility for securing certain minimum standards of performance. While there is everything to be said in favor of State experimentation with varying policies and procedures, our national unity also requires that freedom to experiment, including the freedom to take no action at all or to continue with policies that have proved unsatisfactory or inadequate, must be limited by the overriding national interest.

The importance attached to minimum adequacy of performance of public-aid measures will vary from program to program. Obviously there are many programs in which wide differences in performance or even the absence of any program at all constitute no threat to the integral unity and welfare of the Nation. But there are others (among which we would place those assuring that needy Americans can secure adequate maintenance, regardless of place of residence, and those implementing the work objective) which we believe are charged with vital significance for the welfare of the whole Nation. Whether the attainment of these objectives, which have a national importance, can be secured by cooperative administration by the States and the Federal Government or will require the direct operation by the Federal Government of the program in certain parts of the country will depend upon the efficacy of the cooperative techniques adopted. Our preference is in general for jointly administered programs. The cooperative relationships that have been worked out between the Federal Government and the States in connection with various health, welfare, and assistance programs under the Social Security Act give much ground for encouragement. It has been demonstrated that a vast improvement in these services has resulted from the joint planning and action of Federal and State officials.

But we have also to recognize that there may be limits to this cooperation, and that the tempo of progress by this route may be unduly slow. In such circumstances the role of the Federal Government in specifying and ensuring the maintenance of minimum standards of performance may involve a supervisory relationship that is tantamount to direct operation and more productive of friction than Federal operation would be. The standards to be satisfied may even be so extensive that individual States may refuse to participate in the program. In such circumstances direct Federal operation may be the only practical and effective method of speedily attaining the national objective.

7. In jointly administered programs, special attention should be paid to defining as logically and clearly as possible the respective responsibilities of the participating governments and to developing techniques for cooperative action.

Although the application of the principles we have enumerated in point 6 above may suggest the desirability of operating certain programs on a wholly Federal, State, or local basis, there will be many which can most effectively be operated on a joint basis. It is indeed to be hoped that some for which Federal operation may now seem appropriate may ultimately prove amenable to joint administration. To an increasing degree therefore the distribution of specific administrative functions and responsibilities between partners in a jointly administered program and the improvement of techniques of cooperation will constitute a major administrative problem in the years ahead.

Our analysis of the problems which have confronted administrators in recent years suggests that some of them have been attributable to a lack of clarity as to the precise responsibilities of each partner. The Federal Government has been given a general responsibility for certain programs, but the legislation has left to the States a degree of freedom to determine certain characteristics of the programs which is inconsistent with the general responsibilities given to the Federal partner. This has occasionally resulted in action by the Federal agency which was undoubtedly consistent with its broad responsibilities but which could properly be regarded by the States as an overstepping of legal authority. Although no hard and fast rules can be laid down which would be equally applicable to all programs, we believe that administrative relationships would be smoother and that administrative functions would be more efficiently performed if the following principles were given greater weight in assigning functions to the Federal agencies:

(a) *The Federal partner should be given authority to secure conformity with the standards prescribed in the Federal legislation and to promote the coordination of the several State policies.*

The number and character of the standards for which minimum conformity is essential will vary from program to program and from time to time. Some programs may operate effectively despite wide differences between the cooperating States in the character of the program. Others may require substantial uniformity in respect to a large number of legislative provisions.

We conceive it to be an important part of the responsibility of the Federal agency to direct attention to areas where the need for coordination of State policies or for the securing of minimum standards of performance is essential. But, to minimize adminis-

trative friction between the two participating governmental units, we believe that the Federal agency should resist the temptation to stretch its present legal powers over standards or administrative procedures in an effort to secure the enforcement of these desired policies by indirection. It should rather rely on the possibly slower but ultimately more satisfactory method of openly seeking these additional powers from Congress.

(b) *In administering legislation, the Federal agency should devote increasing attention to the formulation of standards of performance in broad but definitive terms and abstain from the prescription of detailed regulations.*

If adequate general guides in respect to administrative activity and to standards to be incorporated in the State plans could be established, the necessity for constant Federal interference in the details of administration would either be eliminated or reduced to a minimum. This principle should be applied in cases where the Federal Government has a responsibility for standards relative to the nature and levels of payments made to public-aid recipients, the quality and efficiency of administrative performance, accountability for expenditures, and the like. The Federal agency should devote increasing attention to the perfection of techniques of general control which would obviate the necessity of case-by-case inspection and direct interference with administrative processes at the State level.

(c) *The Federal agency should be charged with responsibility for making continuous evaluative surveys of the operation of the State programs.*

On the one hand, the programs must be studied from the national point of view. The country needs to be informed of the extent to which the program as practically operating is appropriate for the situations it was designed to meet, and of the differences in performance as between States in regard to some of the more readily definable characteristics of the program, such as the levels of benefits or payments, conditions of eligibility, coverage, and efficiency of administration. On the other hand, the Federal agency should make available the results of experimentation by the States. The assertion that State operation provides 48 laboratories fostering experiments in policy and methods of administration is one of the most powerful arguments in favor of State, rather than national, operation of public-aid programs. Yet the advantages of experimentation can be secured only if the results of experiment are made known and if the experiments are directed to a common purpose. It is a corollary of this function that the Federal agency must have power to ensure the accumulation of basic data on a comparable basis for the country as a whole.

Greater clarity as to the respective responsibilities of

the Federal and State partners and a more logical and appropriate allocation of functions is an essential prerequisite for smooth and harmonious administration. But in itself it is not sufficient. We, therefore, attach great importance to the second part of the principle we have enunciated, that increasing attention must be paid by Federal, State, and local administrators to perfecting the devices and techniques for cooperative action.

In particular, methods of consultation between the Federal and State administrators should be exploited to the full. Sound development of policy and effective administration will be fostered if policy decisions concerning both the content of the program (in so far as this is not defined by legislation) and administrative policies and requirements are arrived at after consultation between Federal and State officials. One type of organization through which such cooperative decisions and administrative contacts could be promoted is the semiofficial body representative of State administrations. We have been impressed by the success which has attended the annual conferences which the Surgeon General is required to hold with State health officials, and we believe that such institutions could with advantage be developed in connection with other Federal-State programs. The presence of such an institution would not remove the necessity for frequent consultations between Federal and State personnel concerned with the more specialized aspects of administration where more technical problems of common interest would be dealt with. Nor would it remove the necessity for another development to which we attach some importance, a mutual familiarization of the officials of the two governmental levels with the methods of approach and with the problems faced by each. This objective would be fostered by more frequent field visits on the part of Federal employees, the object of which would not be inspection or enforcement, but rather the acquisition of an understanding of the situations faced by State administrators. We should also like to see an exploration of the possibilities of attaching State employees to the Federal administration for limited periods in order that they may fully appreciate the problems with which Federal administrators are faced.

8. *The advantages of administrative decentralization should be explored to the full, especially through a more constructive development of the regional basis of organization.*

Although the efficient administration of many programs will call for a high degree of centralization, it does not follow that there is no possible centralizing administrative unit larger than a single State but smaller than the entire United States. We believe that fuller utilization of the regional basis of organization

offers the possibility of avoiding some of the less desirable characteristics of highly centralized administration while overcoming some of the limitations of purely State-administered programs.

A more effective use of the regional basis of organization will call for consideration of a number of problems. In the first place, *increased attention must be paid to the selection of appropriate regions*. Since we believe that constructive and preventive policies must play an increasing role, the selection of appropriate areas must reflect this fact. In the second place, *every effort should be made to assure uniform regional boundaries for agencies operating closely related programs*. This is especially important in the case of such agencies as the Social Security Board, the Work Projects Administration, and those dealing with unemployed youth. In the third place, in many public-aid programs, *increased authority and responsibility must be given to the regional officers*. Determination of the precise sphere of their responsibilities will call for careful consideration, but experience suggests that for many programs, in addition to a high degree of responsibility for approving administrative operations which otherwise would be referred to the Federal agency, many policy matters (especially those involving the adaptation of broad national policies to the needs of their respective regions) could with advantage be vested in the regional officers. This would relieve the central office of many questions of detail and free it for the more appropriate function of over-all coordination, the development of standards and techniques of administrative and budgetary control, and the like.

9. *The personnel administering public-aid programs should be fully qualified by training and experience for the performance of tasks which call for a high degree of skill and professional competence.*

The administration of the many-sided public-aid programs we envisage cannot be entrusted to poorly trained or politically selected personnel. A high degree of skill and professional competence is required to determine eligibility and administer aid in such a way that human values are conserved and that the needy families and individuals are assisted to make the most of their own capacities and opportunities.

These skills, adapted to the objectives of each program, are needed by all officials dealing directly with people who are potential or actual recipients of any form of public aid. This applies equally to registration, occupational classification, and vocational guidance in an employment office; to the interpretation of objectives and procedures, and the rights of the insured, the adjustment of claims, and the consideration of appeals in the insurance programs; to comparable

contacts and relationships in the work programs; and to the making of loans and grants to farmers.

A high calibre of personnel is also called for if the intricate relationships which will necessarily exist between different agencies and different levels of government are to operate smoothly and in the public interest. The story of public-aid administration during the past decade is one of inventiveness and originality in developing new forms of organization which in some cases have been set up independently and in others have been made a part of older administrative structures. Particularly in the special-assistance and child-welfare fields, the organization of new programs has involved building upon patterns already created, and, in many cases, highly developed, in State agencies. The result has been a type of Federal, State, and local cooperation and a joint approach to common problems which tend to minimize the administrative difficulties encountered in the operation of specialized programs on three governmental levels. In consequence, the need for extensive and detailed authoritative controls has been lessened. Administrative cooperation has fostered a sense of participation in a common undertaking on the part of Federal, State, and local agencies and encouraged a unified approach to the problems of any given local community.

This type of cooperative effort has been possible to the extent that key positions on Federal and State headquarters and field staffs have been filled by qualified personnel, trained and experienced in the specialized fields which they were supervising. The type of relationship established by such personnel between different levels of government has been maintained through constructive supervision, consultation, and two-way interpretation of policies and problems. It has resulted in a growing acceptance on a Nation-wide basis, of standards of aid, of service, and of personnel, and also in the acceptance of Federal leadership in establishing these standards.

This report has drawn attention to the extent to which the character of the programs and their evolution have been influenced by administrative decisions and by the research and data made available by the different agencies. Inevitably the public must depend in large measure upon its administrators for guidance and knowledge concerning both the character of the problem and the appropriateness of the measures at any time adopted. This contribution to intelligent planning and sound development of policy can be made only by administrators who combine technical competence with an understanding of and sympathy with the major objectives of public policy.

10. *Citizen participation in policy formation and program operation should be encouraged wherever this is consistent with sound and impartial administration.*

Full realization of the objectives of public-aid policy depends in large measure upon the success with which the gap that now exists between governmental administrators and the public can be bridged. All events conspire to increase the role of government in the realm of public aid. The increase in the magnitude of the task, the growing emphasis on preventive and constructive services, the need for specialized and highly trained personnel, and the necessity for increased appropriations to secure the desired objectives, all point to utilization of government and in particular of large units of government, as the only effective instrument for implementing many of the objectives of public-aid policy. Yet there is an unfortunate consequence of what should have been merely an intelligent adoption by a democratic society of the instruments available to it for dealing with problems beyond the control of individuals or scattered groups. We refer to the marked tendency on the part of the general public to assume, once performance of certain functions has been assigned to government and particularly to the Federal Government, that the problem is no longer one with which the individual citizen need be concerned. Government and its operating agencies thus come to be thought of as entirely apart from, if not alien to, "the public," and officials are regarded as autocratic or arbitrary, instead of being what they really are—the servants of the public. We believe that a perpetuation of this attitude would be little short of disastrous.

Enlistment of lay participation both in policy forming and in certain administrative aspects of public-aid programs offers one method of bridging the gap be-

tween administrators and the public by giving the citizen a sense of responsibility for the programs with which he is connected. It brings to bear upon administrators the nonofficial viewpoint and fosters the adaptation of programs to existing local needs. Technical assistance can also often be rendered the administrator, as when advisory committees representing employers and workers are attached to employment offices to assist in local labor market analyses or in determining the technical requirements of certain occupational skills.

Equally important is the effect of lay participation in interpreting to the public at large the problems with which government agencies are faced. The citizen who can speak from a familiarity with these problems and who is personally acquainted with the many types of situation which confront officials can enlist public interest and direct criticism along informed lines, as well as defend the agency against unjustifiable attacks.

Finally, lay participation in public-aid policy formation and administration is a valuable channel through which the obligations of citizenship can be expressed. We believe that a large section of our population desires an enhanced civic responsibility and shows a readiness to make a social contribution where it can be effective. The willingness of citizens to devote time and energy to assisting in the local draft board machinery of Selective Service operations, and to participating in civilian defense activities demonstrates how great a response can be expected when the reality and significance of the job to be done are made clear. It is not too much to hope that the problems of public aid would call forth the same kind of citizen participation if their vital significance for the national welfare were appreciated.