

Howard Gillette Jr.: The Spiro T. Agnew Papers

# RIPON FORUM

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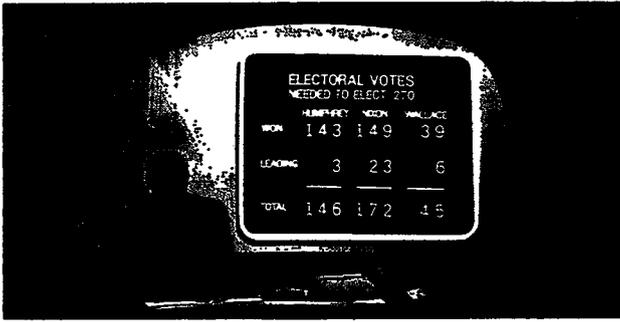
ONE DOLLAR



**Democrat Convention Contest (if any)**

by Clifford Brown

**Also: Jodie Allen and George Gilder on Welfare Deformed**



# Elections

## The Politics of Electoral College Reform

by Lawrence D. Longley and Alan G. Braun  
with a Foreword by Senator Birch Bayh

In this presidential election year, a book about the electoral college system is especially timely and important. The authors examine how the present system was established, how it works, and how it conceivably might fall. Beginning with a detailed examination of the presidential elections of 1960 and 1968, they proceed to describe and assess the various reform proposals and come out convincingly in favor of the direct vote plan. Finally, the events surrounding electoral reform activities in the late 1960s are carefully reconstructed to show the uncertain prospects for reform of the electoral college in the future. "I warmly welcome this thought-provoking and needed edition."—Senator Birch Bayh  
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# EDITORIAL

## The Stakes of SALT

The President is to be heartily applauded for the apparent fruits of his discussion in Moscow. His initiatives on strategic arms limitations have opened the way to the reduction of an American military effort excessive both in armaments stockpiled and in the resources diverted from other needs.

These agreements are being attacked on several grounds. None of them hold up under careful scrutiny.

The apparent relative numerical advantages the Soviet Union may now have, or with the development of a MIRV may be able to acquire, do not annul our technological superiority. Nor are the possible Soviet quantitative gains remotely adequate to permit "rational" men to contemplate nuclear war, or even a high risk foreign policy. As has been often observed, strategic superiority in present circumstances is nearly a meaningless concept. To modify the strategic balance in "significant" ways would require enormous expenditures of funds and highly visible activity lasting years.

An "irrational" attack, moreover, for which area ABM systems are represented to be a realistic defense, in fact can not be contravened without incurring much greater risk. If an effective continental shield against missile attack were possible and was deployed, the strategic balance might indeed be destabilized, greatly increasing the risk of a "rational" nuclear attack. The side without the defense might feel an interest in striking to prevent its deployment; the side with the defense in place might feel free to provoke war. Even though such scenarios are pure fantasy in the real world, it is worthwhile to relieve Pentagon and Soviet strategists of nightmares that may otherwise induce compulsive binges of spending.

The ABM treaty therefore minimizes a very dangerous and expensive item of arms competition. There is no telling reason even to spend the money that would be required for the Washington site agreed

to in the treaty. Furthermore, the limits on ABM deployment remove a significant incentive to pursuit of a qualitative race in offensive strategic weaponry. A good deal of this work in recent years has been aimed at combating potential ABM capabilities. In short, the risks in these agreements are exceedingly small, the probable and potential benefits are extensive.

President Nixon has set in train a broad range of significant measures toward achieving a safer and saner world. Coupled with continued SALT negotiations, discussion on European security and perhaps even a new U.S. position on the comprehensive test ban treaty, the outlook is more promising in this area than it has been since World War II.

Despite our enthusiasm, however, we must end on a more somber note. For all these gains can be lost if the Administration uses the SALT agreements as a pretext for wasteful new military deployments. It should be understood that the agreement allows the President to take credit for abandoning defense policies, like ABM, that never should have been seriously contemplated. It does not preclude new and equally costly blunders in the future.

Similarly, the agreement encourages the Soviet Union to rationalize *its* military spending. No longer will it be so inclined to waste money on ABMs and on multiplying its obsolescent offenses. Like the United States, therefore, the Soviet Union will become stronger, not weaker, both in economic and in real military terms. Incentives and rationales for military extravagance on our part will remain, and might even increase.

Whether the promise of SALT in fact is fulfilled thus depends on our abandonment of the policies that made the agreement necessary, and on continuation of the statesmanship that made it possible.

# EDITORIAL NOTE



## THE BETRAYAL OF FAP

The impending Senate Debate over HR1, containing the Administration's Welfare Reform Plan as passed last year by the House, poses a desperate dilemma for progressive Republicans. As Jodie Allen has shown, the program's flaws now raise serious doubts about whether it still deserves support. Wilbur Mills apparently achieved the miracle of combining in HR1 the worst features of both the existing welfare system and its most widely proposed alternatives. The Senate Finance Committee, meanwhile, has abandoned entirely the effort to create a national system and is instead proposing the use of police powers and Congressional rhetoric to force men to work and stay with their families.

These feats of draftmanship attest to the innate recalcitrance of the problem of income maintenance. It is impossible to create a system that simultaneously achieves the results demanded: that reduces costs, relief rolls, and family disintegration while increasing real benefits and work incentives. Still it is a tribute to Congressional ingenuity to have created a program that simultaneously would increase what should be reduced — namely, costs and relief rolls; while reducing what should be increased — namely, benefits, work incentives, and family stability.

In order to devise a better program one must decide which values are most important. The original rationale for FAP emphasized the preservation of stable working families. The extant welfare system was believed to have promoted familial disintegration, particularly as seen in the 34 percent of poor families headed by black women and in the 70 percent of ghetto children lacking fathers in the home. An investment to reverse this trend could be justified not only by the immediate benefits to the current generation of poor adults but also by the familial benefits to their children and by the improvement of urban life.

But in the course of developing legislation the goal of "family assistance" in these terms was complicated by the pursuit of other objectives, including fiscal relief for the states and a higher level of benefits for the entire welfare population. As often happens in social policy the attempt to accomplish several varying purposes ended in a failure to achieve any. As a result, well into the fourth year of the "New American Revolution," approaching the legislative climax of the battle for welfare reform — with Daniel P. Moynihan preoccupied in Cambridge and many of the other originators of FAP dispersed combatively through the Administration and across the country — we find ourselves further than ever from a consensus on what kind of a program we need.

### Two Approaches

The problem of income maintenance can be addressed essentially in two ways without prohibitive cost or without a degree of inflation that tends to eliminate the ostensible benefits. One way is to raise the base level (the amount paid to those without earnings) and to impose very heavy marginal taxes (the rate at

which the base level is reduced by earnings). This approach, which is currently favored by Congressional liberals and some HEW experts, confers the greatest benefits on the neediest poor, chiefly the blind, the disabled, and AFDC mothers of small children. The problem is its overwhelming incentives for familial disintegration and disincentives for work.

If a husband gets a job, he is a fool to subject his earnings to the high effective tax level (usually at least 70 percent) maintained under the welfare program, even if his wife is willing to displace her relatively dependable welfare benefits with his earnings. The best option is to leave home, thus allowing both husband and wife to keep their incomes. HR1 attempts to meet this problem by strictly separating the non-working categories of recipients from the potentially working poor, who are required to register for jobs. This approach works with the blind and permanently disabled. But long experience with AFDC has shown that the poor can learn to qualify for whatever category seems most favorable to them. Without costly and ineffective investigations of familial finances and relationships, the differential treatment would continue the incentives for familial breakdown.

Another response to the income maintenance dilemma is to set a base level substantially under the minimum wage (\$3.95) and impose a relatively low marginal tax on earnings, thus somewhat improving work incentives and diminishing though not removing the incentives for family disintegration. This approach was adopted under FAP. Nonetheless the work disincentives are not much alleviated, since they derive not only from the welfare system itself but also from the multiplying number of other programs, based on need, such as Medicaid and Housing subsidies, which have their own high marginal tax on earnings. Thus the degree of work motivation achieved even by very low ostensible marginal taxes on earnings may be insufficient. The problem of familial disintegration ironically persists in any program which tries to support families as units and reduces benefits in some significant proportion of earnings.

### The Work Incentive Enigma

Advocates of work incentives hope the beneficiaries leave welfare altogether, thus reducing total welfare costs. This hope, however, essentially depends on the existence of jobs at a pay level higher than the welfare level, as elevated by associated benefits in kind such as medical care and housing. Otherwise subsidies for the working poor would merely expand the numbers receiving benefits without significantly changing the corrosive incentives and conditions of the lives of welfare recipients.

FAP, even in its ideal form, thus would reduce the intensity of work disincentives at the cost of extending their coverage to millions more workers. Millions of the working poor would be given incentives to reduce their effort. One experiment, cited in an excellent unpublished study of the problem by Henry Aaron of Brookings, suggests that young workers would withdraw effort by some 30 percent and their elders by 16 percent. Of course, the higher percentage among youth may be due in part to the impact of young mothers on the statistics and thus represent a net social gain. But in any case it is no act of generosity, however well intended, to diminish the effort of young workers at the crucial early stages of their careers.

Even if the work incentives succeed, moreover, they will not be an unmixed blessing. If the subsidy induced recipients to accept work previously judged unacceptable, the low wage employer is the real beneficiary. To the extent employers thus can shift wage costs to the government, the incomes of the poor would increase less than the proportion of their incomes to be defrayed by the taxpayer. It is even possible that the program would exert a downward pressure on wages.

HR1 would replace incentives with coercion of various forms. But long and varied experience with unemployment compensation shows that it is virtually impossible to enforce work requirements even when employment is in the economic interests of the subject. When a job is a disaster — as under HR1 — jeopardizing valuable medical or housing benefits and effectively paying somewhere between less than nothing and 25 cents an hour, enforcement of work rules would be prohibitively expensive and ineffectual. Without reforms far more radical than those contemplated now, therefore, it seems clear that neither approach — high base level, high marginal tax rate, or low base, low marginal tax rate — will counteract the subversion of the families and the work incentives of the poor.

It is easy to conclude that you just can't get there from here: that no welfare reform which does not simultaneously reform all our social programs can redress the failures of our current system. Yet the movement is in the other direction: new programs based on means tests, such as daycare systems and housing allowances, promise to impose new penalties for any work that increases income above the relevant standards. Some of these programs are justifiable. After years of "poverty" programs that diffused their effort so widely that few poor people benefited, it is difficult to reject the principle that federal subsidies should be concentrated on those who need them most.

## Rediscovering Republican Platitudes

But we should appreciate that the subsidies give their recipients an interest in continuing the un-economic syndrome which created the need — and that we do noone a favor by destroying his motivation to pursue long term economic goals. In broader terms we should acknowledge that many of our social problems consist of a series of agonizing dilemmas, wrapped in the enigmas of individual psychology, rather than simple imperatives of justice and compassion.

One can understand, in any event, why the defenders of the current bill have shifted their emphasis from work incentives to more efficient administration and fairer distribution of funds. The bill will undeniably create a national system that can ultimately replace the hodgepodge of local programs. Although it will not eliminate the anti-social incentives inherent in need-based programs, the reform will give cash assistance to millions who are currently and inequitably denied it because they work, stay with their wives, or live in ungenerous states. Perhaps these gains are the best that can be hoped this year. But in HR1 the coercion and expense, together with the expanded numbers undergoing welfare corrosion, counteract these advances.

Unless the essence of the original Family Assistance Plan can be retrieved, in accord with the ultimately unsatisfactory, but nonetheless acceptable terms of Mrs. Allen's compromise — we are left with an inclination to support an experimental program this year, and return to the drawing boards for long and agonizing reappraisals of our social strategy. And on the basis of our recent experience we can expect to rediscover yet again the old Republican cliches. We will reaffirm that the best way to fight poverty is to expand our economy to reach the poor. Although welfare will always be with us, what we do to and for the poor never seems as effectively "generous" as what they do for themselves.

— GEORGE GILDER



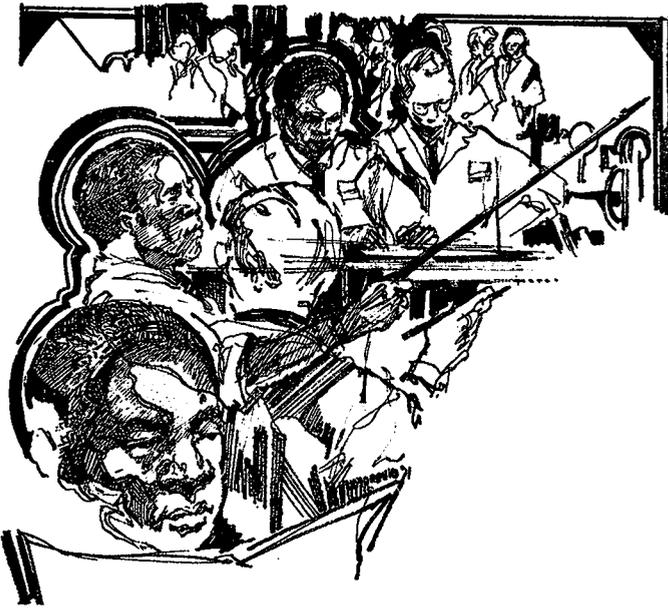
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*When high level officials in the Department of Health, Education, and Welfare are asked probing questions these days about the work incentives in the current version of welfare reform (Title 4 of HR1), they assume you have been talking to one of their former employees, named Jodie Allen. They do not, however, respond cogently to the questions. For as a widely influential treatise by Mrs. Allen maintains, "A Funny Thing Happened to Welfare on the Way to Reform." The crucial principles of the Family Assistance Plan — and the mechanisms by which it could truly assist working families — have been vitiated in the program passed by the House. Now on the staff of the Urban Institute in Washington, Mrs. Allen here defines the problem of reform and explains how the original goals of Family Assistance might still be reclaimed in an honorable compromise that should be acceptable to both liberal and conservative critics of HR1. The views expressed are her own and in no way reflect those of the Urban Institute. - G.G.*

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## How to Save Welfare Reform

by Jodie Allen



Our current welfare system discriminates against poor persons who work consistently, live with their wives, lack children or reside in poor and/or ungenerous states. Reforming it seems like such a good idea that there ought to be some way to do it — particularly since both the Administration and the House Ways and Means Committee appear willing to spend at least \$6 billion in the effort. Of course \$6 billion can hardly be expected to cure all the ills of a system which is already spending over \$10 billion on a rather arbitrarily chosen minority among our neediest citizens. But an additional \$6 billion, properly distributed, could obviously go a long way towards lessening our current inequities.

If the total \$16 billion could be recaptured (the \$10 billion of old money and the \$6 billion of new) and redistributed among all the poor without regard

to geographical or categorical distinctions, the gains could be much greater. But such a reform is thwarted by the minority of the poor who benefit most from the current welfare system and the associated multi-billion dollar programs of medical, food, housing and other in-kind assistance. None the less, the impact of \$6 billion more could be substantial if a reform strategy were devised targeting the money on those now most neglected.

Unfortunately, the possibility of realizing such reform seems even less today than it was almost three years ago when the Administration's Family Assistance Plan was introduced. As now incorporated in Title IV of a Ways and Means Committee bill designated HR1, the proposal has deteriorated in quality during its turbulent legislative history. The "liberal" wing of welfare reformers has become yet more extravagant in its demands, the conservative wing is growing ever more suspicious of any change except retrenchment by the states, and the Senate Finance Committee seems more determined to impose work requirements than to reform welfare.

The only hope for passage of an acceptable bill seems to rest on the ability of the Administration and Senator Ribicoff, who has presented a "liberal" alternative, to agree on a compromise measure that can be supported by a majority of the Senate and by the Ways and Means Committee conferees. The problem is to define such compromise.

The most obvious requirement is costs that do not greatly exceed the \$6 billion new Federal money in HR1. For working purposes, therefore, one might assume that nothing much in excess of \$7 billion has a chance with either the Administration or Wilbur Mills. Beyond this clear limit, it would seem at first

glance that the principal objections to HR1 from right and left are irreconcilable. For liberals complain that benefits offered by HR1 are too low and the conditions for receipt too onerous, while conservatives fear that the effect of the plan will be to drive another 2 million poor families into permanent welfare dependency.

In fact, however, both contentions are justifiable. The conservative concern with FAP's work impact seems valid. Although HR1 would now provide only some \$600 million in new Federal benefits to the 9 million persons in working poor families, it would expose them to strong new work disincentives, compounding their current income and payroll tax burdens with a high welfare tax rate of 67 percent. The welfare "liberals," meanwhile, are correct in pointing out that the \$2,400 base level will not improve the situation of the 66 percent of the non-working recipients who live in states with welfare payments over \$3,000.

In developing an alternative proposal, there are essentially four variables to be manipulated: 1) the basic guarantee offered to a person with no other income — \$2,400 in HR1, \$3,000 in the current Ribicoff substitute; 2) the "marginal tax," i.e. the amount by which benefits are reduced as income from other sources increases; 3) the type of accounting procedure used in determining eligibility for and amount of benefits paid in any given time period; 4) the amount and duration of fiscal relief offered to states and the mechanism by which it is produced.

Thus far liberal efforts have centered around raising the basic federal guarantee, a convenient rallying point, easily understood by the public. Raising the base level is ostensibly the easiest way to eradicate poverty in the United States, at least in the short term; and fiscal relief to states with high welfare payments is increased somewhat by increasing the guaranteed federal contribution.

Some of the advantages of this approach, however, are more apparent than real. The size of the new basic federal guarantee is of major concern chiefly to families with zero or near zero cash inflow. But there are very few if any such families in the U.S. today.

Current welfare recipients will not gain from a rise in the guarantee unless it is higher than their current combined federal and state welfare payments. The higher guarantee merely provides increased federal support for the states in maintaining existing benefit levels. Fully two-thirds of current recipients live in states with welfare payment levels of \$3,000 or better; and since raising the federal guarantee high enough to provide improved benefits for most of them would cost over \$30 billion annually, this approach is unlikely in the near future. In low welfare payment states, primarily in the South, raising the

federal guarantee above \$2,400 does improve the incomes of the poorest families. However, it may well disrupt the economics of low wage areas.

For people not currently covered by welfare but scheduled to be covered by FAP, namely the working poor, there is of course some absolute gain from an improved federal guarantee. Relative to other proposals, however, this gain is small. Since working families do not, almost by definition, have zero income, the actual benefit paid to them depends far more on the effect of earned income on the federal guarantee than on the actual amount guaranteed to persons with no such income. For the "working poor" therefore, the crucial issue is the marginal tax rate, determining the amount by which the federal guarantee is reduced on account of income from other sources, primarily earnings.

### The Crucial Margin

The level of the marginal tax, in fact, determines the very character of an income maintenance program. A high marginal tax, such as the 67 percent level in HR1, represents a return to the old welfare strategy of reliance on bureaucratic compulsion to stimulate work effort among the poor. A low marginal tax on the other hand represents adoption of a new income strategy whereby reliance is placed on the normal workings of the marketplace to provide the incentive for work effort among the poor. The marginal tax thus will decide the effect on the work motivations both of the millions of working poor to be covered and of the current welfare population.

But the marginal tax also determines the actual benefits paid to working poor families. With a high marginal tax rate, benefits are reduced very rapidly as earned income increases. With a low tax rate benefits are retained at much higher levels of earned income. *Since the great majority of working poor families (2 million out of 2.5 million) have more than \$2000 of earned income they will generally be better off with a program with a relatively low basic guarantee and a low marginal tax than under a program with a higher basic guarantee and a high marginal tax.*

For example, consider three alternative plans with equal cost of \$6.6 billion. The first plan has a relatively low guarantee of \$2400 and a similarly low 50 percent tax rate; the second has a somewhat higher guarantee of \$2700 and a 67 percent tax rate; the third has a yet higher guarantee of \$2800 and a 75 percent tax rate: To a family of 4 with \$2000 in earnings the first plan will pay \$1400; the second will pay \$1366 and the third, seemingly most generous plan, will pay only \$1300. At higher earning levels the relative disparity is even greater. And, of course, the low guarantee, low tax rate plan provides not only superior benefits but, by doubling the retention rate on earn-

ed income, it provides for greater incentives for work effort.

Furthermore the marginal tax, perhaps more than any other feature of a welfare system, determines the incentives provided for family breakup. Any welfare system — including programs such as AFDC-UF (unemployed fathers) in which male headed families are included — provides an incentive for family splitting as long as family benefits are reduced sharply on account of other income. With a high marginal tax on earnings, the total income of a family can always be sharply increased if the major earner deserts (or appears to desert) the rest of the family unit since the income of the deserting adult is untaxed in determining the benefit of the remaining family members. The higher the welfare tax rate, and the lower the additional benefit offered to a parent who remains in the home, the greater the incentive for family splitting.

Finally, influencing the work effort choices of recipient families, the marginal tax also determines the bill's ultimate long term effectiveness in fighting poverty. To the extent high welfare tax on earnings reduces work effort among welfare recipients, it not only increases total welfare costs to the taxpayer, but also reduces the total incomes of the poor. For example, under HR1's marginal tax rate of 67 percent, a welfare recipient who reduces his earnings by \$1.00 increases federal welfare costs by 67¢ while, at the same time, diminishing total family income by 33¢. Everybody loses.

A concern for work incentives is thus not regressive. Reduced work effort among the poor and near-poor not only might damage family stability and pride, but also would serve to aggravate and perpetuate the economic dependency of a large segment of our population.

A further objective in welfare reform is an appropriate accounting procedure for determining eligibility for benefits paid in any given time period. Data obtained from the income maintenance experiments and from national surveys indicate large numbers of families which temporarily dip below the monthly breakeven point despite adequate annual incomes. If these families are allowed to receive benefits, caseloads will increase by almost 75 percent and costs by over 20 percent.

To avoid this problem a simple and proven method is available — i.e., the use of monthly retrospective accounting with a "carryover." This procedure, adopted in HR1, has proven itself in experiments to be both responsive to the income needs of poor families and an efficient and equitable method of preserving annual equity in payments procedures. All that the carryover does is to keep track of the amount by which income in any month exceeds the monthly breakeven. Then benefits are reduced in subsequent

months by a *portion* (defined by the tax rate) of that income. Since the carryover has no effect on incomes chronically below the breakeven, no hardship is worked on the poorest families. (Indeed, under the plans being proposed here *the only effect will occur for families with annual incomes in excess of \$5,500*).

**DISTRIBUTION OF NEW FEDERAL DOLLARS  
UNDER H.R. 1. FY 1973<sup>1</sup>**

	Dollars	Percent
1. Increased Benefits for Current Recipients <sup>2</sup>	\$1.9 bil.	31.1%
AFDC	0.3 bil.	4.9%
Aged, Blind and Disabled	1.6 bil.	26.2%
2. New Benefits for 'Working Poor' <sup>2</sup>	0.6 bil.	9.8%
3. State and Local Savings <sup>3</sup>	1.7 bil.	27.9%
4. Services and Administration	1.9 bil.	31.2%

<sup>1</sup> A full year of FAP payments are shown. Payments would actually be made only in 2nd half of FY '73.

<sup>2</sup> Net of Current Food Stamp benefits.

<sup>3</sup> Includes "Hold Harmless Payments." Administrative Savings, and prior state payments displaced by Federal benefits (\$2 billion in current AFDC costs).

Source: Report of the Committee on Ways and Means on H.R. 1: Unpublished data from U.S. Dept. of Agriculture on Food Stamp distribution obtained from U.S. Dept. of HEW.

The last important element of a welfare reform alternative concerns fiscal relief provided to states and localities. But this objective tends to conflict with the goal of sound structural welfare reform. Many state and local officials press for higher federal guarantees merely because these will automatically produce some additional fiscal relief to states with high welfare payment levels. Much of this fiscal relief, however, would simply offset that which is already provided in HR1's "hold harmless" provisions by which the states are "held harmless" against future increases. Furthermore, raising the Federal guarantee is not an efficient way of improving fiscal relief to high payment states, because only a portion of the additional federal dollars go to displacement of state supplements to recipients in those states. An arbitrary and irrational pattern of fiscal relief is produced, depending more on historical levels of welfare benefits and caseloads than on current fiscal burden and effort.

Two alternatives for increasing fiscal relief are in fact far more efficient: Freezing state welfare payments at some proportion of current levels; or a federal sharing in state supplemental payments. In any case, while fiscal relief is an important side effect of welfare reform, it is at most a secondary objective, and long term structural reform should not be sacrificed to this end. Since under HR1 almost 30 percent of the total cost of the bill is earmarked for payments to states the priority for further efforts in this direction appears low.

It would seem, therefore, that the most salient shortcomings of HR1 in its current form are two.

First the marginal tax rate is too high. With a 67 percent tax rate beyond the first \$720 of earnings and a 5.2 percent Social Security tax, most working recipients will net at most 28¢ on a dollar earned. Many will net even less since they receive benefits under other assistance programs such as public housing and Medicaid. These programs also reduce benefits as a function of earned income and give rise to their own implicit taxes on earnings which must be added to the already high welfare tax. Some workers may actually suffer losses in net income from increased work effort since HR1 allows states to impose higher marginal tax rates on welfare recipients receiving only state financed supplemental payments.

### Work Incentives Worse

In fact, the work incentives offered by HR1 will be less than those provided under present welfare law which allows liberal deductions for work related expenses. More important, by including large numbers of working poor not currently covered by welfare, HR1 would extend this potential work disincentive to a far greater number of working persons. In return for submitting to this perverse work benefit formula, the millions of persons in working poor families would receive under HR1 less than \$600 million in new benefits, since over half of their total dollar payments under HR1 would be offset by loss of current benefits under the Food Stamp program which HR1 would abolish. (Indeed many working poor families will actually experience a net loss of benefits under HR1 since the Food Stamp program with its low average tax rate of less than 25 percent, provides superior benefits than would HR1 to any family earning over \$3500.)

Second, HR1 offers no protection to current welfare recipients against state action to reduce their current welfare benefits where these exceed the new federal minimum. Unlike earlier versions of the FAP proposal, HR1 does not mandate states to maintain the current welfare payment level or require them to improve these levels to compensate for the loss of Food Stamp benefits by current recipients. This problem is very easily resolved since HEW has simply assumed, without much apparent justification, that the states would do these things by their own volition. As a result, the incremental cost of mandating these actions has already been included in all the Administration's estimates of total HR1 costs. Maintenance of effort should be mandated instead of being left to optimistic assumption. Here is an improvement one can hardly oppose since it is essentially costless.

With regard to HR1's shabby treatment of the working poor, ostensibly the major target group of the reform, two considerable improvements are avail-

able at a reasonable cost. For an additional \$600 million one could adopt a plan with a \$2400 guarantee for a family of four, a flat 50 percent tax rate on earnings and a provision to allow recipients to deduct Social Security and income taxes from earnings in computing welfare entitlements. (Alternatively if reimbursement of payroll and income taxes is considered too large an administrative burden, a flat 45 percent tax could be adopted.) The chief advantage of this plan is its significantly improved work incentive for the vast majority of working poor who earn over \$720 per year. These workers retain 47 cents on the dollar (they lose 50 cents in FAP benefits but receive a rebate of 2.6 cents for Social Security taxes paid) rather than 28 cents on the dollar under the current version of HR1 (where they lose 67 cents in FAP benefits and 5.2 cents in Social Security taxes), an improved return to work effort of over 70 percent. In addition to increased work incentives, this plan *increases by 100 percent the benefits paid to the working poor*. And these increased benefits are directed toward those who work consistently, thus encouraging full-time rather than occasional work.

This improvement in both benefits and incentives for most of the working poor is achieved in part by eliminating the feature in HR1 which "disregards" the first \$720 of earnings in computing benefits. But within the constraints of a relatively meager budget increase, this reform is definitely a good bargain. A zero percent tax (earnings disregard) on the first few hundred dollars of earnings, as provided in HR1, may encourage sporadic ill-paid work among the current welfare population; however, the value of such work will normally not exceed the costs of providing the required supportive services, such as daycare facilities for welfare mothers with children.

In addition, even without an absolute earnings disregard provision, low level earnings of this type would probably be exempted from the welfare tax on the grounds that such income is irregular income and hence not required to be reported to the welfare office. The flat 50 percent tax is thus a far better incentive structure than the 0 - 67 percent structure in HR1 since most working recipients will experience a far greater return to additional work effort. A final advantage is an improved payment structure — taking account of all other taxes and benefits affecting the poor, and providing a base upon which one could rationally build future benefit increases. This, then, is the least costly and most basic improvement which should be sought.

A further and more drastic improvement, at an additional net cost of about \$1 billion, would retain the \$720 disregard feature of HR1 *in addition to* the

lower 50 percent tax rate and positive tax forgiveness features. Although the cost-effectiveness of the disregard is doubtful as a work incentive for the few families earning less than \$720 annually, it does lower the average tax rate for all working poor families. Thus not only are work incentives improved, but benefits to these families are more than tripled over their HR1 level. But the additional fiscal relief costs — which would be incurred by raising the basic federal guarantee enough to produce a comparable increase in benefits to the working poor — are avoided. (In fact, the \$720 disregard with a \$2,400 guarantee results in the same payment level as a *basic guarantee* of \$2,760 for any family with earnings of \$720, the great majority of the working poor.)

One last compromise should be considered. A great deal of liberal opposition has been directed against the mandatory work requirements of HR1. Retention of these provisions is no doubt a practical necessity for acceptance of the bill not only by the more conservative members of the Congress but by the public at large. Past experience with manpower training and job placement programs, however, has demonstrated volunteer demand for such programs in excess of capacity. A sensible modification, therefore, would provide that, notwithstanding other priorities for manpower referral, preference will always be given to volunteers. Two objectives will thus be achieved: objections to forcing mothers of small children to work will be blunted and scarce resources will not be wasted on ineffectual coercion of unwilling participants.

To finance some of these additional costs, at least part of the \$1.9 billion earmarked in HR1 for services and administration should be redirected towards the main purposes of the program. Until such time as manpower efforts, child care services, and other social programs demonstrate a better record of efficacy than they have to date, it seems wise to give first priority for dollars to the "income strategy" of welfare reform which the Administration espoused in its original proposals.

### Good Features of HR1

There are, to be sure, a number of worthwhile features in the present version of HR1. For example, it provides significantly improved benefits for the impoverished aged, blind, and disabled. And it lessens somewhat the disparity between benefits paid to recipients in the very lowest payment states and those in more generous or wealthy states. But the program falls far short of its avowed goal of basic structural reform since it neither provides any realistic work incentives to encourage welfare recipients to continue working nor, as a corollary, does much to improve the incomes of those who do work and are still poor.

What this failure implies, more than anything else, is a basic transformation in welfare philosophy from the early days of FAP to the present version of HR1. Originally there was strong emphasis on market incentives to achieve welfare reform, but now the emphasis is on governmental coercion. Past experience both with welfare and with unemployment compensation has shown that this approach does not work.

Nevertheless the curious belief persists in many quarters that HR1 will be able to achieve an effective reform of the welfare system by somehow coercing or intimidating millions of people into self-sufficiency. Common sense and past experience suggest otherwise. We need to supplement the incomes of millions of working people whose present earnings are inadequate to provide decently for the needs of their families. And we need to supplement these earnings in such a way that the recipients will not be tempted to reduce their current work effort.

Unfortunately, the current structure of HR1, or any of the weakened versions of it which might be passed by Congress, are powerless to achieve these dual objectives. To that extent, HR1 could hardly be classified as a reform measure. In many ways, indeed, it would create even more problems than we now have under the current welfare system by doubling the number of persons exposed to its debilitating features.

President Nixon in his welfare message of August 11, 1969, commented on America's past attempts at welfare reform, stating that "in each case welfare policy was intended to limit the spread of dependency: in practice however the effect has been to increase dependency and remove the incentive to work."

That was an accurate but sad commentary on welfare reform history, and regrettably HR1 could very well be another futile chapter in our history of ineffective welfare reform.



*In this article, which publication schedules required to be written before the California primary, FORUM Contributing Editor Clifford Brown appraises the prospects for the Democratic National Convention, to be held in Miami Beach, July 10-14. A State-by-State delegate accounting begins on page 14, with a chart on page 16.*

# A Guide to the Democratic Convention

by

*Clifford Brown*



In 1964, a California majority of one percent changed forever the nature of Republican national politics. This year another narrow majority may have a similar impact on the Democrats. But as the convention approaches, it is clear that no candidate can prevail in Miami Beach without a fight.

There are several important variables. Not least of them is the Wallace candidacy, very much alive despite the attempt on his life. The significance of the Wallace candidacy as a measure of national disquiet and as a portent for the future is vast, but the tremendous publicity and the spectacular primary victories only cover up Wallace's great weaknesses in terms of

actual delegate control. His impact upon the convention — whatever it may be — will stem from his public image and reputation as well as his potential for November activities — not from his ability to tie up or deliver votes on the convention floor. Close to two-thirds of "his" delegates will be beyond his control and he may receive fewer votes on the first ballot than those now assigned to him in national media delegate counts. The source of his votes are as follows:

1) First, he has elected in primaries and local caucuses about 70 hard-core supporters: Alabama 35, Pennsylvania 2, Texas 15, Louisiana 3, and a projected 15 more in other states. The outcome of further

Texas caucusing may well net him another 30 in this category for a total of 100. These he can hold forever or deliver at will.

2) In six other primaries he has won 294 additional legally committed votes:

Michigan	72	(Two Ballots)
Florida	74	(Until released)
Indiana	21	(Two Ballots)
No. Carolina	37	(Until released)
Maryland	41	(One Ballot)
Tennessee	49	(Two Ballots)
	294	

In each of these states, according to state law, Wallace is entitled to the votes indicated above through the ballots indicated. Convention rules, however, state that delegates may vote for whomever they please and their votes will be counted as cast, not according to the laws of

their state and the result of state primaries. In most of these states Wallace did not succeed in electing a slate of delegates actually favorable to him, but relied upon a primary victory and the state law to secure him votes. (In Tennessee, for example, actual delegate preference is as follows: McGovern 15, Humphrey 11, Chisholm 8, Mills 2, Uncommitted 4, with 9 to be selected; In Maryland, McGovern 18, Humphrey 5, Wallace 3, Uncommitted 22, five to be selected; the Michigan delegates (to be chosen) will be from the party establishment and needless to say will not be Wallace supporters. Several Florida delegates have stated a refusal to vote for him, etc.)

As a result there are strong revolts in the Michigan, Maryland, and Tennessee delegations which may possibly deny him as many as 100 of these votes on the first ballot. If either McGovern or Humphrey is within striking distance of a majority on the first or second ballot, he may attempt to break open one or more of these Wallace primary states. Similarly a move may be made by the Wallace forces (as well as the runner-up candidate) to keep the Wallace bloc intact. This particular issue may lead to a fight on the convention floor pitting the "right of the people in primaries to make their choice" against the "right of each delegate to vote his conscience." Candidates will no doubt do their arithmetic well on this one since both Humphrey and McGovern themselves have blocs of votes committed on a similar legal basis which would be threatened by a departure from the primary commitment principle.

Wallace himself may make the fulfillment of the letter of state law the definition of "treating him well." The party leadership — and the nation at large — could hardly relish the spectacle of seeming to cheat the partly paralyzed victim of an assassination attempt out of delegates he won by receiving the

third largest total number of primary votes cast in the country. Wallace's post convention activities, moreover, will be of great interest to the party leadership and to the eventual candidate. Wallace has sufficient visibility and notariety to get 5-10 million November votes without an active campaign.

3) The third source of Wallace votes is the large number of "uncommitted" Southern delegates. Recent reports indicate growing Wallace sentiment in South Carolina, Georgia, Louisiana, Kentucky, and Tennessee. A certain number of these delegates may well vote for Wallace on the first two ballots to satisfy home sentiment and to strike a bargaining pose.

But Wallace's control over them will be small and his ability to retain their votes will depend upon the McGovern-Humphrey configuration at the time — for there will be intense pressure to switch in order to affect the larger outcome. Still for a ballot or two, Wallace might project 65-70 votes from this source.

George Wallace, then, could receive as many as 400-450 votes on the first ballot, (see chart column 10) but he will not be able to hold them for long — and although delegates uncommitted but favorable may continue to vote for him after the 2nd ballot as a bargaining counter, it is doubtful that he could actually hold more than 250 for any length of time, 100 legally bound, 150 from loyalist primary states.

In addition to the California Primary and the Wallace factor, the third crucial variable is the disposition of the lesser or favorite son candidacies. Muskie will have a projected 147 votes, Mrs. Chisholm approximately 35, Senator Jackson about 30, Congressman Mills, Arkansas 27, Governor Sanford 27, and others about 30 — for a combined total with Muskie of almost 300 votes. How negotiable are these votes, how long will they hold out,

to which major candidate will they eventually go?

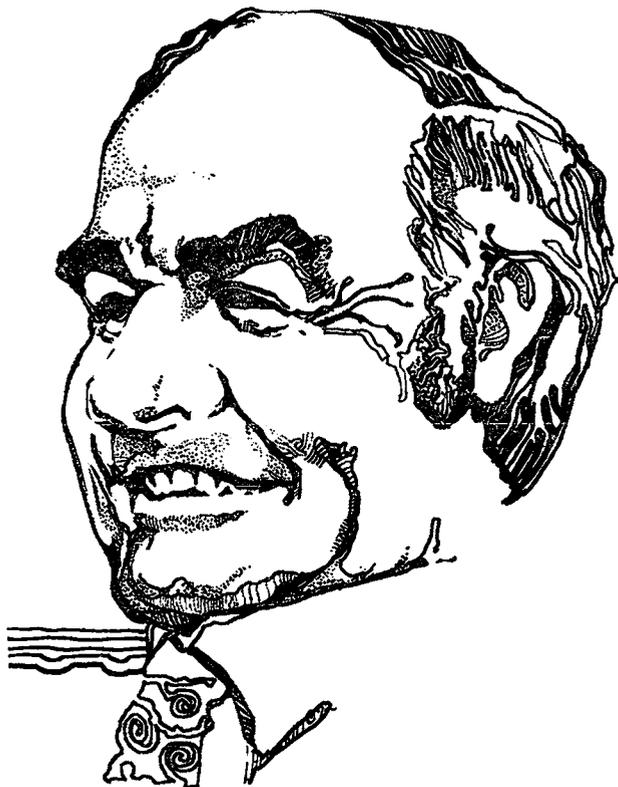
It is tempting to speculate that with Wallace tying down 250 or more votes and with 300 favorite son delegates, 550-600 convention votes might be tied up long enough for a convention deadlock. Possible, but unlikely. The Muskie delegates, especially in Illinois, are subject to pressure. Many favorite sons are susceptible to cabinet promises or whatever. The pressures to jump are very high — and the probabilities are that these delegates by and large will move in Humphrey's direction — although not for a ballot or two.

### McGovern Scenario

Considering these variables and the situation in the various states, what are McGovern's chances for nomination? Unless some cataclysm occurs between now and July, it is difficult to see how McGovern could arrive at Miami with less than 1250 votes. The delegates he has already won in primaries and caucuses, together with those which he has a near certainty of winning between now and the convention will give him this rock-bottom total.

An additional 100 votes above his minimal projection are possible from Texas, New Jersey, Connecticut, New York, and the "remaining West." These votes will not fall his way without special effort and some luck. But the effort to obtain this extra 100 votes before the convention meets will be one of the most crucial of his campaign. Although McGovern could be held back at 1250, above 1350 the dynamics of the convention itself would be sufficient to put him over.

History suggests that 43-45 percent of a convention vote can put a candidate over the top. In the history of American majority vote conventions, only two presidential and four vice-presidential candidates have received more than 40 percent of a convention vote and



have still not been nominated: Blaine, President, 1876 (46%); Fillmore, Vice President, 1852 (45%); Wallace, Vice President 1944 (43%); Colfax, Vice President, 1872 (43%); Grant, President, 1880 (41%); and Kennedy, Vice President, 1956 (40%). In a convention of 3018 votes 1300-1350 represents approximately the 43-45 percent range.

If McGovern reached the 1350 mark on the first ballot, his bargaining position might be very strong indeed, since the remaining 150 votes could come from several sources, which might compete to put the winner over the top. Daley, for example, could provide close to 100 votes himself. The "uncommitted" delegations from New York and West provide a rich field for negotiations. The leaders of delegations generally prefer Humphrey, but many inducements could be offered to pull 50-100 votes from these sources — especially if McGovern looked like a winner. Mrs. Chisholm might endorse McGovern after a ballot or two — for a possible 30-50 votes. The Muskie

delegation could provide a rich source of votes for a near-winner. Finally, if it came to it, McGovern could probably break at least 50 votes out of Wallace's legally pledged delegations in Tennessee, Maryland, and especially Michigan — or pick up that total from the fall-out after the second ballot.

But all hinges on that extra 100 votes mentioned above. If McGovern comes in with 1200-1250, the favorite sons and Daley will firm up and wait. Humphrey might align with Wallace to bring in a rule forcing the primary pledged delegates to vote as instructed, and the uncommitteds will be much more reluctant to deal with McGovern. Many people at the convention have a strong vested interest in a multi-ballot negotiated outcome.

If McGovern falls short of the crucial "extra 100," he will probably have to wait at least until the 3rd ballot before making his big push — again with the release of primary state pledges. If he does not make it then or shows no real momentum, he will have to pay the

penalty of being the front-runner. Given the nature of his ideological position and his cool relationship to the party regulars, once his totals stop rising, he can be held — and his chances of emerging at a later time are slim indeed. Front runners who falter have never been reinstated.

The McGovern effort has one unique quality: his support is very deep. McGovern may be held at 1200-1250, but he, in turn, can *hold* at 1200 — for many ballots. Consider the source and nature of his delegates. McGovern supporters in the caucus states are ideologically committed, and in the primary states he has elected his own delegates in virtually every case. (Some of the at-large delegates in primary states are not bonafide McGovern delegates — but less than 100 votes are in this category). The great advantage of being an anti-party candidate is that your support cannot be leached away on the fourth ballot. Admittedly many delegates are more committed to a *cause* than to a candidate, but until an acceptable alternative — not Humphrey — arrives, they are locked in for McGovern.

The question, then, is, if McGovern can hold at 1200, can Humphrey ever reach 1500 without having won in California? This question has two components. First, can 450-500 additional votes be withheld from him until his drive also falters, and, second, can he, after a loss in California, pull together the large majority of uncommitteds and favorite sons in order to mount the drive in the first place? (The uncommitteds will have to vote for *someone*, but the Wallace candidacy in the South and border states together with the various favorite sons and the possibility of Kennedy provide many umbrellas for their votes).

Wallace (250), Muskie (150), Daley (90-95), and Chisholm (40-50) could easily withhold this

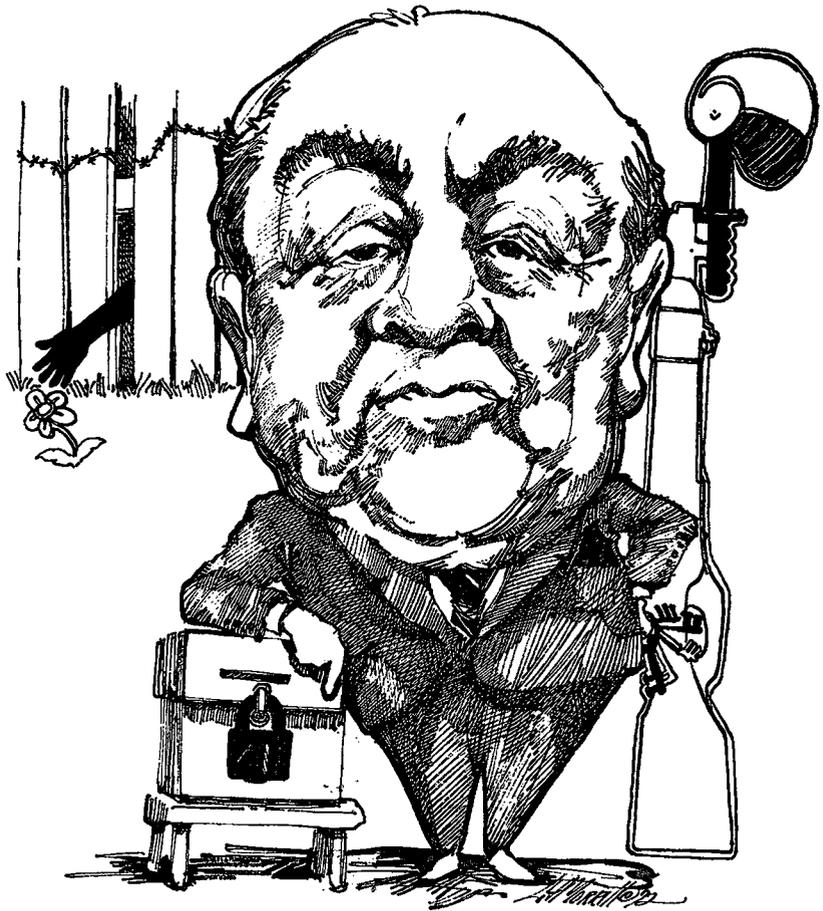
many votes — and each has an obvious interest in doing so: Muskie, the nomination; Daley, Kennedy; Chisholm, recognition; and Wallace notoriety. Yet Daley, Muskie, and Chisholm might be induced to vote for Humphrey under certain circumstances. Now though, it seems about an even chance that these lines against Humphrey would hold.

A more serious requirement would be for Humphrey to acquire widespread favorite son and uncommitted support in the face of McGovern's California victory. Humphrey is assured at present of about 500 votes before the "uncommitteds" commit themselves. Most of these uncommitteds favor him — certainly over McGovern — but they will have to start moving during the weeks after California and continue to move during the week of McGovern's New York spectacular; Humphrey must have a respectable 800-900 votes by the time of the 1st ballot. This is possible. But even if McGovern is held to 1200 by the end of the 3rd ballot, it will be very difficult for Humphrey to win unless *all* the traditional brokers move in his direction.

So if McGovern gets that crucial 100 extra votes we have referred to, then he will have about 1350 votes on the first ballot — and will

be nominated. (The accompanying chart, column 2, will serve as a scoreboard and checklist to measure his ongoing performance). If he falls short and controls about 1200-1250 on the first ballot, he may win after the Wallace primary delegation redistribution, but it will be close. If he doesn't make it on

the third ballot (fourth absolute latest), he will not be nominated, but he can probably deny Humphrey the nomination — in effect. This latter scenario would lead to a Kennedy nomination if he wants it, a return to Muskie, or a nomination of a dark horse such as Adlai Stevenson, III.



## The Democratic Delegates — State by State

### I. The Big Nine (1527)

#### New York — 278

McGovern contesting all but two NYC districts where favorite son slates for Badillo and Chisholm are uncontested. H.H.H. not entered, although a number of upstate (Albany, Buffalo, e.g.) "uncommitted" slates will probably win and vote for him ultimately. McGovern projects 240 votes, but 200 a more likely outcome. Rest largely to H.H.H.

#### California — 271

Winner take all. McGovern.

#### Pennsylvania — 182

Humphrey 57, McGovern 37, Muskie 29, Wallace 2, uncommitted, 12, to be selected 45.

#### Illinois — 170

Daley 95, Muskie 59, McGovern 16. Muskie's delegates holding at present. Humphrey hoping Daley will come across.

#### Ohio — 153

Humphrey 79, McGovern 61, Stokes 8, Hayes 5.

#### Michigan — 132

Legally, Wallace 72, McGovern 38, H.H.H. 22. Party leadership trying to erode Wallace position — he may have 60 or less by Convention time.

#### Texas — 130

Results from local caucuses indicate a deeply split delegation — H.H.H. will probably have a bit more than a third, McGovern and Wallace a bit less.

#### New Jersey — 109

The primary will probably elect a near majority of McGovern delegates; Humphrey a close second; a few for Wallace.

**Massachusetts** — 102

102 votes for McGovern.

## II. The Little Six (425)

**Florida** — 81

74 Wallace, 7 Humphrey by State Law. Wallace may lose a few on the floor.

**Indiana** — 76

Humphrey 55, Wallace 21 for two ballots.

**Missouri** — 73

The collapse of the Muskie candidacy should send a majority of Missouri to Humphrey. McGovern may get 20.

**Wisconsin** — 67

54 McGovern, 13 Humphrey.

**Minnesota** — 64

Humphrey can count on only 44 in his home state; the rest McGovern.

**N. Carolina** — 64

Wallace 37, Terry Sanford 27.

## III. Remaining South (244)

**Alabama** — 37

Wallace at least 31, may get 4 more.

**Georgia** — 53

Split and undecided. Some McGovern, some Chisholm, a number of first ballot Wallace votes; ultimately an H.H.H. majority.

**Louisiana** — 44

McGovern 9, Wallace 3. The Governor will control most of the balance. Humphrey in the long run, but a negotiable situation.

**Mississippi** — 25

Split and contested. No predictions.

**South Carolina** — 32

Similar to Georgia with McGovern stronger — perhaps 10-12 McGovern votes.

**Virginia** — 53

McGovern forces packed local caucuses, project 20-23 votes, rest negotiable, but Humphrey could pick up bulk of remainder.

## IV. Favorite Son States (116)

**Arkansas** — 27

Mills can hold as long as he wants — and deliver at will.

**Maine** — 22

Muskie all the way.

**So. Dakota** — 17

McGovern unopposed in June 6 primary.

**Washington** — 52

Jackson can expect no more than 40 votes in his home state — McGovern may get as many as 20.

## V. Historic Primaries (179)

**D.C.** — 15

Favorite Son Fauntroy.

**Maryland** — 53

Legally Wallace 41, McGovern 6, Humphrey 6, but many Wallace voters threaten to abstain or switch on first ballot.

**Nebraska** — 24

Probable results (awaiting absentee ballot

count): McGovern 15, H.H.H. 7, two uncommitted.

**New Hampshire** — 18

8 McGovern; Muskie's 10 may stay with him.

**Oregon** — 34

McGovern 34 for two ballots.

**West Virginia** — 35

H.H.H. 17, McGovern 6, Muskie 4, rest uncommitted.

## VI. Northeast Remainder + Territory (114)

**Connecticut** — 51

McGovern can hope for 30, rest probably H.H.H. The uncommitted slate defeated the McGovern slate at the state convention, but Ribicoff's endorsement will bring some support in McGovern's direction. Negotiable.

**Delaware** — 13

McGovern and Humphrey will split the delegation.

**Rhode Island** — 22

McGovern 22 votes for two ballots as result of primary.

**Vermont** — 12

McGovern has 9, Muskie 3.

**Territories** — 16

McGovern has 1/2 of Canal Zone's 5 votes. Most of rest probably to H.H.H.

## VII. Remaining Border States (135)

**Kentucky** — 47

Uncommitted Delegation elected — a few McGovern votes, bulk ultimately to H.H.H.

**Oklahoma** — 39

McGovern spade work on local level may bring 20 votes. Rest uncommitted — probably to H.H.H.

**Tennessee** — 49

Legally 49 Wallace. A dozen say they will vote Chisholm. May be broken open on floor.

## VIII. Remaining West (276)

**Alaska** — 10

**Arizona** — 25

**Colorado** — 36

**Hawaii** — 17

**Idaho** — 17

**Iowa** — 46

**Kansas** — 35

**Montana** — 17

**Nevada** — 11

**New Mexico** — 18

**N. Dakota** — 14

**Utah** — 19

**Wyoming** — 11

In this region, McGovern has done his homework and stands to capture nearly 1/2 of the delegate votes — although his momentum is slowing down. Early successes in Idaho, North Dakota, and Iowa are now tempered by relative failures in Kansas and Wyoming where Docking and McGee respectively will control some votes. Humphrey will be a close second in the region, with rest scattered. Alaska remains confused.

# DELEGATE CHART

		McGovern: Certain and high probable	McGovern Projected "Striking Distance"	Humphrey: Certain and high probable	Uncommitted, Unpredictable Not Selected	Muskie-projection	Favorite Sons - Chisolin, etc.	Wallace: Legally committed plus high probable votes	Wallace: Highest projection	Wallace: Hard Core	
<b>I. The Big Nine (1527)</b>											
New York	278	200	215	—	58	—	20	—	—	—	
California	271	271	271	—	—	—	—	—	—	—	
Pennsylvania	182	37	45	57	57	29	—	2	2	2	
Illinois	170	16	16	—	95	59	—	—	—	—	
Ohio	153	61	61	79	—	—	13	—	—	—	
Michigan	132	38	38	22	—	—	—	72	72	15	
Texas	130	18	25	46	53	—	—	45	45	45	
New Jersey	109	45	60	40	34	—	—	—	10	10	
Massachusetts	102	102	102	—	—	—	—	—	—	—	
		<b>791</b>	<b>833</b>	<b>244</b>	<b>287</b>	<b>88</b>	<b>33</b>	<b>119</b>	<b>129</b>	<b>72</b>	
<b>II. The Little Six (425)</b>											
Florida	81	—	—	7	—	—	—	74	74	65	
Indiana	76	—	—	55	—	—	—	21	21	—	
Missouri	73	20	20	40	13	—	—	—	—	—	
Wisconsin	67	54	54	13	—	—	—	—	—	—	
Minnesota	64	20	20	44	—	—	—	—	—	—	
N. Carolina	64	—	—	—	—	—	27	37	37	37	
		<b>94</b>	<b>94</b>	<b>159</b>	<b>13</b>	<b>0</b>	<b>27</b>	<b>132</b>	<b>132</b>	<b>102</b>	
<b>III. Remaining South (244)</b>											
Alabama	37	—	—	—	2	—	—	35	35	35	
Georgia	53	5	5	—	40	—	8	—	20	5	
Louisiana	44	9	9	—	33	—	—	3	25	3	
Mississippi	25	—	—	—	25	—	—	—	—	—	
South Carolina	32	10	10	—	22	—	—	—	15	5	
Virginia	53	20	20	—	33	—	—	—	5	—	
		<b>44</b>	<b>44</b>	<b>0</b>	<b>155</b>	<b>0</b>	<b>8</b>	<b>38</b>	<b>100</b>	<b>48</b>	
<b>IV. Favorite Son States (116)</b>											
Arkansas	27	—	—	—	—	—	27	—	—	—	
Maine	22	—	—	—	—	22	—	—	—	—	
S. Dakota	17	17	17	—	—	—	—	—	—	—	
Washington	52	20	20	—	—	—	32	—	—	—	
		<b>37</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>V. Historic primaries (116)</b>											
D.C.	15	—	—	—	—	—	15	—	—	—	
Maryland	53	6	6	6	—	—	—	41	41	3	
Nebraska	24	15	15	7	2	—	—	—	—	—	
New Hampshire	18	8	8	—	—	10	—	—	—	—	
Oregon	34	34	34	—	—	—	—	—	—	—	
West Virginia	35	6	6	17	8	4	—	—	—	—	
		<b>69</b>	<b>69</b>	<b>30</b>	<b>10</b>	<b>14</b>	<b>15</b>	<b>41</b>	<b>41</b>	<b>3</b>	
<b>VI. Northeast Remainder + Territories (114)</b>											
Connecticut	51	15	35	20	16	—	—	—	—	—	
Delaware	13	3	10	3	7	—	—	—	—	—	
Rhode Island	22	22	22	—	—	—	—	—	—	—	
Vermont	12	9	9	—	3	—	—	—	—	—	
Territories	16	3	10	3	10	—	—	—	—	—	
		<b>52</b>	<b>86</b>	<b>26</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>VII. Remaining Border States (135)</b>											
Kentucky	47	5	10	—	42	—	—	—	—	—	
Oklahoma	39	18	20	10	11	—	—	—	—	—	
Tennessee	49	—	5	—	—	—	—	49	49	20	
		<b>23</b>	<b>35</b>	<b>10</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>49</b>	<b>49</b>	<b>20</b>	
<b>VIII. Remaining West (276)</b>											
Alaska	10	}	130	170	50	51	25	10	10	15	10
Arizona	25										
Colorado	36										
Hawaii	17										
Idaho	17										
Iowa	46										
Kansas	35										
Montana	17										
Nevada	11										
New Mexico	18										
N. Dakota	14										
Utah	19										
Wyoming	11										
<b>TOTAL</b>		<b>1274</b>	<b>1371</b>	<b>516</b>	<b>605</b>	<b>147</b>	<b>152</b>	<b>389</b>	<b>466</b>	<b>255</b>	

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# Republican Summer Reading

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## To Catch The Falling Parties

Articles by Howard Gillette, Jr. and John  
McClaugbry on books by David Broder,  
John R. Coyne and Richard J. Whalen

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### THE PARTY'S OVER

by David Broder  
Harper & Row, \$7.95

### THE IMPUDENT SNOBS: AGNEW VS. THE INTELLECTUAL ESTABLISHMENT

by John R. Coyne, Jr.  
Arlington, 510 pp., \$8.95

Reviewed by  
HOWARD F. GILLETTE, JR.

David Broder's new book, *The Party's Over*, reports what by now is hardly news, a widespread public dissatisfaction with government at all levels. To document his thesis, Broder draws upon his own extensive field survey of voters for the *Washington Post* in 1970 as well as the startling Potomac Associates study, *The Hopes and Fears of the American People* (1971), which found that 47 percent of those surveyed believed unrest in America serious enough that "it is likely to lead to a real breakdown in this country," while only 38 percent said it is "likely to blow over soon." No one reading the Broder book will be surprised by the success of the Wallace and McGovern appeal this spring to the public's frustration with government.

Broder suggests a number of in-

stitutional solutions to what he calls "government at impasse": providing officeholders with adequate tenure and staff to meet their responsibilities, reducing the number of elected officials and disciplining the use of money in politics. Ultimately, however, he rests his hopes for reform in revitalizing the political parties, which he says quite flatly are responsible for the breakdown in government. He would open up party conventions, give parties greater control over policymaking and broaden avenues for public participation in all aspects of party life.

"The best cure for the ills of democracy is more democracy," he writes, "our parties are weak principally because we do not use them. To be strong and responsible, our parties must be representative; and they can be no more representative than our participation allows. Millions of us need to get into partisan political activity."

Broder assumes, of course, that citizens who join political party activities will be, like himself, people of good will, who will use their party power for good liberal ends by directing government to achieve positive goals. At least one other possibility has been put forward in recent years, however: that peo-



ple may be induced to join the GOP for reasons that have very little to do with solving problems through government. Despite his deserved reputation as a progressive Governor of Maryland, no Republican has given greater credence to building the GOP as a minority united against activists for social change than Spiro T. Agnew.

That is what makes John Coyne Jr.'s book, *The Impudent Snobs. Agnew vs. the Intellectual Establishment* so interesting. Coyne's 171 pages of text dryly analyzing media bias hardly makes the \$8.95 price tag respectable, but the 339-page appendix of 94 Agnew speeches makes fascinating reading.

From the speeches themselves emerges a man who relatively soon in the Administration abandons his early assignment as an expert in local and state government anxious to offer solutions for "government

at impasse." Instead he adopts a rhetorical and personally defensive posture designed to protect the Administration against criticism of outside agitators, including the press, as well as student demonstrators and black militants.

None the less, at the beginning he seemed relatively moderate. Thus Agnew entered the 1968 campaign with a pledge in Miami August 5 to "analyze and help solve the problems of this nation without dependence on the canned philosophies of liberalism or conservatism."

"I am positive," he told the Republican nominating convention, "that there is a better way to balance the complex relationship between federal, state, and local government than is presently being exercised. I know that Federal government must work more constructively, creatively, and above all more simply in meeting the problems of prejudice and poverty in our cities."

In his first month in office too, Agnew described his hopes for the Administration and America in a manner quite alien to the later verbal assaults which made him famous. Though he repeatedly criticized student militants, he always emphasized the positive in his appeal, as in Bowling Green, Ohio, February 15, 1969:

"President Nixon, too, understands the impatience of the young and finds in it the most promising sign of a promising generation. In their impatience, in their desire to participate, in their insistence on leading lives that are rewarding in quality as well as rich in quantity, they show themselves to be the finest crop of young people in our nation's history."

What criticisms he had of the press were balanced. He quoted Teddy Roosevelt and Walter Lippmann at Loyola College (Baltimore) June 8th, 1969, and warned against applying simplistic solutions to complex problems. Two

days later he told the Presidential scholars gathered in Washington that America's philosophy could be characterized as "pragmatic and progressive." In detailing reforms proposed by the Nixon Administration October 8 in Colorado Agnew articulated every theme which ultimately made President Nixon's 1971 State of the Union address a model for meeting the fed-up-with-government issue. "These reforms zero in on basic malfunctions of major American institutions," he said. "They attack the impersonality, irrelevance and ineffectiveness caused by bigger government that is not better government."

### Abrupt Change

With the advent of the Vietnam Moratorium in the fall of 1969, Agnew's style changed abruptly. His infamous attacks on impudent snobs, effete intellectuals and the media became the rule rather than the exception to his speeches.

To a certain degree, such a posture was encouraged by conservatives in the White House like Pat Buchanan, who seized the opportunity to stir up long-term rightwing fears of conspiracy in the press. Student radicals made an easy target. Buchanan made no secret of his desire to make the universities "the whipping boy of the Administration." From there it was just a short step to exploiting the so-called social issue in the 1970 campaign.

The theory that Agnew's turn-about was ordered by the White House gained credence this spring when Kevin Phillips wrote in the *New York Times Magazine*, of all places, that Agnew preferred the problem-solving role he was promised when he was picked for the job. Undoubtedly there is considerable truth to Phillips' interpretation, but Agnew's speeches suggest that he himself took personal interest in his line of attack.

As early as May 1, 1969, Agnew promised a Republican audience he would spice up his speech "just

to see whether I have lost the knack for making a headline." Besides, he said self-consciously, "when you are thought to be too efficient, nobody pays any attention. It's only when you slip on the ice and end up with a bloody nose that the world takes notice."

Throughout his attacks on the press he named CBS, the *New York Times* and the *Washington Post*, the *betes noires* of the far right. But he also took pains to attack papers which previously had been critical of him, such as the *Baltimore Sun*.

In Boston March 18, 1971 he revealed the personal dilemma he felt as an activist between, as he said, "the ennui of easy chair existence and pointless verbosity." "Forsaking the comfortable code of many of my predecessors," he "abandoned the unwritten rules — and said something."

Said something he did, and now the Vice President does not need to fall on the ice to draw attention. For advocates of responsible party leadership like Broder, however, Agnew does not offer much. His personal involvement in attacking phantom enemies of the Administration will continue to endear him to conservative ideologues without offering many guideposts for more effective government.

After the spring primary success of George Wallace, it is conceivable Republicans might encourage the Agnew rhetorical approach to the campaign this fall, especially if the opponent is George McGovern. My guess, however, is that by November the voters will not want just to send a message but to elect someone who can break government at impasse. Agnew's position on the ticket, whatever his appeal in knocking the establishment outside government, will not provide much assurance that the largest establishment of them all, the Federal government, will answer public needs any better over the next four years.

# Thanks For the Roses

CATCH THE FALLING FLAG

by Richard J. Whalen

Houghton-Mifflin, 294 pp., \$6.95

Reviewed by

JOHN MCCLAUGHRY

(reprinted from the  
*Wall Street Journal*)

Angry liberal indictments of Richard Nixon and his Administration are commonplace. Richard J. Whalen's *Catch the Falling Flag* is something else — a saddened, disillusioned indictment by an honest, conservative idealist.

Dick Whalen was one of the bright young men that Richard Nixon fondly exhibited to the press in the fall of 1967, just as his Presidential campaign headed into high gear. Then 32 and a staff member of the Georgetown University Center for Strategic and International Studies, Whalen came to Nixon through Raymond K. Price, now chief White House speechwriter, and Robert K. Ellsworth, who later became U.S. Ambassador to NATO, after a very brief stint on the President's staff.

By convention time in 1968, Whalen was out, Price submerged, and Ellsworth the marked prey of the men who six months later drove him out of the White House. Richard Nixon had shed his "idea men" in favor of his "mechanics" — John Mitchell, H.R. Haldeman, and John Ehrlichman; more precisely, the mechanics had driven off the idea men and assumed complete control of the President-to-be.

For two thirds of its length, Whalen's book is an account of his interaction with Nixon and the Nixon staff during the 1968

pre-convention campaign. Whalen throws some light into the strategy Nixon used to steer his course through the primaries and on to victory at Miami, but hardly enough to justify the lengthy treatment. Too many pages are devoted to disinterred Whalen memos to "DC" (the code initials used by "RN") which the author obviously feels were ignored or misinterpreted. The accompanying discussion of Nixon strategy is more a footnote to history than a startling expose. The reader can tend to lose interest in an analysis which avers that "a concession to the center-left . . . would misread the movement of the country to the right of the former liberal center."

But it is the last third of Whalen's book that deserves serious attention, for in it he portrays the transformation of the Nixon crusade from one of ostensibly high-principled purpose to a cause without substance. When Mitchell, Ehrlichman and Haldeman moved in, the early idea-oriented "bright young men" fell "under the heel of men basically unsure of themselves, second raters playing over their heads and fiercely resentful of anyone who dared approach them at eye level. Nixon's own insecurity caused him to need the protection of men willing to do whatever he wished. In return they wielded unmeasured influence. By controlling the environment in which he moved, screening every person, paper, and choice presented to him, they exercised power beyond argument or appeal." Faced with this situation, Whalen quit, prompting Leonard Garment to say, "Dick, the trouble with you is that you care too much."

Whalen then goes on to describe what the Nixon Administration has become in the hands of such people. He tells how Haldeman thoughtfully sent a dozen roses to long time Nixon personal secretary Rose Mary Woods, followed the next day by a Haldeman assis-

tant who asked her to move to "more spacious quarters" across the street. (Miss Woods, who has seen a lot of moves like that one in her day, refused, but thanks for the roses.)

According to Whalen, the "marketing managers of Nixon, Inc., working in their willed atmosphere of isolation, sometimes reveal almost an adversary attitude toward the rest of the Nixon Administration. Presidential vetoes are announced without warning to the heads of affected departments, legislative signals are switched without consulting Congressional leaders, and people at every level of the party, who supposed they were part of the game, discover . . . that no one inside ever heard of them." Haldeman, says Whalen, "is too busy to be bothered with anything but serving a President who doesn't wish to be disturbed."

## Odium for Kissinger

Henry Kissinger, along with Mitchell, Haldeman and Ehrlichman, comes in his for his share of the odium. Whalen accuses Kissinger, like Nixon, of having no conviction that statecraft should be an expression of a coherent personal philosophy or stable set of values, but only maneuver in an amoral universe ordered by realpolitik. For this reason, Whalen says, the American people have proven hard to rally behind the Nixon-Kissinger foreign policy.

Surprisingly, Whalen is kind to Vice President Agnew. After describing him as "absurdly unqualified" at the time of his nomination in 1968, Whalen portrays Agnew as proud, earnest, intelligent, likeable, independent, and contemptuous of the "punks at the White House" who continually send over detailed instructions for the Vice President, who throws them away. Agnew, according to Whalen, was enticed with the prospect of supervising domestic affairs while

Nixon wound down the war. Now he is disillusioned and frustrated: "There is nothing for him to attach himself to: no administration philosophy, theme, or identity. If Nixon had something genuinely affirmative and constructive to say, Agnew would enthusiastically spread that message. Because Nixon doesn't, Agnew can't." "We're not doing a goddamned thing about any of the problems that got us elected," Agnew is quoted as saying to a friend, "For that matter, we're not doing a goddamned thing about anything."

### Populism !!!

If the Nixon presidency is without any coherent philosophy, if it operates from day to day under policies established and ruthlessly implemented by a coterie of ad men and campaign flacks who hold the President virtual prisoner, how should Republicans "catch the falling flag?" Whalen alludes to a "new populist conservatism and specific programs for Middle America," but regrettably fails to spell out a coherent platform about which his hoped-for catchers of the flag can rally.

The closest he can come is an identification of the problems to which a conservatism should respond: erosion of traditional values and respect for authority; decline of patriotism; the rise of welfarism and the decline of enterprise and craftsmanship; the attack on neighborhoods and schools; and a lack of concern, within both the liberal and conservative elites, for the average man's job security or economic well being. The best Whalen can propose — in his final memo to Nixon in February 1970 — is a major effort to develop the institutional resources to construct a sound, appealing platform along thoughtful conservative lines.

In a concluding open letter to his old boss, Whalen begs the President to recognize that "we Repub-

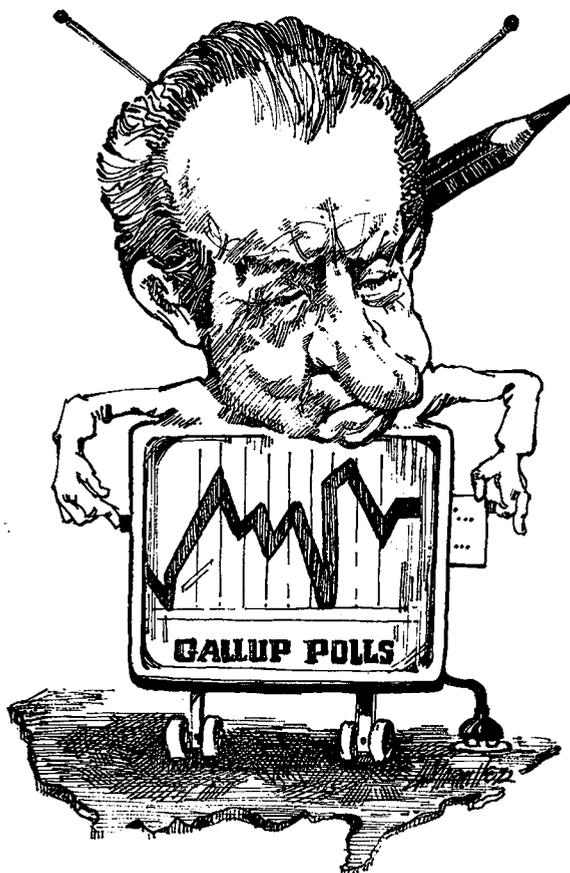
licans, while temporarily enjoying governing power, have contented ourselves with overseeing a government we do not truly control, one that is moving by blind momentum further and further away from our party's distinctive beliefs. Without intending it, we have replaced the meddling philosopher king of the liberal state with the repressive policeman-king of the pseudo-conservative state. Instead of doing everything possible to revive the decisive force for civilized order, the confidence of the people in themselves and their freely chosen codes, we have hastened the transformation of a free citizenry into a protected and controlled subject mass. In the process, we have undermined our party's reason for existence."

Many thoughtful and concerned younger Republicans, ranging from Josiah Lee Auspitz and Michael F. Brewer of the Ripon Society to

Kevin Phillips and Jeff Bell on the conservative end of the spectrum, have echoed Whalen's note of anguish and alarm. Can a party organized around no principles more important than perpetuation in office become a genuine majority party? Or is it necessary to revive such ancient Republican ideals as individual liberty, community, order with justice, a strengthening of the institution of private property and a wider distribution of its ownership, and a commitment to excellence and honor? Whalen does not spell out the platform, but his choice is clear.

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*John McClaughry, now a Representative in the Vermont legislature, was Special Assistant to Richard Nixon for Community Affairs during the 1968 campaign and transition period. Recently chief author of a Sabre Foundation study on "Expanded Ownership," he is now running for the GOP nomination for Lieutenant Governor.*



# Closing The Gaps In Housing

by *Albert A. Walsh*

The House and Senate are now considering the most sweeping legislative program for housing and community development since the first public housing law was enacted in 1937. The Housing and Urban Development Act (Senate 3248), sponsored by Senator John J. Sparkman, chairman of the powerful Committee on Banking, Housing and Urban Affairs, was approved by the Senate on March 2, by a vote of 80 to 1. The House version has cleared the Housing Subcommittee of the Housing Committee on Banking and Currency.

Twenty years ago, Congress established as a national goal, a "decent home and suitable living environment for every American." The Senate vote is a strong affirmation of that goal, which we have never before seriously addressed. In fact, at this moment, our nation does not really have a housing policy at all. What we have is an unwieldy pile of separate laws and programs accumulated since the great depression.

In the thirties, we attempted only to help the poor, with the new public housing idea, and to aid the marginal home purchaser by insuring his mortgage. But as the years went by, rising costs put decent accommodations out of the reach of a broader and broader economic band of the population. No longer the poor alone, but "moderate" and "middle-income" families began to turn to the government for help.

So today legislators have a commitment to provide housing aid for all of those who cannot afford decent housing at private market prices. Inflation has raised the estimated number of such people to an awesome 50 percent of the population; in our large and congested center cities the

figure is even higher — above 70 percent in New York.

Until now, however, the legislative tools, grown up piecemeal over the years in response to past conditions, have been entirely inadequate to the task. For example, the Federal interest subsidy program (Section 236 of the National Housing Act) and the mortgage insurance programs were designed, reasonably enough, with mortgage limits, so that costs would be held down to an economically feasible level. But with the galloping inflation of the past fifteen years, especially in the construction industry, the Federal limits have recently been so far below the actual costs in many areas that the programs could no longer be used.

At the same time, housing officials have confronted an administrative nightmare. Different income levels at which applicants for apartments would be accepted, different proportions of income that tenants were required to pay, different construction cost limits, all led to confusion, frustration and frequent failure.

Furthermore, we are no longer creating the housing conditions we plan or serving those we want to serve. Because the tenants of publicly assisted housing have tended more and more to come from the bottom of the economic ladder, the result has often been inadvertent segregation, both economic and racial. And we are not able to fulfill the intended purpose of Section 236: to give help through interest subsidies to the lower-middle-income group that needs this form of aid. For when a family passes the income eligibility level for public housing, it also is making too much by current standards to be eligible for Section 236.

All these problems have been compounded by a critical shortage of Federal funds for housing purposes. What one Congress authorizes, the next does not appropriate; and part of what is appropriated, the Administration impounds. What we do get, we get so late that it is no longer adequate within the legislative prescriptions because costs have gone up in the meantime.

The need for major change was evident to most observers. The key practical breakthrough was made by the Policy Development Committee of the National Association of Housing and Redevelopment Officials. After an intensive study of the housing laws and housing needs across the country, this committee developed a completely new, unified housing approach to replace all that had gone before.

The result was a bill sponsored by Senators Edward Brooke and Walter Mondale of the Senate Committee on Banking, Housing, and Urban Affairs: "The Housing Reform Amendments Act of 1971." A great deal of proposed housing legislation was already before the Senate Committee, including an admirable bill from the Administration, similar in its general thrust to the NAHRO plan but less far-reaching. So Senators Brooke and Mondale offered their bill in amendments to it.

The Brooke-Mondale proposal envisaged a single, variable subsidy mechanism for all federally-assisted projects, based not on the cost of the project but on the family's need and ability to pay. The subsidy was

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*Albert A. Walsh, one of the few remaining Republicans in Mayor Lindsay's "Fusion" government, directs New York City's Housing and Development Administration.*

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to cover not only debt service, but the entire difference between rental income and total operating costs.

The tenant family would pay what it could afford, and the subsidy would cover the rest. As the family's income increased, its rent payment would grow, and no family would be forced to move because of increased income. It would merely pay the fair market rent and no longer receive a subsidy. Every project would therefore contain a wide range of income groups, with the result that the projects would be economically viable, and the unintended but inevitable ghettoization of projects would be eliminated.

The plan provided that any family with an income below the median income for the area would be eligible, with 20 percent of the units in any project being set aside at initial occupancy for the lowest-income group. Rent/income ratios in a local sponsor's program would be required to average at least 20 percent, and no family would be required to pay more than 25 percent of its gross income less the standard public housing deductions. Construction costs were to be based on local prototypes, not on rigid statutory limits or national administrative standards. Sponsors could include public agencies, nonprofits, cooperatives, and limited dividend corporations.

The plan proposed two important incentives to local governments to ac-

cept the construction of new assisted projects. One was a special grant to help defray the cost of increased public services, such as schools, health services, and so on. The other was the provision that all new publicly assisted projects would pay full real estate taxes. These taxes, regarded as part of the cost of operating the project, would accordingly be part of the cost covered by the variable subsidy. Finally, the Federal government was empowered under the proposal to act as Houser of Last Resort, in areas where the need was apparent and no local sponsor could be found.

### Ending Ghettos

The Brooke-Mondale proposal offered enormous advantages over our present housing picture. It was uniform. It would work anywhere: city, suburb, or town. It abolished ghettoization by making *every* houser able to house *any* needy tenant. It had realistic cost limits, arrived at by a method which had proven itself in the public housing field. It reduced bureaucratic involvement and red tape to a minimum. It closed eligibility and income gaps. Unlike the common notion of housing allowances, it not only assisted families but also directly subsidized the production of badly needed new housing. And it removed the greatest obstacle to such housing by offering incentives to communities to accept it.

"A word spoken in due season,

how good is it!" says the Proverb. The new Senate bill, passed with only one dissenting vote, incorporates not all, but very many of the Brooke-Mondale proposals.

It eliminates the problem of varying construction costs across the land by pegging permissible cost limits to local prototypes. For private construction with government assistance, the law allows a limit of 120 percent of the local prototype for land, site improvements, and construction. For public housing, it allows 110 percent exclusive of land and site improvements. It would have been better if the public housing provision had been applied to both, because a 10 percent margin might not be enough to accommodate specific land costs and site conditions. But any housing official would be glad of the chance to work with local reality.

There is a common definition of income which would apply across the board to public housing, subsidized home ownership, and private multiple dwellings built with government aid, and there is clear intent to apply similar eligibility criteria to both public and publicly-assisted housing. The bill provides a standard definition of what constitutes "low" and "very low income" in publicly assisted projects. "Low" is defined as 90 percent or less of the median income for the area, "very low" as 50 percent or less of median. For public housing, the definition of these terms is left



to the discretion of the local housing authority, with the Secretary's approval.

In new public housing projects at least 20 percent of the incoming tenants must be "very low income." In private housing with public assistance the requirement is a little more complicated: 20 percent of the new tenants must be unable to meet the rent without rent supplement help, and of these one half, or 10 percent of the total rent roll would be required to have incomes at 50 percent of the median or below.

The Senate bill incorporates the important Brooke-Mondale concept that a tenant's contribution to his rent should rise along with his capacity to pay. In publicly assisted housing each tenant must pay at least 25 percent of his income for rent until such time as that percentage represents the same amount as the fair market rent for his apartment. (In public housing no family may pay more than 25 percent for rent). And to balance the 20 percent of very low-income tenants required at the bottom of the scale in both types of housing, the bill leaves plenty of room at the top. The public housing portion provides that "in each project there shall be a reasonable cross section of income levels of tenants within the low-income range," and there is no longer an income limit for continued occupancy. Thus, in both public and publicly assisted housing once a tenant's income has risen to the point where he is paying the fair market rental, he is permitted to stay on and pay it, rather than being forced out to make room for a lower-income family.

These provisions would permit a publicly assisted project to become more and more independent of government subsidy as the life of the mortgage continued. It is the intent of the bill to maintain a reasonable proportion of very low-income families, but not so large a proportion as to cause too wide a gap between the cost of running the project and the rental income it needs to sustain it.

Indeed, this gap has been a major cause of recent defaults and foreclosures. It cannot be guaranteed in any single project that the slowly rising level of tenant contributions will keep pace with the dizzy cost spiral that

has characterized the past few years. After all, 25 percent of one's income is a large chunk to contribute to housing, especially if one has children to feed, clothe, and educate. In publicly assisted projects, the Senate bill allows this proportion to go as high as 30 percent for 80 percent of the units, in the event of exceptional cost rises. To prevent further increases, the bill proposes an operating subsidy mechanism for new publicly assisted projects, to parallel the aid already built into the public housing law. The subsidy is intended to close the gap between project income and expenditures for higher taxes, maintenance, and utilities.

Unfortunately, the Senate bill does not include the Brooke-Mondale proposal for incentive grants to communities to help them defray the cost of public services required by a project. But the bill does include provision for payment of full community real estate taxes for all new projects. (Old public housing projects would be phased into full taxation over a 20 year period). In many communities, this provision alone could make all the difference in the attitude of a community in which public housing is contemplated.

### The House Bill

In contrast to the Senate bill, many features of the House bill as currently proposed by the Subcommittee on Housing are a major disappointment. Far from reflecting the Senate thrust toward broadening the range of areas in which housing can be built, the spectrum of tenants to be served, and the economic base of new projects, these provisions are directed more at retrenchment. In fact, it would not be exaggerating to call them retrogressive and dangerous.

First, and most alarming, the House bill includes a new provision requiring local government approval for all publicly assisted multiple housing, or any development of single family homes containing eight or more publicly assisted dwellings. There is no such requirement in existing law for this housing, and none in the proposed Senate bill. It takes very little imagination to see that this provision, by excluding low-income housing from any community that chose to reject it,

would thwart once again our efforts to give people who have been born in ghettos a chance not to die in them. We encounter bitter enough opposition already without putting an instrument of law at the behest of economic and racial exclusion.

Furthermore, no incentives are offered to communities to accept new low-income housing. Not only does the House bill, like the Senate bill, omit the public service grants proposed by Brooke-Mondale but unlike the Senate program, it does not even require public housing to pay full local taxes. Instead, the old inadequate provision for "payment in lieu of taxes" is retained, through computed on somewhat more generous terms.

Many specific restrictions work together to hamper the housing official wherever he turns. "Low income" for publicly assisted (FHA) housing is defined, not as 100 percent of median income for the area, as in Brooke-Mondale, nor even as 90 percent as in the Senate bill, but as 80 percent. (Even the definition of income itself — listing what parts of gross income may be excluded for determining eligibility — is more restrictive in the House Subcommittee bill than in the Senate bill). This is very serious, for it limits the range of income to be served by publicly assisted programs to a very low level — in some areas, to a lower one than at present.

Further, the House bill retains the old requirement of income limits for continued occupancy in public housing, which the Senate bill eliminates. At the same time it hamstring the public housing authority by eliminating back door financing for new operating subsidies, and by basing permissible development costs on a local prototype of total development costs, instead of the present prototype of construction costs only, plus the real cost of land and site clearance. And the bill fails to provide operating subsidies of any kind for new publicly assisted multiple dwellings — although the need is glaring, and the Senate bill responds to it.

The result of all these restrictions is that the twin demons of ghettoization and economic instability of projects would be promoted rather than destroyed by the House bill.

Various social restrictions are thrown

in for the first time. Families on public assistance may not participate in the subsidized home ownership program unless able to prove that the head of the family — even if a mother of small children — is "actively seeking employment." In public housing, new and more rigorous standards of behavior may be imposed on tenants as a precondition to funding (in spite of vigorous opposition by tenant groups while the bill was under discussion in the subcommittee).

Finally, the Subcommittee bill authorizes insufficient funds, and for too little time. All its authorizations for new money are for one year (the Senate bills are for two). Here are the comparative figures: For publicly assisted home ownership: House, \$115 million for fiscal year 1973; Senate, \$115 million for fiscal 1973, \$170 million for fiscal 1974. For publicly assisted multiple dwellings: House, \$200 million for fiscal 1973 Senate, \$225 million for fiscal 1973, \$300 million for fiscal 1974. For public housing: House, \$150 million plus operating subsidies of \$100 million for fiscal 1973; Senate, \$300 million each for fiscal 1973 and 1974, including \$150 million in operating subsidies for each year.

It is important that the public understands these matters. The newspapers tell us about the resistance of communities to the entrance of publicly assisted housing. This resistance is partly based on hidden and perhaps misunderstood fears and prejudices, but it is also based upon real social and economic factors. Communities tend, if left to themselves, to stabilize around a certain economic level. When there is a large influx of very poor people into such a neighborhood, tensions result, whether the phenomenon arises with or without government intervention. When these tensions are aggravated by an increased demand for services without a corresponding increase in tax revenues, community feelings can reach crisis levels.

Certain provisions of the Senate bill are aimed at a practical solution to the problem of community resistance. The broad range of income eligibility means that no new project would be entirely composed of the

very poor, and that every project would tend to be upwardly mobile. The full taxation provision would alleviate the chief anxiety of most local governments, which naturally fear an increase of outlay unaccompanied by an increase in income. "Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery," as Mr. Micawber remarked. The House bill, with its narrower income band and retention of the old tax structure, would do nothing to help.

Another headline-reaping problem in public and publicly assisted housing has been the breakdown of projects that were not able to keep up with rising costs. The Senate's operating subsidy which can fluctuate with the fluctuation of the economy, provides a responsible solution. The House bill provides none.

Finally, antisocial behavior on the part of some tenants in government-aided projects has provoked accusations of mismanagement and resultant danger to the community. Here it is important to distinguish between different kinds of problems. The level of actual crime is no higher in publicly aided projects than elsewhere in the community. But there is a real need in any new development for low and moderate income tenants to provide special counseling and services, and both bills recognize this need and move in differing ways to meet it. In public housing the need for these services has already been recognized by their inclusion in the operating budget.

Of course, housing is only one aspect of the nation's living pattern. Just as the government's concern with housing has expanded over the years

to embrace a wider and wider range of recipients, so the style of viewing our living environment has expanded from neighborhood to city to metropolitan area, and from narrow considerations of one living problem at a time to the attempt to see the environment as a complex whole. Thus both bills include two major sections besides those dealing with existing and future housing programs: community development block grants, and payment of mass transit operating subsidies.

## Community Development

The community development approach of both bills is a good balance between Federal concern and local autonomy. In both it is a kind of revenue sharing, in that a block grant is made to the local community but with definitions of activities eligible for support, and an application required. The Administration had recommended, in its own community development revenue sharing bill (S. 1618), a much looser structure, which would have left the use of the funds considerably more to the discretion of the local governments. To the surprise of the Administration, many local officials were opposed to this, on the ground that Federal monies should be used in ways to advance national goals. They feared that if there were no control from the Federal level, local pressures could easily divert the funds from real and basic necessities into politically popular projects, or projects that presented no risk of controversy, or simply projects emphasizing minor needs rather than major ones. The block grant approach greatly lessens this danger.



# The Voucher Experiment

by *Samuel A. Sherer*

Also, the Administration's plan called for funds to be allocated on the basis of a formula which gave no weight to a locality's previous community development experience. The present bills offer instead formulas according to which the funds would be allocated across the country by weighing population, poverty (counted twice), housing overcrowding, and program experience in the field of community development. This is an equitable formula that should place the money where it is needed, both in our congested center cities and in smaller communities whose problems are no less real for involving smaller total numbers.

To sum up, then, the community development sections of both bills represent a real and necessary advance, and the differences between them are sufficiently slight that any solution worked out between the House and the Senate in conference will probably be acceptable.

But in housing, the weight is with the Senate bill, and it is vitally important that its forward-looking provisions receive the vocal support of all persons who want better housing for the huge number of families who cannot afford it unaided. It sometimes seems that the wheels of democracy are as slow as the gods'; and so many of the problems that the Senate bill would alleviate are at crisis points right now that it would be disheartening to contemplate postponement of reform for another long year. For the people who need the housing that the government helps to provide, it would be worse than disheartening; it would be tragic. We are at the point already where, with inadequate programs, insufficient funding, unrealistic cost limits, and rebellious communities, we are being frustrated on every side in our attempts to put these people into decent and safe homes.

The answer to our present problems is not discouragement or disillusionment with the concept of government aid to housing. It is rather the ability to see a good working solution when it is offered and to have the concern, and the courage to accept it and fight for it. The Senate bill offers such a solution and is worthy of the support of all persons who share the principles and goals of the Ripon Society.

The Department of Housing and Urban Development soon will begin a series of experiments and demonstrations to test the efficacy of a national program of housing allowances. This initiative and Operation Breakthrough are the major efforts of the Romney tenure to bring new ideas to bear on the nation's housing problems.

A housing allowance — a direct grant to a low income household to help meet its monthly housing expenses — is significantly different in focus from existing federal housing efforts. The FHA programs subsidize developers to build or rehabilitate housing that low income persons can afford. In addition, under the rent supplement program, the government may pay a monthly subsidy to the landlord so that he can afford to rent to the lowest income persons. Under the leased housing program the total public housing authority leases existing units for the use of public housing tenants.

In all such efforts, however, payments are made by the government directly to the landlord. A housing allowance, on the other hand, would go to an eligible family to spend on whatever housing it wishes with the possible requirement that the housing meet some minimum standard. Besides the advantages in allowing a low income person to choose his own housing without administrative supervision, such an approach should prove more effective than existing housing programs in utilizing and upgrading existing housing.

There has been a dramatic increase in the past several years in the number of abandoned dwelling units in our largest cities. An increase in the amount of money available to pay rents for such dwellings might encourage landlords to improve their properties in order to compete for these additional dollars. Annual subsidies per family under an allowance program could be

lower than subsidies under existing programs if it could make use of this existing housing resource.

John Heinberg of the Urban Institute has estimated that a national program to serve the 13 to 17 million households which cannot presently afford adequate housing at 25 percent of their income would cost between \$7.4 to \$9.5 million a year for subsidy payments and administration or approximately \$600-\$700 annually per family. By comparison, the HUD contribution to the leased housing program per unit is approximately \$875 annually. The costs per unit for programs geared exclusively to new construction are much greater.

There currently exist loan and grant programs for rehabilitation. However, the Section 115 Grant and Section 312 Loan programs are limited in scope, both as to total amounts available and to maximum amount of financing per dwelling. Perhaps the most important limitation is that they can only be used in designated urban renewal areas. The quotas for used housing in the federal construction programs are limited and their use has been damaged by the scandals in the Section 235 home ownership program.

The housing allowance is not a new idea. The first bill along these lines was introduced in 1936 as an alternative to the public housing approach. But it has received new attention in the past two years because of scandals in other federal subsidy programs, its potential for

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*The studies forming part of the basis for this publication were conducted pursuant to a contract with the Department of Housing and Urban Development. The substance of such studies belongs to the public. The author and publisher are solely responsible for the accuracy of statements or interpretations contained herein.*

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individual choice and administrative simplicity, and its relative cheapness in cost per unit. The impetus for the Housing Assistance Research Program (HARP) came from an amendment added to the Housing Act of 1970 by Senator Brooke. Section 504 authorized HUD to spend up to \$10 million a year for two years to experiment with the use of housing allowances. The concept received strong support from both Democrats and Republicans on the House Subcommittee on Housing and from Rep. Gerald Ford. The Housing and Urban Development Act of 1972, as passed by the Senate, would extend the authorization for three years (through FY 1974) and increase the amount of the authorization to \$25 million annually.

### Three Parts

HARP is composed of three parts: 1) a housing allowance demand experiment largely designed by the Urban Institute to be carried out by the Stanford Research Institute; 2) a housing allowance supply experiment which is being designed by the Rand Corporation; and 3) a series of about ten administrative agency demonstrations, to be evaluated by Abt Associates, that will test the effectiveness of local, metropolitan and state agencies as vehicles to administer a national housing allowance program.

The demonstrations would use Section 23 leased housing monies and Section 235 homeownership subsidies, as well as research money, to make pure allowance payments. Many of the demonstrations would be placed in small metropolitan areas or rural areas which would not be part of the supply and demand experiments. Information from each of these tests will be pooled in making decisions about a national program.

The demand and supply experiments will attempt to answer the five basic questions, besides method of administration, necessary to evaluate the effects of a national program. These questions are:

1. Do housing allowances permit families to improve the quality of their housing at costs below those of existing federal housing programs?
2. Will housing allowances improve the range of dwelling units available to low income families?

3. Will housing allowances improve maintenance and stimulate rehabilitation of existing dwellings?

4. What is the inflationary impact of a housing allowance subsidy?

5. What is the response of low income households to different types of housing allowances?

Each experiment will deal with the effects of a different scale of national program. In the still embryonic supply experiment, subsidies will be made to a large proportion of eligible families within one or two neighborhoods or small metropolitan areas chiefly to test landlord and financial institution response to a large scale program. (It will also test the response of non-eligible families and the mobility of recipient families within the site).

Thus the supply experiment would be most important in answering questions 3 and 4 above, dealing with rehabilitation and inflation. Depending on the number of subsidy payments made in an area there is likely to be a short run inflationary impact. It is doubtful, though, that a short term experiment of three to five years can generate any substantial increase in rehabilitation of existing dwellings in time to be an important input into consideration of a national program. Because of the tremendous lag in the period from initiation to completion in the housing market, it is even more doubtful that the experiment can have any effect on new construction — particularly since banks and other financial institutions have been reluctant to invest in dwellings in "declining" areas. Only if an allowance program were combined with a large scale program of rehabilitation loans and grants might there be a chance of changing that chain of events in the short run.

The demand experiment design is almost completed. It will examine the participation rate of eligible families, improvements in the quality of their housing and the residential mobility of recipient families. It assumes that the supply of housing will be held constant for the duration of the experiment. However, it can still provide some information concerning the supply effects of a national program on the scale of our present federal housing programs — particularly whether landlords improve their maintenance of the dwelling and make minor re-

pairs such as painting or patching walls.

The experiment will operate at up to five sites chosen on the basis of region of the country and such characteristics of a housing market as renter vacancy rate, racial concentration, growth rate, and cost of housing. A small pilot project will begin operation by July or August 1972 and the initial two sites (Springfield-Holyoke, Massachusetts, and Pittsburgh, Pennsylvania) will begin enrolling families to participate in the experiment by September or October. Though there will only be two initial sites it will be necessary to have two or three additional sites in order to provide enough information from which to generalize from these sites to the effects of a national program of the same magnitude.

Each site will have approximately 1000 recipient families and 300 to 500 control families. The total cost for each site should be approximately \$1.5 million to \$2 million annually, including both direct allowance payments and administrative costs. The experiment would run for two to five years, depending on the site. It is hoped that the participant families can be continued on another subsidy program at the end of this period. The sample would include a small number of homeowners.

For a family of four the maximum income limits will range from about \$6000 for the lowest housing standard to about \$9000 for the highest housing standard. This range of housing standards is for experimental purposes only. It is likely that any national program would adopt a low maximum income.

Though the design is not yet in final form it is likely that two types of subsidies will be tested: a housing gap plan and a percentage of rent plan. Under a housing gap plan a family would have to pay a certain percentage of its income for housing before it is eligible for a subsidy. This approach follows the traditional method used by HUD in determining subsidy payments. The subsidy is based on the difference between the cost of adequate housing in the area for a family of that size and that minimum percentage of income. Thus adequate housing for a family of four might cost \$100 a month. If the family has an income of

\$300 per month (\$3600 annually) and is required to pay 25 percent of its income for housing before it receives a subsidy, the annual subsidy is \$100 per month minus \$75 per month (.25 x \$300) or \$25 per month. The experiment would vary both the minimum percentage of income that a family would have to spend and the cost standard for adequate housing.

The percentage of rent plan, on the other hand, is based on a cost-sharing approach. An eligible family would receive a certain percentage of its monthly rent as a subsidy. That percentage would be based on income and family size and would decline as monthly rent increased to a maximum income level. The family would have more flexibility in making expenditures and would have an incentive to spend more than the adequate housing level for housing if it wished, unlike under the housing gap plan. It would also have a greater ability and incentive to bargain on rent on its present dwelling unit.

Under the housing gap plan a number of additional restrictions would be tested. Existing housing programs re-

quire that federally-aided housing meet certain minimum standards. The experiment would test the effect of such standards on participation of families and on rent levels. Do families move into "standard" housing anyway? In addition, some families would not be required to spend the subsidy on housing. Do these families spend less on housing than other participating families? Finally, all participating families and a part of the control group would receive a set of basic housing information. A number of families would also receive additional counseling with regard to housing maintenance, housing finance and dwelling unit selection. The counselling package is meant to better prepare recipient families to find their own housing and to eliminate a repetition of the Section 235 scandals.

### Relation to FAP

Finally, the housing allowance approach should be put into perspective both with regard to existing federal housing programs and other public assistance programs, notably the Family Assistance Plan. A housing allowance approach could never obviate the need

for programs aimed at subsidizing production through aid to developers. With a full-scale allowance program, however, such aid could be limited to abnormal market situations, such as the rehabilitation of central city areas where banks will not loan money to landlords. In other areas it should no longer be necessary to pay developers or landlords to reduce rents to a level poor families can afford.

Another advantage is possible integration of the allowances with a Family Assistance Plan, either as a part of that subsidy or as a supplement on top of that subsidy. The bureaucratic and political realities might indicate the latter approach.

One of the present weaknesses of the proposed family assistance plan — its failure to take account of cost of living variations — might be remedied by a housing allowance program based on local cost standards. Any integration of housing assistance payments with other public assistance payments would be a step forward in administrative efficiency and effective aid per dollar to the lowest income families.

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## 14a ELIOT STREET

● In the last issue of the FORUM newsletter, we reported that **Dr. William Chin-Lee** lost to City Councilman **Jerry Moore** in the race for D.C. delegate to Congress. However, after final recounting of absentee ballots, the Board of Elections on May 23 declared Dr. Chin-Lee the winner by 17 votes.

● **St. Louis Ripon member Gary Myerscough** will manage the Congressional campaign of **John Haaven** against freshman Democrat **Bob Bergland** in Minnesota's Seventh Congressional District.

● **Deborah Raab**, a Masters candidate in American Civilization at George Washington University, has joined Ripon's staff for the summer as Research Director in Charge of Party Reform. She will be completing a study investigating the delegate selection process throughout the states, territories and the District of Columbia.

● **Bruce M. Selya**, a Providence attorney and Ripon member, will run former Secretary of the Navy **John H. Chaffee's** Senatorial campaign.

● Ripon President, **Howard Gillette** has formed a Task Force to review Ripon's structure and future goals and strategy. National Governing Board members **Paul Anderson**, and **Quincy White**, both of Chicago, will act as Co-Chairmen.

NEW HAVEN: A recent chapter election selected as its officers, Yale Law School students **Peter V. Baugher** President, and **Jeffrey Miller**, Vice President, and Attorney **Melvin Ditman** Secretary.

NEW JERSEY: A special meeting was held May 7 to discuss "Women and the GOP." Panel members included **Chris Topping**, Ripon member and Consultant on delegate selection to the the National Women's Political Caucus, **Katherine Newberger**, Republican National Committeewoman from New Jersey, **Barbara Curran**,

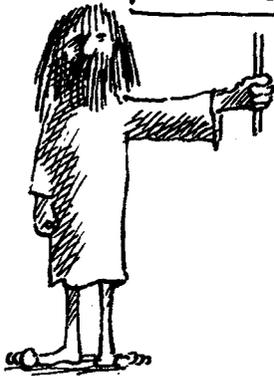
Republican State Executive Director; and **Millicent Fenwick**, Assemblywoman.

NEW YORK: State Attorney General **Louis J. Lefkowitz** spoke at the May 4 chapter meeting on the differences and similarities between pursuing frauds in the consumer products area and in the securities area. A special Issues Session has been planned for June 7 in order for members to discuss State issues of particular concern to Republicans, and isolate policy questions and issues important to Ripon. On May 24 State Senator **Roy M. Goodman** presented his annual Report on the Legislative Session, and Ripon members have decided to hold a fundraising party in honor of Senator Goodman in late June. Chapter members also sent a letter to Governor **Rockefeller** commending the progressive stance he has taken during the recent legislative session on issues including no-fault insurance, court reform, abortion, busing and the equal rights amendment.

PITTSBURGH: The Chapter, in an attempt to aid Republican state government candidates, held a seminar on important problem areas in state and federal government on May 20. Discussions covered Campaign Management, Taxation, Consumer Protection, Education, No-Fault Insurance, Abortion and Health Care, and Fewer Crimes and Better Enforcement, and speakers included **James G. McGregor**, **Dr. Ralph E. Thayer**, **Richard L. Thornburgh**, **Mrs. Donna Deaner**, **Donald Bebenek**, and **Dr. David Kurtzman**, and The Hon. **Jay R. Wells**.

WASHINGTON, D.C.: The May 25th chapter meeting had as its guest speaker **Nell R. Pierce**, former Political Editor of Congressional Quarterly, one of the founders of the Center for Political Research, and author of the recently published book, *The Megastates of America*.

## CALIFORNIA CORNER



# Preparing for 1974

by Daniel J. Swillinger

While most people outside of California are focusing on the Presidential primary results — or how well Nixon will do here in November — many Golden State pols are far more concerned about 1974. The nominees and winners for governor and U.S. Senate in that year will tell much about the direction of the state's politics for the next decade.

Governor Ronald Reagan has repeatedly said that governors should only serve two terms, even though there is no limit, and has thus effectively taken himself out of the statehouse contest.

The speculation about Reagan centers on whether he will take on Sen. Alan Cranston, or retire to his ranch. Some Sacramento observers believe that by 1974 he will be tired enough of government and old enough (63) that a stint as a junior Senator will have little attraction. The wishes of his wife Nancy will affect his decision.

With Reagan not running, the GOP gubernatorial primary will draw a crowd. Ed Reinecke, Reagan's hand-picked Lt. Governor, will be in it, drawing on much of the right-wing support and money now available to Reagan. Reinecke is regarded as reasonably attractive, but not terribly bright. He is already beefing up his staff to make the race but is having name recognition problems. A major factor is how much active support Reagan gives Reinecke, particularly in fund-raising.

Attorney General Evelle Younger, elected in 1970, is trying to carve a broad swath down the middle of the party as he prepares to do battle. Outspoken advocacy of the reinstatement of capital punishment and a tough reputation from his days as Los Angeles District Attorney, plus an attempt to capitalize on drug and consumer affairs issues, will make him a formidable candidate.

The third major prospect will be State Controller Houston I. Flournoy, around whom most of the party progressives will rally. Flournoy was the leading vote-getter in 1970, and he too is in the process of building a staff for 1974. Paul Beck, who had served Reagan as press secretary and later as special assistant since 1967, has just been named executive assistant to the Controller.

Flournoy will have the most difficult time raising money of the three, but is clearly the most attractive and articulate. His success will depend on building a strong organization, and on whether he

can stop Younger's attempt at becoming perceived as the centrist candidate. Flournoy's candidacy is the first bright spot for party progressives since former Sen. Thomas Kuchel, and is important to the ability of that wing.

Pat Brown Jr., currently Secretary of State, has the inside track for the Democratic nomination, with his good name and a penchant for publicity. Other possibilities include Assembly Speaker Robert Moretti, who is unpopular among some Democrats because of his handling of reapportionment, and liberal Congressman Jerome Waldie, probably the most able of the Democrats, but least likely to win the nomination.

Sen. Alan Cranston, beneficiary of the bitter Kuchel-Max Rafferty primary in 1968, has spent the first four years building his ties to the business community and stressing constituent service. Though rather colorless, he will be tough for any Republican, and this time would have to be considered the favorite against any opponent, including Reagan.

### Bob Finch Returns

Presidential Counsellor Robert Finch will emerge from the obscurity of the White House and return to California after November to begin his campaign for the nomination to oppose Cranston. Finch has many fences to mend; some key Republicans are still disappointed at his lack of resolve in deciding not to run against former Sen. George Murphy, thereby giving that seat to John Tunney on a platter.

Others are put off by what they view as Finch's attitude that he should have the nomination without a battle; he would have been a godsend in 1970, but not in 1974. If Finch can prove himself to the California GOP, he would be Cranston's strongest challenger.

If Reagan doesn't make the race, Congressmen Barry Goldwater Jr. and Bob Mathias have let it be known that they are interested. Mathias is a weak candidate by virtue of geography alone; he comes from the relatively unpopulated central part of the state. Goldwater, from conservative, populous and wealthy Orange County in the south, which has the bulk of GOP primary votes, would give Finch a serious fight.

In a state where personal organizations are more important than the party structure, and where volunteer groups like the right wing United Republicans of California, the moderate California Republican League, and the liberal Democratic Assembly play large roles in primaries, 1974 should be a watershed year, and one which will have national implications for 1976.