

Poverty (1965)

THE ANTI-POVERTY PROGRAM IN HISTORICAL PERSPECTIVE

by
Robert J. Lampman

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INSTITUTE OF GOVERNMENT
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1. The British Background

The roots of the contemporary American concern over poverty are in ancient civilizations, from which we inherit the Western tradition of respect for the individual and protection of the weak. Greek democracy, Roman law, and Judeo-Christian ethics give us basic directives for all questions of social policy.

But the specific character of anti-poverty measures now under discussion can best be understood as the extension of affirmative rushes and induced responses associated with the scientific, commercial, industrial, and nationalist revolutions of recent centuries. The reduction of the percentage of the population in poverty, as distinguished from mere alleviation and regulation of distress, has been powered by the economic growth associated with extension of the market, and to the events of enclosure, urbanization, breakdown of the extended family and other traditional forms to assure income. The great conversion to a free contract, open market system may be thought of as the dominant emphasis in a centuries-long war on poverty. It meant striking off the bonds that held some people in sub-servient status, restricted opportunity to a select few, and saddled paternalistic responsibilities on others. This "opening up" of society was part of a general rationalization and stimulation of new technological opportunities which enabled rapid expansion in production and consumption.

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The positive value of the liberal capitalistic revolution is not measurable in material terms alone, of course, but even the material gains are sometimes mis-represented. For example, Tierney recently concluded that in the 13th century "the poor were better looked after in England than in in any subsequent century until the present one."^{1/}

^{1/} Brian Tierney, Medieval Poor Law, University of California Press, Berkeley, 1959, p. 3.

A similar point has sometimes been advanced concerning the emancipated slaves and their descendants in the U.S. over the past one hundred years. But such observations make no accounting for a decline in the number or per cent of persons in poverty. It would be possible for both a reduction of the extent of poverty and a decline in the standards of care for those remaining in poverty to occur simultaneously and there could be a long lag in the process. It is a matter of controversy among historians whether the extent and/or the intensity of poverty in England increased with the industrial revolution. Population growth, migration to the cities, and changes in life-style of the poor cloud the issue. But in long retrospect it seems clear that the numbers of nonpoor grew faster than the numbers of poor.

The full logic of the market was never implemented in England--or anywhere else for that matter. Malthus did speculate that poverty might have been less extensive in 1798 if, some generations before, all beggary and charity had been forbidden. However, British practice reflected a curious combination of market and pre-market thinking. This is exemplified by the Poor Laws of 1531 and 1601, the 1662 Law of Settlement and

Removal and the 1795 Speenhamland system of minimum income allowances. On the one hand they set forth the idea that no able-bodied person should be granted relief. On the other, they discourage such a person from leaving his parish to find work. While the labor market was becoming national in scope, the central government dealt with beggars, rogues, rufflers, and vagabonds by beating their backs until bloody and returning them to their place of settlement, wherein the paternalistic ethic of feudalism was expected to come into play. If necessary, the parish could set them on work-relief or, as in the case of Speenhamland, supplement wages to a minimum standard related to family size.

While the Poor Laws established strong disincentives against pauperism and dependency, this was not the full story. For those unable to work, provisions were made. The aged were settled in cottages on the waste, children were apprenticed, and work-houses, orphanages, asylums, and alms houses were maintained. Many other schemes for dealing with the poor were in the air in early 19th century England. Bentham favored Houses of Industry which would improve upon John Cary's Corporation of the Poor in Bristol by aiming to reform and rehabilitate the poor while alleviating their distress. He favored special efforts to conserve and rescue the children of paupers. He saw the need for education and health care, assistance and insurance, and cooperative actions on the part of the self-maintaining poor. It is doubtful that any contemporary ideas about the poor would have seemed novel to Bentham's circle.^{1/}

^{1/} see Works of Jeremy Bentham, vol. VIII.

The basic policies toward poverty in 17th and 18th century England were free contract, cautious extension of education and of suffrage, work-relief for the able-bodied poor, and work-houses for the non-able-bodied paupers. And this was the heritage of colonial America, wherein, except for slaves, individualism was nourished without restraints from a feudalistic past, where an independent peasantry opened the frontiers, where free-contracting for labor resisted visions of paternalism.

2. Four Strategies against Poverty in America

A wide variety of efforts have been and are still being made in America to move people out of poverty, to prevent retreat into poverty, and to meet needs of those in poverty. I suggest that all of them be ordered and comprehended under the heading of "Four Strategies against Poverty." The first of these is to establish and facilitate the working of a market system aimed at economic growth and maintenance of high employment. The second is to adapt the system to the needs of the poor. The third is to change the poor and adapt them to the system. The fourth is to relieve the distress of the poor.

Make the market work. This strategy defines and redefines the basic institutions of property, contract, and market organization. From the outset, American governments have played a strong role in determining the structure and operation of the private economy. They have functioned not only as rule-makers, but also as active promoters of business. They have affected the pattern of land use, the system of transport and communication and the advance of science and technology. Governments have been active suppliers of health and education services. They have sought to prevent and offset the business cycle. The trend has been toward more governmental action in most of these types of efforts to make the system work.

Adapt the system to the needs of the poor. It is meaningful--though perhaps not very useful in practice--to draw a line separating the general economic activities of government from those which are aimed more exclusively at adapting the "natural" or "pre-existing" market system to serve better the needs and interests of the poor.^{1/}

^{1/}

For an example of a similar "line-drawing" see the "social welfare expenditure series" published annually in the Social Security Bulletin.

Historically, such adaptation has been enwrapped in the process of extending suffrage and developing a common citizenship. The most dramatic example of such adaptation is abolition of slavery. But on a less spectacular basis the courts and legislatures are constantly modifying rights and obligations which bear upon opportunities and security for the poor. The law of property, of torts, and of contracts, as well as the criminal law, are relevant. They touch basic matters of family responsibilities and employer liability and regulate transactions between buyer and seller, landlord and renter, debtor and creditor. An early example of a move in the balance of rights and obligations in favor of the poor is that of mechanics' lien laws; later examples are bankruptcy and usury laws, industrial safety codes, pure food and drug legislation, railroad and utility regulation, housing ordinances, the regulation of employment exchanges, and anti-discrimination laws. Regulation of the labor market by permitting and later encouraging collective bargaining and also by limiting individual bargaining in terms of such matters as child labor, minimum wages, and hours of work, and regulation of minimum prices via resale price maintenance and agricultural price supports are frequently justified as measures to meet needs of the poor. Another

adaptation of the system which is built on similar considerations (more specifically on the doctrine of social fault) is social insurance, whereby the employer and the consumer are drawn into arrangements to insure workers against the risk of industrial accident, unemployment, disability, old age, or premature death. (An interesting variant of this concept is a compulsory automobile liability insurance.)

A still different policy of adaptation to the needs of the poor is a shift from regressive to progressive taxation. Another example is the field of tariff and immigration policy. The latter was particularly singled out by 19th and early 20th century observers as a cause of poverty, not only because many of the immigrants were poor, but because, it was alleged, they pulled down the wages of all.

It is perhaps unnecessary to point out that adaptations which are nominally or originally introduced to serve the interest of the poor may not actually serve that purpose, and some may do so only at the cost of national product.

Our history in these matters of adapting the system has been for responsibility to swing from private to public groups, from local to state to federal government, and from the judicial to the legislative branch of government with increasing use of the specialized administrative commission or agency.

Adapt the poor to the market. A third broad strategy against poverty which we have followed is to adapt the poor to the market system and to improve their ability to seize opportunities to earn incomes. The effort has been of two overlapping kinds--one is to change the attitudes, values, motivations, and life-style of the poor; the other is to develop their potential productivity.

Schools, churches, "friendly visitors" from charitable organizations, professional social workers, volunteers in settlement houses, newspapers, labor unions, and other self-help organizations have sought to induce change in the poor. In many cases this was by export of middle class values and the Protestant ethic wherein morality and personal salvation were associated with economic success. The poor were exhorted to practice thrift, temperance, prudence, and self-discipline, and to be mobile and "go west." Homeless children, wandering girls, and vagrants were counselled and in some cases assisted to seek new environments and regular employment. The new scientific philanthropy of the 1890's involved case work methods for helping the poor find a way back to independence via rehabilitation, adjustment, family services, medical help, and inspirational example.

A different emphasis in changing the poor is via broad services for the whole community of the poor. These include schools, libraries, informational services, hospital, maternal and child clinics, nurseries, public housing, recreational facilities, sanitary and other environmental improvements. In some cases this has meant extension of generally available services, in others it has meant especially modified services that were related to distinctive needs. Some of these services have not only been "offered" but compelled, as in the case of school attendance.

In this general field of "adapting to the poor" the trend has been toward increasing emphasis upon services and, again, with a swing from private and voluntary efforts over to those carried on by public agencies. The emphasis on services has not been without its critics. Some argue that services without change in attitudes on the part of recipients do little

good; others assert that if incomes were maintained then the free services would not be necessary.

Relieve the distress of the poor. The fourth strategy has often been thought of as the residual one, although in some formulations of the problem it is either complementary or alternative to the other strategies. The old-fashioned term "relief" is being replaced by the more neutral characterizations of "transfer payment" and "non-factor income." The distinction between public assistance and social insurance (mentioned earlier under the heading of "Adapting the System") is becoming less clear and there are several live proposals for "minimum income guarantees" and "comprehensive social security plans."^{1/} The fourth strategy should not,

^{1/} For an insightful discussion of historical trends in social security, see Eveline M. Burns, "Social Security in Evolution: Towards What?", Proceedings of the American Economic Association, 1965.

therefore, be considered a relic. It may be the wave of the future in the poverty war.

The American heritage of English poor law administration dictated an emphasis upon indoor as opposed to outdoor relief, only work-relief--and that at less than prevailing wages--to able-bodied family heads, private as opposed to public responsibilities for emergency need, and local as opposed to central government decision-making. Family and local responsibility were aimed at discouragement of begging and vagrancy. Paupers were eligible for free health care and burial service. Traditionally the community sought to protect itself against baneful influences of pauperism and degeneracy by such measures as isolation of the poor, denial of the right to vote or to marry.

This harsh poor law practice was slowly modified by a gradual increase in the number of categories of poor given special consideration. Veterans, the blind, insane, widows, children, aged, disabled, and depression unemployed have been singled out for more favorable treatment. Federal participation was slow in coming and was not broad in scope until the 1930's. To this day categorical assistance programs retain a strong degree of localization and general assistance is not shared federally.

3. Need to Compare Effects of the Four Strategies

American history may be interpreted as a recounting of alternating interest in and experiment with the four strategies. If the early 19th century was a time of special attention to strategy number 1, (making the system work), then a later part of that century was the time for strategy number 3 (changing the poor). Number 2 (adapting the system to the poor) was emphasized in the early part of the 20th century and again in the 1930's. Number 1 and 4 (relieving distress) were the dominant strategies of the 1930's and numbers 1 and 3 have had big billing in the 1950's and 1960's.

The Economic Opportunity Act stresses strategy 3. However, there is broad authority in the Act for the Director of the Office of Economic Opportunity to "assist the President in coordinating the antipoverty efforts of all Federal agencies," and this may well involve a review of what is being done along the lines of the other three strategies. In this role the Director may function as counselor or lobbyist for the poor within the executive branch of the government.

Clearly, a full-fledged antipoverty program must take account of all four strategies. But decisions about how to allocate any given amount of

resources and leadership effort can best be made on the basis of comparative measures of how each of the several strategies will "pay off" in terms of reducing the percent of persons in poverty and in minimizing the poverty-income gap. History, as presently written, seems to offer little guidance for such decision-making. Perhaps it is because of some complex interactions among the several strategies and their effects. For example, success with number 1 may give meaning to number 3, but great effort with number 4 may make number 3 somewhat redundant.

At this point in time we appear to be in one of the few eras when Americans have been intensely concerned about poverty. Now, however, we are talking about a much smaller problem relative to the size and strength of the nation than was the case in the 1930's or in the pre-World War I or earlier periods. Moreover, we have much more information and more highly developed social sciences. Scholars should be able to contribute to the evaluation of strategies, and also to the refinement of goals. And that brings me to a review of American thinking about anti-poverty goals.

4. Evolution of the Antipoverty goal

While the classical economists were not a very optimistic lot, they at least believed that poverty would not be increased by a market system. (A side comment here--economists now are relatively hopeful folks and the sociologists and social workers seem to have claimed the title of "dismal scientists.") But somewhere along the way the ideal that poverty could be abolished gained currency. Bremner finds that this has been a general

conviction in America. For a long time.^{1/} Carlson identifies this recent idea as a by-product of a belief in human progress and one that became a social creed in the 19th century. He points out that "Paradoxically, the belief in the total abolition of poverty was held by the proponents and the opponents of generous and humane treatment of the poor. Both endorsed the general principle that if the environment were properly changed and manipulated, poverty could be made to disappear."^{2/}

This hope must have been based upon observation of progress. However, there are few studies of the scope of poverty. In 1798 Bentham opined that in England "The multitude included under the denomination of the poor compose the bulk of the community:--nineteen twentieths might perhaps be found to belong to that class." Less than a century later, in 1890, Charles Booth estimated that 30 percent of the people in London lived in poverty. At the same time (1892) Jacob Riis estimated that from 20 to 30 percent of the New York City population lived in penury. Robert Hunter guessed that 10 to 20 million (12 to 24 percent) of all Americans lived in

^{1/} Robert H. Bremner, From the Depths: The Discovery of Poverty in the United States, New York University Press, 1956. At p. xi he says that "In contrast to the peoples of less fortunate lands, who have accepted poverty as inevitable, Americans have tended to regard it as an abnormal condition ... Confidence in the eradicability of poverty has nevertheless been a dynamic force for reform in the United States." However, on page 3 we read, "During the first two centuries of the country's development Americans took it for granted that the majority of men would always be poor." The general theme of the book is that between 1830 and 1917 Americans discovered poverty and gained hope that it could be abolished.

^{2/} Valdemar Carlson, Economic Security in the United States, New York, McGraw Hill, 1962, p. 26.

poverty in 1904. In making his rough calculations, Hunter suggested a guideline of \$460 in annual income for a family of five in an urban setting, and \$300 for the South.^{1/} But in 1906 Father John A. Ryan set

^{1/} Poverty, New York, Macmillan, 1905, p. 60 and p. 52.

a poverty line of \$600. The fact that this was above the median wage for adult males suggests that he thought about half of all families had incomes below that required for "health and self-respect." The staff director of the Industrial Commission investigation reported in 1916 that he thought from one-third to one-half of all wage earnings were "inadequate."

In 1902 Sidney Webb said he thought it was fantasy to believe that anything short of sheer communism could abolish poverty. However, in 1909 David Lloyd George presented his budget to Parliament with the declaration that "This is a war budget for raising money to wage implacable warfare against poverty and squalidness. I cannot help believing that before this generation has passed away, we shall have advanced a great step towards that good time when poverty and the degradation which always follow in its camp, will be as remote to the people of this country as the wolves which once infested its forests."^{2/}

^{2/} cited in "Poor Law," Encyclopedia Britannica, 1950, vol. 18, p. 220.

Similarly bright hopes were being expressed on the American side in books entitled Progress and Poverty^{3/} and The Abolition of Poverty.^{4/} In 1910 Robert W. Bruere declared, "There is wealth enough in the world to

^{3/} Henry Geo Rye, New York, Appleton, 1880.

^{4/} Jacob H. Hollander, Chicago, Houghton Mifflin, 1914.

make successful war on poverty." In 1914 Hollander asserted, "Now, in our own day, the conquest of poverty looms up as an economic possibility, definitely within our reach--if only society desires it sufficiently and will pay enough to achieve it."^{1/} In 1928 Herbert Hoover concluded that

^{1/} Ibid., p. 113.

we were nearer to the abolition of poverty and to the fear of want than humanity had reached before. By present standards of \$3000 (1962 prices) income per family, almost half of Americans were poor at that time, and a rising percentage were poor in the early thirties. It was not until 1947 that the poor were less than a third of the population by that measure. However, using a different standard, Franklin D. Roosevelt in 1936 spoke of one-third of a nation as "ill-housed, ill clad and ill nourished," but said he foresaw a time when the lowest standards of living would be high above the subsistence level. The use of a constant \$3000 poverty line indicates a decline from 32 percent of families in poverty in 1947 to 19 percent in 1963--or a decline of about one percent a year. This suggests that it might be possible to get down to a near zero percentage in this generation.

It is clear that poverty has been subject to many different definitions--though we have never come so close to an official definition before as in the Johnson administration. There is point to Bremner's observation that prior to 1900 most Americans thought of poverty as meaning pauperization or dependency, but that gradually the term was broadened to encompass insufficiency and insecurity of income. More recently, some observers have emphasized psychological and social attributes of poverty, thus harking

back to the earlier emphasis on dependency. Art Ross, for example, has emphasized that a poor man is one who is kicked around as part of the natural order of things.

Some scholars score the vagueness of the poverty concept. W. G. Sumner in 1883 objected that there was no possible definition of a "poor man" and that the concept was dangerously elastic. Others, including Dorothy Brady, point to the fact that there seems to have been a tendency to set the poverty line in such a way that virtually the same proportions of the population are found to be poor or below a minimum standard of living in widely varying times and places. This would emphasize the relativity of poverty and point to the idea that the elimination of poverty is an ever-retreating goal before us--or turn thinking in the direction of narrowing the inequality of income distribution. As Margaret Reid has pointed out "Yardsticks of poverty linked to average incomes have tended to show a constant percentage of the population to be poor. If the poor are those with low incomes, a promise to eliminate poverty is obviously absurd ...There is no scientific method for determining the income necessary to prevent poverty. The policy maker who needs a measure of poverty must choose one suitable for his purpose. Once he has chosen it, he is likely to say along with Humpty-Dumpty that 'when I use a word, it means what I mean it to mean--neither more nor less.' A poverty yardstick suitable for his purpose will show the amount of poverty that serves the purpose of his policy."^{1/}

^{1/} Hearings on the Economic Opportunity Act of 1964, Senate Select Committee on Poverty, 88th Congress, pp. 292-3.

Bremner comments that Booth led social researchers in the United States to the idea that "poverty is not an amorphous, intangible, pseudo-religious problem, but a concrete situation capable of economic definition and worthy of scientific scrutiny." It is true that we have made some steps in that direction, but I believe that we need to go further to objectify what is originally a subjective matter. Attributing extensive measures to intensive magnitudes is necessary to many operations in the social as well as the physical sciences. And this attribution (e.g., heat is measured by a thermometer, production is measured by an index, full employment is set by definition) is essentially arbitrary, but a consensus is reached so that experiment may proceed and predictive control may be advanced. My own view is that a relatively simple and unvarying definition of poverty will serve best^{2/} and I tend to dismiss as quite

^{2/}

It is important not to confuse the poverty line with public assistance benefit levels. As I see it, the benefit levels should rise over time to approach or perhaps even exceed the poverty line.

irrelevant the scattered, unofficial, and variously purposed "poverty lines" which have been offered at other times and places. There may be some merit in adopting an agreed upon rate of change in the poverty line, but I see this as an unnecessary complication for any short period of, say, less than 20 years.

Setting a poverty line is only part of the goal setting; the other parts are (1) selecting a yearly rate at which we want to move people across the line, and (2) selecting a yearly rate at which we want to close the poverty income gap (i.e., the amount by which the total income of all the poor falls short of \$3000 multiplied by the number of poor families. That gap is now about \$12 billion.) Any responsible goal

setting will give attention to specifics and to the possible. We do not select an infinite rate of economic growth nor zero per cent unemployment as our goal. In our system, definition of basic terms and of goals arises out of interplay among experts, interested parties, and legislative and executive office holders. I am sure your seminar will be a significant part of that interplay and I hope that we can move toward agreement on basic terms and on to narrowing of agreement on cause and effect relationships.

By pursuit of the "Four Strategies" over many decades, we have drawn poverty down to what is, by comparison with any past period, a problem of small dimension. President Johnson, by restating a long-held American conviction that poverty is un-necessary, by making the goal of abolishing poverty explicit, and by indicating willingness to experiment with new variants of old strategies, has opened what may well turn out to be a most significant chapter in the history of American effort, economic insufficiency and insecurity.