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A PROGRAM FOR THE LOW-INCOME  
POPULATION AT SUBSTANDARD  
LEVELS OF LIVING

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REPORT

OF THE

JOINT COMMITTEE

ON THE ECONOMIC REPORT

TO THE

CONGRESS OF THE UNITED STATES



JANUARY 5, 1956.—Ordered to be printed

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**JOINT COMMITTEE ON THE ECONOMIC REPORT**  
(Created pursuant to sec. 5 (a) of Public Law 304, 79th Cong.)

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## A PROGRAM FOR THE LOW-INCOME POPULATION AT SUBSTANDARD LEVELS OF LIVING

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JANUARY 5, 1956.—Ordered to be printed

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Mr. DOUGLAS, from the Joint Committee on the Economic Report,  
submitted the following

### R E P O R T

[Pursuant to sec. 5 (a) of Public Law 304 (79th Cong.)]

The following report of the Joint Committee on the Economic Report was prepared by the Subcommittee on Low-Income Families, composed of Senator John Sparkman, chairman, Representative Augustine B. Kelley, and Senator Ralph E. Flanders. The report from the subcommittee was approved for transmission to the Congress by the full committee on December 28, 1955, and will be given further consideration by the committee in connection with its report on the 1956 Economic Report of the President. The findings and recommendations presented in this report are based upon hearings and studies conducted by the subcommittee during 1955. We are grateful to the Bureau of Labor Statistics, Department of Labor, for lending us the services of Miss Eleanor M. Snyder, who served efficiently as staff economist for the subcommittee during the past year.

#### INTRODUCTION

During the past decade, American families have achieved impressive gains in their level of income and economic well-being. Our staff report, Characteristics of the Low-Income Population and Related Federal Programs, shows that, measured in constant (1948) dollars, 3 out of every 10 families had money incomes of \$5,000 or more in 1954, compared to about 2 out of 10 families in 1948. Nevertheless, it is clearly evident that despite the stability of the economy and our continued economic growth, a significant portion of the population has not shared in the overall advance in economic well-being. Of every 10 families in the United States, 1 family still receives a real money income of less than \$1,000, and slightly more than 2 families have a

real income of less than \$2,000. There has been little change between 1948 and 1954 in the number of lower-income families: there were 9.4 million families with incomes under \$2,000 in 1954, compared to 9.6 million in 1948, measured in terms of the 1948 price level.

These figures, of course, do not indicate how many of these low-income families are living at substandard levels. Many possess other economic resources—savings and investments, subsistence farms or other nonmoney income, owned home, etc.—and hence maintain an adequate level of living despite a limited cash income. Such families are not members of the substandard group with whom we are concerned. There are, in addition, other families with low current incomes who have suffered merely a temporary income loss, and thus their problems are short-run in character. There are no precise estimates of the proportion of our total population with substandard economic status—i. e., those whose total economic resources over long periods of time are not sufficient to provide an adequate level of living. The materials assembled by our staff, however, indicate that the size of this population at permanently depressed levels of living is substantial; one study made available to us, for example, puts the proportion as high as 20 percent of all urban families and individuals. Such families primarily consist of the aged, widows, broken families, and the disabled. Additional studies, however, are needed to determine more precisely the characteristics of the families and individuals with substandard economic status.

It may always be true that at any given time the economic resources of some families may temporarily fall below a level of adequacy. We have, as a nation, made considerable progress in lessening the hardships caused by temporary income loss through the expansion and continued application of sound insurance principles. Moreover, positive and constructive Federal programs directed toward maintaining a stable economy and full employment have reduced, in large measure, the number of families with temporary income losses due to lack of employment opportunities.

We are especially concerned, however, with the fact that millions of American families are today living at income levels permanently, not temporarily, depressed and which are below prevailing standards of adequacy. The low economic status of these families signifies that they are participating only fractionally in our economic life. They contribute little to our national productive effort; as consumers they are severely limited in the amount of goods and services they can buy.

The continuing prevalence of families and individuals with low economic status represents, in short, one of the greatest remaining challenges facing our domestic economy. We are convinced that with national income at peak levels and with relatively full employment, now is the time for a renewed and vigorous attack on the remaining problems of low-income groups.

The Federal Government must assume a positive role, but we do not believe that responsibility for further constructive action lies with the Federal Government alone. To meet the problems effectively will require the concerted efforts of all segments of our national life—all levels of government working with labor and management and private community groups and organizations. With such coordinated, positive action, we are confident that, in overall terms, the total cost will

be low when measured by the positive economic gains which will be generated throughout the total economy, and also when measured by the resultant strengthening of the forces which produce an alert, productive, and democratic society.

It has been illustrated, we wish to emphasize, that many programs aiding the low-income group actually are economic investments which yield a positive economic return, through such avenues as increased tax payments of those whose earning power and productive capacity have been expanded or through reduction in the type of financial aid which merely maintains the individual or the family without providing the services and the training required to help them become more productive members of society. Perhaps the most important investments of all are those expenditures which enable children now in economically disadvantaged families to rise above their current economic level and, as they reach working age, to enter the labor market better equipped in terms of health, education, and training than were their parents.

We recognize, of course, that not all of the individuals whose current economic status is low can become more productive. The very aged and the totally and permanently disabled—the technically unemployable groups—are important components of the low-income population. In our study of the causes of permanently low income and of the means of alleviating them, we have, therefore, deemed it advisable to define the following groups whose economic status is below the level of adequacy:

- (1) Individuals or family units with no members whose productive capacity could be raised significantly; and
- (2) Individuals or families with members who can be aided in their efforts to increase their earning power.

We recognize that those belonging to the first classification can be assisted in improving their capacity for self-care and thereby perhaps release others for more productive labor. As individuals, the primary needs of these incapacitated groups are more adequate financial support and increased health-care services, although there may be much more complex needs and problems facing other members of their families.

While not neglecting or ignoring the first-mentioned group of those who are unemployable and who will continue as dependent members of society, this subcommittee chose to focus its primary attention this year on ways and means whereby other members of the low-income group can be assisted in their efforts to improve their earning power and levels of living.

Basic materials on the size and characteristics of the low-income population were assembled and published as a joint committee print entitled "Characteristics of the Low-Income Population and Related Federal Programs, Selected Materials Assembled by the Staff of the Subcommittee on Low-Income Families." This document was distributed to members of the joint committee, potential subcommittee witnesses, and other interested persons on October 30, 1955. We believe the data presented in that report are a valuable summarization of materials on the problems of low-income families.

The subcommittee held 8 half-day sessions of open hearings in Washington during the period November 18–23, 1955. Testimony was received from Government officials, educators, economists, and

other qualified witnesses on the following topics which served as the focus of this year's subcommittee's study:

(1) The role of the Federal Government in programs to aid the low-income population;

(2) The function and economic value of income-security measures, public assistance, vocational rehabilitation, and health programs;

(3) The role of education and training programs in improving the earning capacity of the individual, and in breaking the cycle of self-perpetuation within the low-income group; and

(4) Measures designed to reduce the number of rural and industrial areas which are characterized by chronic labor surplus and underemployment.

We would like to note at this point that our current study, together with our findings and recommendations, draws and expands upon the work done by the earlier Subcommittee on Low-Income Families established by the Joint Committee on the Economic Report in 1949 during the 1st session of the 81st Congress. The work of both of these subcommittees has been carried out under the Employment Act of 1946 which sets forth the responsibility of the Federal Government to utilize its programs and resources in a manner calculated to promote maximum employment, production, and purchasing power, and to foster free competitive enterprise and the general welfare. These are goals which emphasize the need for continuing economic growth and a steady expansion of the Nation's capacity to produce and consume.

#### FINDINGS AND RECOMMENDATIONS

The problems of low income, although numerous and complex, are not insurmountable. We have the wealth, the human and material resources, the skills, and the free institutions to solve them. We can solve them if we possess the will and the desire to put forth the necessary effort. We have, moreover, as we have stressed, economic as well as humanitarian incentives to solve these problems as rapidly as possible.

The complexity of the problems of low income inevitably requires a many-faceted approach to their solution and the coordinated efforts of all Government and private groups directed toward helping members of the low-income groups help themselves. This subcommittee, however, functioning under the directives set forth in the Employment Act of 1946, is concerned primarily with programs which involve Federal participation.

During the course of our investigation, we have received a great many proposals for recommended action. We want to make it clear that the recommendations we present are directed toward those problems which, as a result of our findings, we feel the need for immediate action is most urgent. Further, we wish to make it clear that in forming our proposals we considered them in the framework of the broad objectives of the Employment Act of 1946. Our report does not present estimates of the costs or priority of our various recommendations in relation to other needed expenditures, nor have we explored the questions of administration which may be entailed.

We want also to reemphasize that it has not been possible or desirable in the limited time available to us to investigate all types of proposals which impinge directly or indirectly upon the low-income population. We recognize that there are many important topics—such as housing, for example—which were not included in our program of study. It should not be inferred from their omission from this report that we consider them unimportant or insignificant.

#### I. INCOME SECURITY, PUBLIC WELFARE, AND HEALTH CARE

Throughout our investigations it was repeatedly emphasized that, as a basic principle, our programs and policies should emphasize prevention of need rather than merely providing relief after need has arisen. We agree with this principle.

We have made substantial progress in our Nation in providing income security and protection against income loss through comprehensive insurance programs. There is a continuing need, however, for legislative review of the adequacy of benefits provided by the existing social-insurance programs. Ways and means should be developed for improving the adequacy of benefits. We feel the same type of review is necessary for programs which provide assistance on the basis of need. Moreover, we should continue to move forward in the improvement and expansion of the insurance plans now established and eliminate the current limitations in coverage as rapidly as possible.

Despite the progress already achieved, there still exist significant gaps in our social-insurance programs. Some causes of income loss which present insurable risks are not covered on a national basis. Nevertheless, the Federal Government itself already has demonstrated some are insurable risks through programs it has established for specified types of workers.

An outstanding gap in social insurance coverage is income loss due to ill health, however caused. We believe that the Federal Government possesses direct responsibility for expanding social-insurance and other programs to provide protection against the contingencies of temporary disability and permanent total disability. Such provisions should mesh, not conflict with State programs already established.<sup>1</sup>

We recommend—

(1) The Congress consider legislation to establish social-insurance programs covering the risks of temporary and permanent total disability.<sup>2</sup>

(2) The appropriate congressional committees study the desirability and feasibility of dovetailing such programs, if established, with the workmen's compensation acts of the various States; such study will necessarily entail a review and evaluation of the adequacy of the existing workmen's compensation programs.

<sup>1</sup> Workmen's compensation acts of the States provide for cash payments to some workers for work-incurred disability. In addition, four of the States have established insurance plans for temporary illness or disablement not arising out of the covered worker's employment.

<sup>2</sup> Senator Ralph E. Flanders. This undertaking must be approached with great caution. Many insurance companies have had to discontinue disability benefits owing to the difficulty in defining "disability," whether temporary or permanent, in any given case.



Adequate health care—medical and dental services and hospitalization—is not received by many low-income families for one of two reasons, or for a combination of these reasons: (1) inability to pay, and, (2) particularly in isolated rural areas, unavailability or inaccessibility of adequate facilities. In addition to those with the lowest family income status, many other families who provide for their normal day-by-day needs are unable to pay for adequate health care out of their own resources. We believe that the ultimate cost of inadequate health care to the Nation, in terms of lessened productivity as well as income loss, can be substantially reduced by measures designed to increase preventive and curative health care received by the medically needy.

We recommend—

(3) That the Federal Government, in cooperation with the States and private groups, develop a comprehensive health program covering the following:

(a) Stimulation of means whereby families in rural areas may secure adequate health care;

(b) Provision of additional funds to provide for adequate recruiting and training of professional workers in the field of health care;

(c) Reduction in the cost to the individual of comprehensive health protection. This may necessitate contributing part or all of the cost of approved insurance programs for low-income families. The Congress may wish to consider whether it may be necessary, in order that voluntary health plans reach all of the population, to provide Federal financial aid to those in the low-income groups who are unable to purchase such protection; additional funds alone, however, would be useless to millions of our people in rural areas where there is a lack of doctors, nurses, and hospital beds;

(d) Extension of the school-lunch and milk programs, and the distribution of surplus commodities to needy families; and

(e) Expansion of Federal participation in public-assistance payments for medical care.

We believe that with some additional changes in the federally aided public-assistance programs, current inequities will be eliminated and the way opened to aid a larger proportion of families with low economic status. Aid rendered through the public-assistance programs—including nonfinancial services as well as direct income supplements—can and should serve 2 functions: (1) to provide subsistence to needy families and individuals; and (2), by means of the nonfinancial services in particular, to assist families in their efforts to improve their productive capacity and earning power.

We recommend—

(4) That the following changes be considered in the Federal grant-in-aid program of public assistance:

(a) Establishing a single, unified system of Federal grants for general public assistance in place of the current and separate programs which, according to evidence presented to the subcommittee, tend to restrict unnecessarily the types of need for which Federal funds are available;

(b) Basing Federal grants-in-aid for general public assistance on an equalization formula which takes into account the relative financial needs of the various States and State differences in per capita income;

(c) Lowering the maximum residence requirements which the States can impose on public-assistance applicants; and

(d) Making the Federal grants for child-welfare services available to all areas rather than limited as they now are to specially designated areas.

Many witnesses appearing before the subcommittee emphasized the value of nonfinancial assistance extended by public welfare and other services to the low-income population. Such assistance strengthens the family unit, provides a unified, comprehensive approach to the various problems which a particular family encounters, and can be of major value in helping the family improve its economic status and productive capacity.

We recommend—

(5) Including in the Federally aided public-assistance programs provision for services designed to encourage individuals to attain self-support and self-care and to preserve and strengthen family life.

(6) That the Federal Government consider providing additional grants-in-aid to the States for the purpose of increasing the supply of trained professional workers needed to carry out the recommendations we present in this report.

## II. INCREASING EDUCATIONAL AND TRAINING OPPORTUNITIES FOR THE LOW-INCOME POPULATION

For over a century, in a variety of ways the Federal Government has provided aid to education in cooperation with the States and educational institutions. More recently, during and after World War II, it has enabled millions of service men and women to raise their level of formal education while they were in the armed services and, under the GI bill of rights, after their return to civilian life. As these programs taper off, there will be a corresponding increase in the burden already straining the financial capacity of some State and local governments, unless the Federal Government in other ways continues to share in the cost of providing adequate education and training.

From the materials assembled by the committee staff and the statements and testimony of the experts who appeared before the subcommittee, it is clearly evident that as a nation our investment in our greatest actual and potential resource—our children—is inadequate. We are, in a very real sense, limiting our future economic growth by the extent to which we do not promote the maximum realization of the productive potentialities of the younger generation.

We have received many suggestions as to how the Federal Government, in continuing its long-established participation in education, now may best assist in providing adequate educational opportunities to all of our population and in overcoming the current shortages and inadequacies of our public schools. The role of the Federal Government, first and foremost, we believe, is to stimulate and encourage local

and State efforts to improve educational opportunities. Continuation or expansion of Federal aid, of course, does not require Federal control over our educational systems. We are firmly convinced that such control is best exercised at the local and State levels and should and must remain at these levels.

A substantial number of persons—adults as well as children—are not receiving enough education, or enough of a suitable kind of education, to permit them to avoid self-perpetuation in the low-income group. School plant and equipment fall far short of total needs; the current rate of construction, while at an all-time high, is not great enough to eradicate within a reasonable length of time the shortage resulting from the backlog of accumulated needs and the needs arising from expanding enrollments. Inadequate teaching staffs and, in some communities, poor quality teaching, combine to prohibit full realization of the productive potentialities of our children and of those who have already commenced their working life. In other instances, the kind of training being received is not that best suited to the individual himself in terms of his capacities, nor does it provide adequate background for his future occupational needs. Many witnesses at the subcommittee's hearings emphasized that, in the long run, raising the educational level of members of the population with low economic status is a significant factor in preventing the self-perpetuation of this group.

There is much to be accomplished immediately if we are to provide an adequate, basic education to those of our children who are now of school age and to insure that succeeding generations of children will be afforded improved opportunities. In our recommendations which follow, we have stressed the types of positive programs which, in our opinion, will best meet the most urgent and pressing needs, as well as laying a firm foundation for provisions against the needs of future generations.

We recommend:

- (1) Direct Federal grants-in-aid to the States, initially for construction of school plant and equipment, based on an equalization formula which takes account of the relative economic need among the States.

In considering the particular problems of children of low-income families, we recognize that in many cases such children are not motivated at home to take advantage of the educational opportunities which already exist, nor are they taught at home to appreciate fully the close connection between future earnings and educational attainments. The school system can help increase awareness on the part of these children of the values of education, and strengthen their motivation to remain in school at least through the high-school level.

We recommend:

- (2) That the Federal Government, through grant-in-aid programs, assist the States to expand guidance services and vocational counseling provided within the school systems.

A significant proportion of children from low-income families drops out before completing their high-school education. In some cases the children feel compelled, for economic reasons, to leave school and ob-

tain a job to help support the family; in other instances, they lack the financial resources required to pay for additional schooling.

It is also true now perhaps as never before, that education can and should be a continuing experience which does not end upon completion of a specified number of years of formal schooling. Our expanding and changing technology, the expanding application of automation, and the gradual shifts in the relative demand for particular types of skills all require a flexible, highly trained labor force. There is increasing need, therefore, to permit adults who so far have not achieved a minimum education to "catch up" through voluntary participation in educational programs. In addition, provision should be made for the acquisition of new skills in order that we may meet the needs of the expanding economy.

We recommend:

(3) The establishment of a national scholarship fund to aid those who could profit from additional education but who lack the necessary financial resources.

(4) Expansion of adult education programs through Federal financial assistance extended to such institutions as the recognized and accredited colleges and universities; and, encouragement of vocational training and retraining programs sponsored by non-governmental groups in our economy.

### III. AID TO ECONOMICALLY DEPRESSED RURAL AND INDUSTRIAL AREAS

It is evident that despite the generally prevailing high levels of employment and productivity and the steady economic growth which our country enjoys, some geographic areas have not shared in the overall advance. Some areas, especially rural areas, throughout their entire existence have never kept up with the rate of growth of the country as a whole; others have experienced a decline—slow or precipitous as the case may be—until the resulting economic stagnation has produced serious problems of continuing unemployment and underemployment of all local resources.

The existence of areas of low economic activity seriously retards the rate of national growth, and is in itself a significant cause of self-perpetuation of low-income, underemployed groups. The goal of achieving full utilization of our national resources—land, labor, and capital—will never be attained as long as these geographic pockets of continuing economic depression persist. Ours is a dynamic, expanding economy; the very process of growth itself, along with the attendant changes and improvements in technology, now produces and inevitably will continue to produce some dislocation and imbalance of local resources. Without preventive planning and action, it appears inevitable that such temporary dislocation may well cause additional areas of chronic depression to develop. We feel most strongly that solution of the depressed-area problem is many-faceted and requires concerted action by all levels of government in cooperation with labor and management, church groups, and community organizations.

Measures to help those with low economic status, such as described in our recommendations presented in sections I and II of this report, will, of course, alleviate some of the problems of low income in depressed areas. Our preceding recommendations, however, are directed toward alleviation and prevention of low income arising from

causes associated with the individual; they are not directly related to causes of low income associated with the economy. Other types of measures to reduce chronic unemployment and underemployment in particular geographic areas are needed.

We believe that, in general terms, programs designed to aid depressed areas—those characterized by underemployment and misallocation of resources—have much in common, regardless of whether they relate to agricultural or industrial areas. Both types of areas (or, on a smaller scale, communities) require additional capital resources, new industrial development to absorb labor surpluses, increased availability of credit and technical assistance to the community and to the small farmer or businessman; expansion of educational and training opportunities available to the local population; enlarged and improved community facilities and services; greater access to adequate health care, and so on. Since, however, there are some differences in emphasis we place on the types of Federal assistance on which we urge immediate action, our specific recommendations relating to depressed agricultural and industrial areas are listed separately.

#### *A. Depressed agricultural areas and aid to low-income rural families*

We want to stress that while recognizing one of the most urgent needs of low-income farmers is increased access to credit, extension of credit to those who are considered "poor risks" by commercial credit agencies probably is foredoomed to failure unless accompanied by a greatly expanded program of technical aid to the credit recipient. Greater emphasis must be placed on intensive technical assistance to such families so that they may develop a coordinated family farm program best suited to their personal resources and to the land which they farm. Credit improperly applied or administered would tend merely to reinforce the tendency to remain on the land without utilizing the additional capital received to improve methods and efficiency of operation.

Over the years the Farmers' Home Administration has helped many low-income farmers improve their economic status by providing intensified technical assistance in conjunction with the loans it has made, and in our opinion, this agency is best equipped to provide the technical assistance we are recommending.

We believe that the most effective type of technical assistance consists of two parts: (1) The development of a family farm plan for individual families which, if carried out, will provide an adequate level of family living; (2) the encouragement and guidance of the farmer toward the plan's fulfillment by means of frequent personal visits of the technical agent to the individual farm.

We recommend:

(1) Expansion of the credit programs now available to farmers with increased emphasis on loans extended to low-income farmers.

(2) In combination with expansion of credit programs for low-income farmers, a corresponding increase in the provision of technical assistance to the individual farm families receiving loans, such assistance to include development of an appropriate farm plan for the individual family and extending the technical guidance and leadership required to help the family carry out the plan proposed.

We also believe that economic incentives of many low-income, rural families could be aided, their family life strengthened, and their material well-being improved if they had greater access to the type of aid extended by the Federal-State extension services.

We recommend:

(3) Consideration be given to the development of farm extension services to meet the needs of low-income farm families in particular, and to greater utilization of trained workers to assist the family improve all aspects of its family life. As a first step toward a better life, it should be possible to help the family get improved subsistence from the land on which they are now living.

It is apparent that a threefold approach is required to meet other aspects of the problem of chronic labor underemployment in low-income farm areas: (1) Encouragement of off-farm employment by development of new industrial location within the area; (2) assistance of farm families willing to migrate to other areas and who possess definite job opportunities in the new location; (3) provision for greater opportunity for rural people to obtain training for nonfarm occupations.

We recommend:

(4) Consideration of the following program designed to meet these particular needs:

(a) By means of technical assistance and Federal loan guaranties, aid recognized and approved local groups engaged in attracting new industry into the area, and develop other ways of providing off-farm employment. These programs (which also are recommended for extension to depressed industrial areas) should provide maximum stimulus to private investment in areas now depressed but which possess advantages of location or resources that, in combination with such investment, make economic growth practical and feasible;

(b) Assist in the development of a program for financing approved cases of out-migration of individual families;

(c) Expand vocational counseling and job placement services in depressed agricultural areas; and

(d) Expand in rural areas the federally aided nonfarm vocational training programs.

#### *B. Depressed industrial areas and aid to low-income families*

It was emphasized during our hearings that expansion of economic activity provides the only long-run solution to the problems of industrial areas with a chronic labor surplus. To achieve this goal, local producers should be enabled to take advantage of additional opportunity to expand and increase their level of output; surveys are needed to appraise and evaluate existing and potential local resources, in order to assess the area's capacity for future economic growth; new industries and expanding industries which can put local resources to economic use must be encouraged to establish plants in depressed areas; ways and means should be provided to assist low-income families who wish to migrate to other areas where there is a labor shortage; and, assistance must be given to needy workers willing to undergo retraining in basic skills for which there is adequate demand.

As we said earlier, problems of such magnitudes cannot be solved through Federal effort alone. In the long run, there must be determined and lasting cooperation between all strata of our economic life, and most important, the depressed areas and communities must themselves provide the will and the sustained interest in improving their economic status. Remedies superimposed from without seldom effect lasting cures. Our evaluation of the role of the Federal Government in aiding depressed industrial areas in particular is described by the specific recommendations which follow. As we have stated, it is for the most part similar to our evaluation relating to depressed rural areas.

We recommend:

(1) Substantial expansion of existing programs of technical assistance to depressed industrial areas and to small producers within the area.

(2) Credit aids be extended, when such assistance is economically desirable to existing local industries, and to approved local groups engaged in planning and constructing "ever-available" plants for the purpose of attracting diversified and expanding industries. Credit aid may possibly take the form of loan guaranties designed to promote maximum stimulus to private investment.

(3) That the Federal Government share in planning and conducting appropriate economic surveys to determine the scope of current and potential local resources.

(4) Expansion of the small-business program, with particular emphasis on aid to depressed areas, and coordinated with a strengthened program of decentralization of defense contracts.

(5) Extension of vocational counseling, job information, and placement services of the Federal-State employment services so that workers in depressed areas will be aware of job opportunities in other communities. In addition, these agencies should expand their function of alerting employers outside of depressed areas as well as within, to the types of skills currently available in depressed areas.

(6) That financial assistance should be provided to unemployed workers willing to undertake the approved retraining programs and to those willing to migrate to areas of labor shortage.

#### IV. FINDINGS AND RECOMMENDATIONS IN REGARD TO ADMINISTRATIVE AND RESEARCH NEEDS

##### *A. Depressed rural and industrial areas*

It was emphasized in the subcommittee's hearings that the Federal Government should focus primarily on the long-range objectives set forth in the Employment Act of 1946, while recognizing that appropriate short-run measures can assist in meeting these goals. In order to continue to provide the economic climate vital to economic expansion, it is essential that in its concern to alleviate distress in areas currently depressed, the Federal Government neither advocates nor embarks on measures which are merely palliative and are not curative in their total effect. We must recognize the dangers inherent in the type of emergency program which merely attempts to deal with "spot

problems of economically disadvantaged areas. Moreover, measures designed to habilitate or rehabilitate particular areas should not, as a byproduct, foster the creation of new depressed areas elsewhere. Therefore, all remedial measures undertaken by the Federal Government must be cast within the framework of the economy as a whole.

In conducting our study, we realize that separate recommendations are not sufficient. There must be at the Federal level development of a comprehensive, unified program which attacks the many problems of continuing low income in depressed areas in a consistent and concerted fashion.

We recommend:

(1) That there be established in the executive branch of the Federal Government a central group charged with the responsibility of preparing a coordinated, comprehensive program aiding currently depressed industrial and rural areas and so designed as not to affect adversely other areas. Such a program must assist in maintaining the economic climate necessary to promote maximum economic growth of the economy as a whole.

The subcommittee's investigations reveal that there is a pressing need for extended research to provide the economic facts and analyses required in order (1) to help currently depressed areas achieve a higher level of economic activity, and (2) to prevent the creation of additional areas of chronic labor surplus.

We recommend:

(2) Increased research along the following lines:

(a) A continuing program of study is needed to analyze regional and technological shifts so that trouble spots can be detected early enough to make for practical preventive action, such as encouragement of new enterprises in an expanding industry in areas where a major enterprise in a declining industry is expected to close down;

(b) An inventory of labor skills and economic assets should be compiled for each area now marked by concentrations of low incomes and chronic unemployment, to make it possible for public and private groups to match the available local resources with the needs of expanding industries so that new enterprises could be attracted to these depressed areas;

(c) For each distressed area, improved and more detailed reports on unemployment, labor force, percent unemployed, and number of new jobs to be created;

(d) Regular reporting of work stoppages by areas with some suitable measure of its relative importance in each area; and

(e) More information on differences in costs of living and in wage rates between areas and communities.



*B. Low income resulting from causes associated with the individual*

During the course of the subcommittee's hearings it was repeatedly emphasized that the population at permanently depressed income levels consists of two groups: (1) Those who for one reason or another cannot be expected to become more productive, and (2) individuals or families with members who possess the potential capacity to increase their productive power and thereby their level of earnings. The types of positive remedial action by Government and other groups vary in accordance with the particular needs of each group. We believe that the level of dependency will decrease, as provision against income loss are expanded, preventive and curative health care services and health information are made increasingly available to low-income groups, and the productive capacity of the families and individuals are increased by means of greater educational and training opportunities, application of vocational rehabilitation measures, and so on. In the long run, therefore, emphasis should be placed on prevention of poverty rather than on alleviating poverty after it once develops. In order to assess the need for specific current and future programs it is necessary to know more precisely the size and particular characteristics of the population with continuing low economic status.

We recommend:

- (1) Intensive studies to identify the population at substandard levels of living and the causes of their low economic status.

We believe that as the proportion of the population in the middle and older-age groups increases, new problems of low income may arise if not planned for in advance. Already displaced middle-aged and older workers are encountering difficulties in obtaining new employment; unless the productive capacity of this group is fully utilized, the economic growth of the Nation is limited unnecessarily.

We recommend:

- (2) That the Federal-State employment services place great emphasis on job-placement services for the older worker.

- (3) That, in all ways possible, government—Federal, State and local—encourage industry to employ older workers willing and able to work and to make more jobs available to this group by redesigning work to fit their capacity.

The Federal Government, through a multitude of programs, tackling the remaining problems of low income in many ways; have recommended some changes and redirection of Federal effort. Looking toward the future, we feel that the Congress should continue its study of low-income problems and evaluate, from time to time, the measures taken by the Federal Government to solve them.

We recommend:

- (4) That the appropriate departments and agencies of the executive branch prepare a report on the current status and size of the low-income population and the progress made in the alleviation of poverty and elimination of its causes, such report to be submitted to the Joint Economic Committee during the 80th Congress, and periodically thereafter.