

Cyrus Johnson's study of 324 families in the Aid to Families with Dependent Children and Unemployed Parents (AFDC-UP) Program provides a good description of the plight of the poor Appalachian family.⁶ The study is particularly relevant because the AFDC-UP Program evolved into the Work Experience and Training Program in several counties in Eastern Kentucky.

Johnson found that three fourths of the AFDC-UP families lived in homes rated as either deteriorating or dilapidated. The median family size was six although 25 per cent of the families had more than eight members. Interestingly enough, despite the myth of the extended mountain family, only 10 per cent of the AFDC-UP families reported any extra kin living with them. The median number of years of schooling for heads of households was six, and 2½ per cent had completed high school; none had any higher education, and 46 per cent of the men reported not having any full-time employment during the previous year.

Policy formulations for the poverty problem in Appalachia are difficult. The area does not seem to offer any additional grand potential within the contemporary American economy for the historically important extractive industries, nor for agriculture. Industrialization will proceed slowly, for as Professor Eldon Smith has pointed out:

"... policy framing is constrained by a presumed threat to the interests of the developed economic mainstream. Political invective notwithstanding, welfare programs seem to be more politically palatable and institutionally feasible than a frontal attack on the roots of the depressed areas problem."⁷

An example of the "welfare programs" to which Professor Smith alluded is the Work Experience and Training Program which evolved from the AFDC-UP Program in Eastern Kentucky. The Work Experience and Training Program represents an attempt to improve upon welfare programs by providing education and training for employment for the heads of impoverished households as well as education, health, and other services to family members. Additionally, a regular monthly income sufficient to meet the family's basic needs is provided. In concept this program represents an investment in "human capital," a term which will be discussed later. The developmental significance of various kinds of expenditures made by participants in the Work Experience and Training Program will be analyzed in this study.

IMPORTANCE OF THIS STUDY

It is assumed that there is general agreement with Professor T. W. Schultz's contention that "People generally prefer a society with fewer rather than more families in this state of poverty, and one can straightaway infer the *social disutility of poverty*."⁸ However, widespread poverty involves more than mere social disutility. The one fifth of the families in the United States living in poverty represents a cost to the economy regardless of ethical, charitable, or welfare considerations. This cost is most readily seen in the public expenditures for aid to the impoverished.

Table 1.2 shows that the total expenditures for Federal, state, and local governments for public aid: that is, public assistance; emergency aid; and value of surplus food; have been increasing in the period from 1955 to 1965, both absolutely and as a percentage of the Gross National Product (G.N.P.). These figures are for direct forms of aid to the impoverished, and do not include public expenditures for the more indirect social welfare programs such as education, employment insurance, old age, survivors, and disability insurance.

⁶ Cyrus M. Johnson, *Mountain Families in Poverty*, Kentucky Agricultural Experiment Station Publication RS-24, May 1965.

⁷ Eldon D. Smith, "Restrictions on Policy Alternatives Relating to Underdeveloped Regions of Developed Countries," *Journal of Farm Economics*, XLVIII, No. 5 (December 1966), p. 1231.

⁸ T. W. Schultz, "Education and Economic Opportunities in Depressed Rural Areas: Implications for Research," *Problems of Chronically Depressed Rural Areas*, A Special Report sponsored by the Agricultural Policy Institute North Carolina State University in cooperation with the Tennessee Valley Authority (Raleigh: North Carolina State University Press, November 1963), p. 46.