

way of right, in a welfare or aid category? This isn't aid. This is insurance that people have earned. If they are poor and they are receiving social security, they have got as much right to it as anyone else, and they are not receiving any aid or assistance from the Government.

Mr. SCHULTZE. To be perfectly frank, Senator Ribicoff, I have never considered the fact that putting the title on that table "Federal Aid to the Poor" indicated that this was in any sense a welfare category. It wasn't meant to be.

On the basis of your question, I guess I will have to admit, not having thought about it before, that maybe we should have chosen a different term. But I can say that all we were trying to do was to go through the Federal budget, program by program, in great detail and figure out how much of the total Federal cash outlay went to those who were poor.

Now you are quite right, some part of what goes in comes from insurance payments by the poor themselves. Much of that part of social security which goes to the very low end of the income distribution is many times larger than their actual contributions.

It is not that I am quarreling with your point. I am only saying that we were not trying to compile a welfare category. Many of these expenditures are not welfare at all. We were simply taking a look at the total Federal cash budget, which includes all of the trust funds, and estimating what part does go to the poor.

Senator RIBICOFF. But I think it is wrong. People make their social security payments and they receive their benefits, and I don't think that the poor, as you define the poor, receive about \$8 billion in social security payments. But you say now we are spending \$25.6 billion for the poor, see how generous we are. This has nothing to do with Government largess.

Mr. SCHULTZE. Nor do many of these others have to do with Government largess. I would like to make two points with respect to that.

In the first place, the problem of poverty did help to shape the nature of the administration's social security request this year. The fact that the very largest part of the increases go at the bottom end of the scale was in part shaped by concern over problems of poverty among the aged poor.

The second point is that many of the funds in here are not Government largess in that sense. For example, in the education and health area, I firmly believe, and I am sure you share my belief, that on just cold hard economic calculation, it makes sense to improve the productivity of these people, because in one sense—a very selfish consideration—by making productivity higher, you actually in the long run tend to reduce Government largess. So there is no attempt here to say this is largess in any sense.

Senator RIBICOFF. I agree with that statement, and let me go to the next point. We are talking about money. But your job is much more important than money alone.

Not many people realize it, but next to the President and the Secretary of State and the Secretary of Defense, you are the most powerful man in the Government of the United States, and more powerful than any member of the Cabinet. Basically you have the power to veto decisions.