

I think it is very important to begin to look more realistically than some of the newspaper headlines frequently present the welfare picture in our country.

Fourth, there is a new way of looking at welfare that I am optimistic and pessimistic about at the same time. I think the long-term way of looking at welfare has been as a program which was fundamentally designed to improve the incomes of people. It was looked upon as a consumption program, to make it more easy for the people to live. But I think the last years, as with all other social programs, we have translated them, transmuted them, perhaps, into programs which are now considered as investments in human resources. They have moved from the category of providing direct consumption aid to people toward the notion that providing aid over the long run, perhaps, will have some impact upon their trainability, their education, the mobility of their children, and so on. They are not looked upon as ways of shoring up people at a particular time when they are in trouble, but as long-term investments in people, just as we talk about educational investments as being long term.

The thing that does worry me about it is that I think we might be getting much more grandiose about what a program of cash transfers can do. I am for expanding cash transfers and making them more humanitarian than the mode we have currently. But I think we make a mistake if we think cash transfers can solve all the problems of family stability in the United States, can solve all family problems and the like. But I think it can play a role, itself. This leads me to the point that was made yesterday here; that is, not looking upon a job program or other programs as competitive programs, but programs that have supplementary roles, expected to improve job prospects and possibilities for low-skill people and at the same time, guaranteeing an income floor. It is not enough, I think, from the perspective of our experience in the 1960's, to talk about opportunities and training without making sure there really are opportunities available for low-skill people.

Next, a major point of difficulty in our thinking is that we have three different objectives which somewhat converge and somewhat compete with one another. These are the objectives of adequacy, of coverage, and of incentive. In adequacy we refer to providing a level of income for people which can provide a decent standard of living. In coverage, we are concerned with expanding the programs so that they deal with that neglected portion of the poor, the employed poor. And finally, with incentive, we are concerned with promoting the desirability and the possibility of working.

If we try to do all of these things, they are obviously very expensive. If you expand adequate levels, it not only makes more people eligible, but is also expensive per capita. Coverage means that more people will be included than presently, which means including the working poor, which I think is what we are moving toward in most of the reforms.

Incentive has the problem that if you try to provide an incentive to work, you lead to the difficulty of what is an adequate level. In order to provide some incentive, you may have to reduce an adequate level. So the points converge at the same time that they diverge.