

The Committee found little in the past record of amendments and so-called legislative reform to justify any high hopes or promise that the present public assistance system will be substantially improved. Basically poor programs are not improved with overlays. It is doubtful that more tinkering will evolve a more satisfactory program.

2. INCOME MAINTENANCE

The fact that public assistance helps only one-fourth of those living below an acceptable standard, apart from its other deficiencies, caused attention to be paid to other possible approaches to poverty. Included in these discussions were a variety of proposals for income maintenance, with family or children's allowances, negative income taxes, guaranteed annual wage and other possibilities figuring prominently in those discussions.

The Committee believes that the public interest would be served if a practical system of income maintenance could be devised which would replace the present system of welfare payments and would provide some benefits to all of the 30-million below the poverty line, instead of only the 8-million now on the welfare rolls. Provision should also be made for social services to those in special need of them.

There was strong agreement that such a system should contain incentives to work, be closely tied to the Internal Revenue System to provide greater administrative efficiency and effectiveness than now exists, and should try to contain regional cost of living differentials.

Of the two major proposals discussed, the Steering Committee leans toward a negative income tax rather than a family or children's allowance assuming that more research, analyses and experimentation indicates its soundness. Under a negative income tax, all of the funds paid out would go to those families or individuals in greatest need. Under a universal family or children's allowance system, about 70 to 80 per cent of the funds would go to the families who need it least, with the government then recouping its money through the tax system. This is a costly way to deliver funds to the group that needs it most. Other weaknesses noted in the family allowance system, as proposed at Arden House, are that no provision is made for individuals or couples without children who are in need; the payments proposed would be inadequate as an anti-poverty measure, and the infusion of a work-incentive principle would be difficult.

Under a payment system such as a negative income tax, in place of the present public assistance program, the Federal Government would assume the major financial obligations and the responsibility of the States and local governments would be largely to provide the supporting services which will be required no matter what kind of system is adopted. Such services would include social work counselling, home maker services, family planning, etc.

A negative income tax would automatically achieve two sought but heretofore unattainable goals—need as the basis for financial assistance, and a uniform national minimum standard.