APPENDIX 12

STATEMENT OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

The National Association of Manufacturers is pleased to present its views on the subject of income maintenance programs. The NAM is a voluntary organization of industrial and business firms, large and small, located in every state, and representing the major part of manufacturing output in the country.

In announcing these hearings, Chairman Martha W. Griffiths said that the Subcommittee would undertake "to find out what objectives an effective and efficient welfare system should achieve and how it could be designed. In the process, the Subcommittee shall review the shortcomings of the present system as well as the advantages and disadvantages of proposed reforms."

Last year, the Board of Directors of the NAM adopted a policy position which states in part that:

> Public assistance programs should encourage recipients who are willing and able to earn some of their income to do so. Programs which subtract the total of such income from assistance payments for which the individuals are otherwise eligible, do not accomplish this objective.

The policy further states that Government programs providing for welfare or income supplement payments to individuals who are poor should be based on verified need and not on a self-assessment system or on assumed uniform need.

Adoption of this limited policy did not, however, foreclose NAM's interest in the problems now being considered by the Subcommittee. To the contrary, it is continuing to study the issues involved. Within this framework of present policy and continuing concern, we shall comment in this statement on the present welfare system and proposals for modifying it.

PRESENT WELFARE SYSTEM

There is considerable agreement that the high and increasing cost of public assistance in a period of prosperity has led to a widespread dissatisfaction with the present system. But that is not the only source of difficulty. The present public assistance system was established in an emergency atmosphere and therefore was oriented toward temporary help. In terms of the number of cases, old age assistance was the largest problem and this fact undoubtedly was largely responsible for the inclusion of the public assistance programs in the original Social Security Act.

The expectation that the resumption of economic growth and the establishment of the wage-related Social Security system—plus the growth of private pension plans—would gradually eliminate the problem of old age poverty is being proven correct. The number of people of 65 and over increased from 12.4 million in 1950 to 18.5 million in 1966. As a proportion of the population, they increased from 8.1% to 9.4% in that interval. Nevertheless, the number of Old Age Assistance recipients dropped by more than 25% and—including medical assistance to the aged in 1966—OAA accounted for 34.9% of the yearly public assistance cost as against 60.4% in 1950.

The architects of the original public assistance programs were basically correct in their assumption that old age poverty would prove to be a self-liquidating problem. What they did not foresee—and what is causing the present concern—is the shift in the welfare population from the aged to families with young children. In Daniel Moynihan's terms, public assistance has been converted from a program for temporary *assistance* to individuals to one of *subsistence* for both individuals and a class. The situation is further aggravated by the concentrations of such cases in central cities, by the high cost to such cities, and by the new impatience to correct all the faults of the system in the context of a full or near-full employment economy.