Appendix: Sources and Assumptions for Tabular Data

Table 2.1

For "Unemployed Persons," see Employment and Earnings (monthly), table A–1.

Figures for "AFDC Parents Not In The Laborforce" are estimates based on the number of AFDC adult recipients who were categorized as neither employed, incapacitated, on layoff, or seeking work in two studies of AFDC recipient characteristics, one conducted in 1979 and the other in 1986. The ratio of such adults to the total number of AFDC recipient families at the time of the two studies was used to estimate the number of such adults in other years. The 1979 ratio was used to estimate figures for 1977–81. The 1986 ratio was used to estimate figures beginning with 1982, the year in which the eligibility-restricting Omnibus Budget Reconciliation Act of 1981 took effect. See U.S. Department of Health and Human Services, AFDC: 1979 Recipient Characteristics Study, Part I, Demographic and Program Statistics (1982), pp. 12 (table 1), 45 (table 27), 57 (table 37); idem, Aid to Families with Dependent Children: Characteristics and Financial Circumstances of AFDC Recipients, 1986 (undated), pp. 29 (table 1), 53 (table 22), 56 (table 25); Social Security Bulletin, Annual Statistical Supplement (1986), table 204; Quarterly Public Assistance Statistics (quarterly), table 1; and U.S. Congress, House of Representatives, Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means, 98th Cong., 2d sess., 1984, WMCF 98–22, p. 311.


Figures for the "Official Unemployment Rate" are for the noninstitu-
tional population sixteen years and over. The unemployment rate for this population is slightly lower than the rate for the civilian laborforce reported in tables 1.1 and 1.2. This is because the total adult laborforce includes the nation's resident armed forces, all of whom are employed. See Employment and Earnings (monthly), table A-1.

**Table 2.2**

Estimates of the total jobs needed for "Officially Unemployed Persons," "Discouraged Workers," and "AFDC Parents" are all based on the number of additional jobs that would have been needed to reduce the unemployment rate to 2 percent, assuming that 50 percent of all discouraged workers and 90 percent of all AFDC parents not already counted in the laborforce would have joined the laborforce. It was further assumed that all three groups experienced the same rate of frictional unemployment. For data on the number of persons in each of the three groups, see table 2.1. For the reported size of the laborforce, see Employment and Earnings (monthly), table A-1. Ninety percent of the jobs provided for AFDC parents were assumed to be full-time. The ratio of full-time to part-time jobs for officially unemployed persons and discouraged workers is based on the proportion of officially unemployed persons looking for full-time as opposed to part-time work. See Bureau of Labor Statistics, Handbook of Labor Statistics, p. 24 (table 7); and Employment and Earnings, Household Data Annual Averages (January 1985-87), table 7.

Estimates of the total jobs needed for "Involuntary Part-Time Workers" are based on the number of additional jobs that would have been needed for involuntary part-time workers (see table 2.1) if they had taken such jobs in the same proportion that we have assumed for wholly unemployed persons (redefined to include the above-indicated proportions of discouraged workers and AFDC parents).

Figures for the "Official Unemployment Rate" are from table 2.1 above.

**Table 2.3**

The "Average Hourly EAP Wage Rate" for each year is the weighted averages of EAP wage rates for officially unemployed persons and all other program participants, based on estimates of the total number of hours each group would have worked in EAP jobs (assuming the distribution of jobs indicated in table 2.2 and counting all part-time jobs as half-time positions).

Estimates of the average wage rate for "Officially Unemployed Persons" equal 79 percent of the average hourly earnings of production or

Estimates of the average wage rate for “All Other Program Participants” equal the median weekly earnings of part-time wage and salary workers divided by the average weekly hours of persons at work one to thirty-four hours. For data on average weekly hours, see *Employment and Earnings* (January 1978–83), table 33, and (January 1984–87), table 31. For data on median weekly earnings, see ibid., (January 1986–87), tables 54, 55; and *Employment and Earnings*, Quarterly Household Data, tables reporting median weekly earnings of full-time and part-time wage and salary workers by selected characteristics. Hourly wages for 1977 and 1978 are estimates based on the average ratio of the hourly wages calculated for 1979–86 to the average hourly earnings of production or nonsupervisory workers on private nonagricultural payrolls.


**Table 2.4**

All estimates of annual full-time income were calculated by multiplying the wage rates listed in table 2.3 by 2,080 (forty hours times fifty-two weeks).

For “Poverty Thresholds by Household Size,” see the Committee on Ways and Means, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means* (1988), p. 711 (table 1).

**Table 2.6**

Estimates of the “Wages” and “Materials” components of the program’s overall “Budgeted Cost” were calculated in the following way: A preliminary wage bill was calculated for the number of jobs listed in table 2.2, paying wages listed in table 2.3. It was assumed that all full-time jobs would pay wages for 2,080 hours per year (40 hours × 52 weeks), and that all part-time jobs would pay wages for 1,040 hours per year (20 hours × 52 weeks). The net additional cost of facilities, tools, and materials was assumed to be one-sixth of this amount (half of the actual expenditures for these items, since half of their cost was assumed to end up as wage and salary payments to private sector employees who would otherwise have to be employed by the EAP jobs program). This total net expenditure for wages and materials was then reallocated between the two en-
tries, with 75 percent of the total listed as wages (the program's "adjusted wage bill") and the other 25 percent listed as materials (the program's total expenditures for facilities, tools, and materials).

Estimates of the "Benefits" component of the program's overall "Budgeted Cost" include the employer's share of Social Security taxes and of health insurance premiums for a workforce of the size indicated by the program's total adjusted wage bill. For Social Security Tax rates, see Statistical Abstract of the United States: 1987, p. 348 (table 586). Estimates of health insurance premiums are based on those paid by the government for the Blue Cross/Blue Shield health insurance packages described in the text. It was assumed that all former AFDC parents and all officially unemployed full-time workers with children under eighteen would elect family coverage, and that the balance of the EAP workforce would elect individual coverage. It was further assumed that the program's full-time workforce would choose the "standard" and "high option" plans in equal numbers, while the program's part-time workers would all elect the standard plan. For the proportion of all officially unemployed persons with children under eighteen, see Employment and Earnings, Household Data Annual Averages (January 1982), table 61; (January 1984), table 52; (January 1986, 1987), table 50. For the distribution of workers between full-time and part-time jobs, see above, table 2.2. Health insurance premiums were from unpublished data, Office of Personnel Management, Office of Management and the Budget. Data for 1980–82 can be found in U.S. Congress, House of Representatives, Committee on the Post Office and Civil Service, Review of the Federal Employee Health Benefit Program, 97th Cong., 2d sess., 15 July 1982, p. 79 (appendix A).

Estimates of "Tax Savings" are based on the following assumptions: (1) that Social Security taxes would have been paid on the program's entire direct wage bill and on half of the amount spent on materials, (2) that federal income taxes would have been paid on the program's direct wage bill at the rate of 7.6 percent, the average rate for taxpayers with adjusted gross incomes equal to the program's average annual wage in 1983, (3) that federal income taxes would have been paid on the program's expenditures for materials at the rate of 14.5 percent, the average rate for all taxpayers in 1983, (4) that state and local income taxes would have been paid on both the program's direct wage bill and expenditures for materials, and that the ratio of these taxes to federal income tax receipts would have equaled 19.1 percent, the ratio of all state and local personal income tax revenue to all federal personal income tax revenue for 1983. See Statistical Abstract of the United States: 1987, p. 348 (table 586). For average effective federal income tax rates, see ibid., p. 505 (table 500). For the ratio of state and local tax revenues to federal tax revenues, see ibid., p. 253 (table 432).
All figures include administrative costs, where those are available. All figures except for UI are estimates based on adjustments to the data reported in table 2.7.

Figures for "UI" include all expenditures for unemployment compensation benefits. See the Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (1984), pp. 228–29 (table 1); and idem, 100th Cong., 1st sess., 1987, WMCP 100–4, p. 325 table 1.

Estimates of "AFDC" expenditures are based on the following considerations: About 8.5 percent of all AFDC families do not include a mother or other adult caretaker in the assistance unit. See the Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (1987), p. 433 (table 23). These are families of related children whose parents are both either absent from home or deceased. They are either living with a relative other than one of their parents (usually a grandparent) or are wards of the state who have been placed in the foster care system. The average size of this type of assistance unit is only about half that of AFDC families as a whole. See U.S. Department of Health and Human Services, Recipient Characteristics and Financial Circumstances of AFDC Recipients: 1983 (undated), pp. 36, 38; and idem, Aid to Families with Dependent Children: Characteristics and Financial Circumstances of AFDC Recipients, 1986 (undated), pp. 32 (table 4), 35 (table 7). Presumably, these families receive about half the average AFDC family benefit, or the equivalent of the average benefit for half as many families (that is, about 4.25 percent of all AFDC families). Another 4.5 percent of all AFDC families (on average) are headed by a parent or other adult caretaker who is incapacitated. Thus, the equivalent of about 8.75 percent of all AFDC households of average size are either headed by an incapacitated caretaker or have no adult caretaker in the assistance unit. Conversely, about 91.25 percent of all such families can be presumed to have an able-bodied adult caretaker present. It has been assumed that this proportion of all AFDC benefits were paid to such families.

Figures for “Other Cash Aid” include expenditures for the following programs:

1. General Assistance (GA): General Assistance is funded entirely at the state and local level and eligibility requirements vary greatly. Some jurisdictions provide benefits only for “unemployables.” Others provide benefits mostly to employable single adults ineligible for other income maintenance benefits. See U.S. Department of Health and Human Services, Characteristics
of General Assistance Programs, 1982, (May 1983). The share of all benefits that go to employable persons and their families is therefore hard to estimate. For purposes of this table, it has been assumed that 50 percent of all benefit payments go to support the families of employable persons. Whether this estimate is high or low is hard to say, but total GA benefit payments averaged less than $1.8 billion per year over the period in question, so the error introduced into our overall calculation is small in either case.

2. General Assistance to Refugees and Cuban/Haitian Entrants: This is a federal program that reimburses states for their share of SSI, AFDC and other aid provided to certain categories of refugees. It has been assumed that the same proportion of these funds went to the families of employable persons as to those in the AFDC program, after subtracting SSI reimbursements from the total expenditure figures. This probably understates the amount of aid paid to employable householders, since refugee families were eligible for AFDC payments even if both parents were in the home and neither was sick or unemployed.

3. Earned Income Tax Credit: It has been assumed that all benefits went to employable persons.

4. Emergency Assistance: Like AFDC, this program provides aid to destitute families with children. It has therefore been assumed that the same percentage went to the families of employable persons as was assumed for the AFDC program.

5. General Assistance To Indians: It has been assumed that the same portion of this assistance went to the families of employable persons as was assumed for the AFDC program.

Estimates of "Medicaid" expenditures are based on the assumption that the proportion of all Medicaid benefits going to the families of employable persons equaled the proportion of such benefits made on behalf of AFDC recipients and "others" as opposed to persons who were over sixty-five years old, blind, or disabled. See Statistical Abstract of the United States: 1984, p. 388 (table 643); and Statistical Abstract of the United States: 1987, p. 359 (table 611).

Figures for "Other Medical Care" include expenditures for the following programs: Maternal and Child Health Services, General Assistance (medical care component), Indian Health Services, Community Health Centers, Medical Assistance to Refugees and Cuban/Haitian Entrants, and Migrant Health Centers. For all of these programs it has been assumed that the same proportion of benefits go to the families of able-bodied persons under age sixty-five as has been assumed for the Medicaid program. This is probably an underestimation because, eligibility for
care under these programs is much broader for non-disabled persons under the age of sixty-five than is the case with Medicaid.

Estimates of expenditures for "Food Stamps" are based on the following considerations: During 1982, 8.0 percent of all Food Stamp benefits went to persons living in households headed by someone sixty-five years of age or older. See U.S. Bureau of the Census, *Current Population Reports*, series P-60, no. 141, "Characteristics of Households Receiving Selected Non-Cash Benefits: 1982," pp. 12–13. Cf. *Statistical Abstract of the United States: 1987*, p. 344 (table 580). A 1983 study found that whereas 9.7 percent of all Food Stamp recipients lived in households headed by someone sixty-five years of age or older, only 8.4 percent lived in households that received some SSI benefit payments and were headed by someone less than sixty-five years of age. See U.S. Bureau of the Census, *Current Population Reports*, series P-70, no. 1, "Economic Characteristics of Households in the United States: Third Quarter 1983," p. 24. If we assume that individuals living in nonelderly SSI families received, on average, the same amount of Food Stamp benefits as elderly recipients, then they would have received about 6.9 percent of all Food Stamp benefits in 1982. By combining the 8.0 percent going to persons living in households with an elderly head and the 6.9 percent assumed to be going to the families of disabled workers under the age of sixty-five, we arrive at an estimate of about 15 percent of Food Stamp benefits going to the families of either elderly or disabled householders. It has been assumed that the balance (85 percent) go to the families of able-bodied persons of working age.

Figures for "Other Food Aid" include expenditures for the School Lunch Program (free and reduced-price segments), the Special Supplementary Food Program for Women, Infants & Children (WIC), Special Food Donations, the Temporary Emergency Food Assistance Program, the School Breakfast Program (free and reduced-price segments), the Child Care Food Program, the Summer Food Service Program for Children, the Food Distribution Program for Needy Families, the Special Milk Program (free segment), and the Commodity Supplemental Food Program. Because these programs are all designed to serve low-income families with children, it has been assumed that the same proportion of the assistance goes to the families of able-bodied recipients as was assumed for the AFDC program (that is, 91.25 percent).

Figures for "Housing and Energy Aid" include expenditures for Section 8 Lower-Income Housing Assistance, Low-Rent Public Housing, Section 502 Rural Housing Loans, Section 515 Rural Rental Housing Loans, Section 236 Interest Reduction Payments, Section 235 Home Ownership Assistance for Low-Income Families, Section 521 Rural Rental Assistance, Section 101 Rent Supplements, Section 504 Rural
Housing Repair Loans and Grants, Section 514 Farm Labor Housing Loans, Section 516 Farm Labor Housing Grants, Indian Housing Improvement Grants, Section 523 Rural Self-Help Technical Assistance, Low-Income Energy Assistance, and Weatherization Assistance. Of the 3.5 million households living in public or subsidized housing during the summer of 1983, 31.9 percent were headed by persons sixty-five years of age or older, and 9.8 percent were households that received some SSI benefit payments but were headed by persons less than sixty-five years of age. See U.S. Bureau of the Census, “Economic Characteristics of Households in the United States: Third Quarter 1983,” p. 23. Cf. Statistical Abstract of the United States: 1987, p. 344 (table 580). It has been assumed that all other households living in such housing (58.3 percent of the total) are headed by able-bodied persons, and that these latter households receive, on average, the same monetary benefits as the other 41.7 percent. It has also been assumed that all other housing and energy aid programs distribute their benefits in similar proportions.

Figures for “Jobs and Training” include all expenditures for jobs and training programs. Figures for “Education Aid” include only those funds spent on the College Work-Study Program, the Vocational Education Work Study Program, and the Headstart Program (the latter because funding for day care, including educational enrichment programming for preschool children, would be included in the budget of the EAP jobs program).

Figures for “Social Services” include 30 percent of Title 20 Social Services expenditures. This is the approximate proportion of all Title 20 funds that were spent for child day care, employment, and training services during 1979. See the Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (1984), p. 419 (table 5).

**Table 2.9**

Estimates of the funding surplus or deficit contained in the last row of the table are estimates of the surplus or deficit that an EAP jobs program would have experienced if the funds available for reallocation to the program (from the programs listed in table 2.7) had continued to bear the same relationship to total government spending as in 1977 (when total expenditures on the programs listed in table 2.7 equaled 11 percent of all government spending). For data on total government spending, see Statistical Abstract of the United States: 1987, p. 249 (table 427); and Statistical Abstract of the United States: 1988, p. 257 (table 430).
INTRODUCTION


3. Ibid., pp. 40–41. The complete “economic bill of rights” proposed by President Roosevelt was as follows:

The right to a useful and remunerative job in the industries or shops or farms or mines of the nation;

The right to earn enough to provide adequate food and clothing and recreation;

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;

The right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident and unemployment;

The right to a good education.

5. Quoted in ibid., p. 42.


8. Milton Friedman is credited with first popularizing the idea of a “negative income tax,” but by the time of the cited Gallup survey, the idea was also being advocated by liberals such as James Tobin and Joseph Pechman. See Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), pp. 190–95; and James Tobin, Joseph A. Pechman, and Peter M. Mieszkowski, “Is a Negative Income Tax Practical?” *Yale Law Journal* 77 (1967): 1–27.

9. In a 1977 Gallup poll, the proposal that “the federal government set up youth camps—such as the CCC camps of the 1930s—for young men who want to learn a trade and earn a little money by outdoor work,” was endorsed 85 percent to 10 percent. *Gallup Opinion Index*, no. 138 (January 1977), p. 24. In earlier Gallup polls, similar proposals had been endorsed by 79 percent to 16 percent (1962), 89 percent to 6 percent (1963), and 85 percent to 10 percent (1976). The Gallup polling organization commented on these results, stating, “Few issues in polling history have received such overwhelming support by the American public.” Ibid., p. 23.


11. See chapter 6.


17. The general view among international jurists is that the Universal Declaration of Human Rights, which was adopted by a vote of the General Assembly of the United Nations, does not impose legally binding obligations on the member states of the United Nations. In this respect, the declaration is distinguishable from the other agreements to which reference is being made, all of which are treaties that legally bind those states (but only those states) that ratify them. On
the other hand, there are jurists who argue that some of the promontional obligations that the declaration proclaims may already have attained, or may be in the process of attaining, legally binding status under customary international law. See, Louis Henkin, "Introduction," in Louis Henkin, ed., The International Bill of Rights (New York: Columbia University Press, 1981), p. 9.


CHAPTER 1
The Missing Leg of U.S. Social Welfare Policy


4. A person must satisfy three conditions to be counted as unemployed in surveys conducted by the U.S. Bureau of Labor Statistics. First, the person must not have done any work at all as a paid employee during the survey week (or more than fifteen hours of unpaid work in an enterprise operated by a member of the family). Secondly, the person must have been available for work, except for temporary illness, during the survey week. Third, the person must have made specific efforts to find employment sometime during the prior four weeks. Thus, a person is counted as unemployed whether the source of his or her joblessness is frictional, cyclical, or structural. On the other hand, job-seekers are not counted as unemployed if they are working in an occupation below their accustomed skill level while seeking a better job, or are working only part-time while seeking full-time work. Also not counted as unemployed are people who report that they want to work but, for whatever reason, are either not currently available for work or are not making specific efforts to find a job. See "Explanatory Notes," Employment and Earnings (monthly), or "Notes on Current Labor Statistics," Monthly Labor Review (monthly).


7. See note 5 above.


13. For a description of the AFDC program, see U.S. Congress, House of Representatives, Committee on Ways and Means, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, 100th Cong., 2d sess., 1988, WMCP 100–29, pp. 387–504.


17. *Congressional Record* 134 (29 September 1988): S13639. While most of the changes introduced in the program concern job training and work incentives, the legislation also requires states to take vigorous steps to obtain child support payments from absent fathers and provides the states with new powers to assist them in that effort. See Family Support Act of 1988, Public Law No. 100–485, §§101–29, 102 Stat. 2344–56 (1988).

18. In general, participation in the education and training programs is to be mandatory for AFDC parents who are provided child care and voluntary for those who are not. See ibid., §201, 102 Stat. 2356–60 (1988).

19. The legislation requires states to impose a work requirement of at least sixteen hours per week on at least one parent in two-parent AFDC families whose eligibility for benefits is based on the principal earner’s unemployment (about 5 percent of all AFDC families). An exception is allowed for parents under the age of twenty-five who have not completed high school or an equivalent course of education. The work requirement may take the form of (1) on-the-job training, (2) mandatory unpaid community service work performed as a condition for receiving AFDC benefits, or (3) an AFDC subsidized job paying wages in lieu of AFDC benefits. See ibid., 102 Stat. 2376.
25. Report of the Committee on Economic Security, pp. 3–4. William Beveridge was of the same opinion. He saw an effective full employment policy as both a necessary accompaniment to a workable social insurance system and as a desirable goal in its own right. See Beveridge, Full Employment in a Free Society, pp. 17–18.
27. Ibid., pp. 8–9.
28. Executive Order No. 7034, 6 May 1935.
30. See chapter 6.

CHAPTER 2
The Fiscal Feasibility of Providing Employment Assurance

1. See table 1.2.
4. For the age and gender distribution of discouraged workers, see “Household Data Annual Averages,” Employment and Earnings (January 1978–83), table 39; and (January 1984–87), table 35.
6. Over a third of all AFDC families include persons who are not members of the assistance unit. See U.S. Department of Health and Human Services, Aid to Families with Dependent Children: Recipient Characteristics and Financial Circumstances of AFDC Recipients, 1983 (undated), p. 35 (table 3); and idem, Aid to Families with Dependent Children: Characteristics and Financial Circumstances of AFDC Recipients, 1986 (undated), p. 31 (table 3). These may include stepparents, stepbrothers and stepsisters, siblings over the age of eighteen, grandparents, and unrelated individuals. Income earned by such persons is not always counted in calculating AFDC eligibility and benefit amounts. See U.S. Congress, House, Committee on Ways and Means, Background Material and Data on Pro-
grams within the Jurisdiction of the Committee on Ways and Means, 100th Cong., 1st sess., 1987, WMCP 100–4, pp. 388–89.


10. For a description of this survey, see Carl Rosenfeld, “Job Search of the Unemployed,” Monthly Labor Review 100 (March 1977): 40.


13. See sources for table 2.3.


18. Ibid.


23. These include the Old Age, Survivors, Disability, and Health Insurance programs (OASDHI). What distinguishes these four programs is that they are financed not out of general revenues but by special payroll taxes levied under the authority of the Federal Insurance Contributions Act (FICA). For total OASDHI revenues and expenditures, see Social Security Bulletin, (monthly), tables M-4, M-5, M-6, M-7. For a summary report of this data, see Social Security Bulletin, Annual Statistical Supplement (annual); or Statistical Abstract of the United States: 1987, p. 341 (table 574); and corresponding tables in earlier editions.


26. For annual data on the number of officially unemployed persons, see table 2.1.


CHAPTER 3
Combating Unemployment and Poverty


6. For a brief description of the job search requirements presently imposed under state unemployment compensation statutes, and for information regarding average benefit levels, see U.S. Congress, House of Representatives, Committee
Notes

on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means, 100th Cong., 1st sess., 1987, WMCP 100-4, pp. 332-41.

7. For a general discussion of this point that draws similar policy conclusions to my own, see Adolph Lowe, Has Freedom a Future (New York: Praeger, 1988), pp. 95-111.

8. For further discussion of this point, see the discussion of eligibility criteria for an EAP jobs program in chapter 5. For a somewhat dated description of sheltered workshop programs in Europe, see Beatrice G. Reubens, The Hard to Employ: European Programs (New York: Columbia University Press, 1970). For a more contemporary description of such programs in Sweden, see Ginsburg, Full Employment and Public Policy, pp. 196-205.


12. Sweden provides a singular and very instructive exception to this rule. For a description of Swedish employment policies, see Ginsburg, Full Employment and Public Policy: The United States and Sweden, pp. 111-211.

CHAPTER 4
Economic Side Effects of an EAP Jobs Program


7. See Richard B. Freeman and James L. Medoff, "The Two Faces of Unionism," The Public Interest 57 (Fall 1979): 69-93.

8. If the innovation is capable of reducing monetary costs below this level, then a profit-maximizing firm would have introduced it whether or not an increase in wages occurred. In practice, however, it is recognized that a wage increase may have a "shock" effect on employers, inducing them to introduce productivity-enhancing innovations that might have been cost effective even in the absence of the wage increase. See Brown, Gilroy, and Kohen, "The Effect of the Minimum Wage on Employment and Unemployment," pp. 489-90.


11. For a concise discussion of the use of incomes policies in the United States, see Ehrenberg and Smith, Modern Labor Economics, pp. 656-64.

CHAPTER 5
Administrative Problems and Opportunities


4. For detailed descriptions of the evolution of the ceta program through the 1970s, see William Mirengoff and Lester Rindler, CETA: Manpower Programs under Local Control (Washington, D.C.: National Academy of Sciences, 1978);
5. At its peak CETA funded less than 2.5 million positions, a large proportion of which provided only part-time or summer employment for teenagers. See U.S. Library of Congress, Congressional Research Service, Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data (annual, 1979–84).

6. The administrators of New Deal employment programs were very much aware of the fiscal substitution problem, and it was one of the factors that caused them to structure the programs the way they did. See John Charnow, Work Relief Experience in the United States (Washington, D.C.: Committee on Social Security, Social Science Research Council, 1943), pp. 103–6.


8. Ibid., p. 32.


11. See Burns and Williams, Federal Work, Security and Relief Programs, pp. 29–36, 53–76.

12. See U.S. Congress, House of Representatives, Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means, 100th Cong., 1st sess., 1987, WMCP 100–4, pp. 6–7, 30–34, 505–22.


14. For more detailed discussions of the administrative problems associated with disability determinations, see ibid., pp. 34–53; and Jerry L. Mashaw, Bureaucratic Justice: Managing Social Security Disability Claims (New Haven, Conn.: Yale University Press, 1983).


17. Burns and Williams, Federal Work, Security and Relief Programs, p. 54 (table 3).

18. Ibid., p. 31 (table 2).


22. Burns and Williams, Federal Work, Security and Relief Programs, p. 32; and Schwartz, The Civil Works Administration, p. 132.
25. Charles, Minister of Relief, p. 65.
27. Private cooperatives of unemployed and underemployed workers emerged spontaneously in 1931 and 1932. First organized to facilitate exchanges of goods and services among the unemployed, several hundred of these associations received federal financial assistance between 1933 and 1938 (but mostly in 1934 and 1935). With this infusion of federal capital, the cooperatives expanded their activities, engaging in regular production and selling their products to relief agencies or exchanging them with other cooperatives. To receive federal funds an association had to be democratic in structure and could not produce goods or services that would significantly affect private markets. Their most common activities were sewing, baking, canning, and gardening, but they also produced furniture, clothing, soap, and cosmetics, and operated laundries, cafeterias, and beauty shops. See U.S. National Resources Planning Board, National Resources Development Report for 1943, 78th Cong., 1st sess., 1943, Doc. No. 128, Part 3, Security, Work and Relief Policies, pp. 255–58.
29. Ibid., pp. 278–79.
30. Ibid., p. 279.
32. For more information, see Burns and Williams, Federal Work, Security and Relief Programs, pp. 58–60.
34. This estimate is based on the number of AFDC recipient children under the age of six with an able-bodied parent not already in the laborforce. Statistical Abstract of the United States: 1986, p. 382 (table 647).
35. Ibid., p. 357 (table 596).
36. On the origins of the employment at will doctrine, see Jay M. Feinman, "The Development of the Employment at Will Rule," American Journal of Legal History 20 (1976): 118–35. The most significant statutory limitations on the em-


Chapter 6
Political Problems


3. Before the program’s workweek was shortened to save money at the end of January 1934, weekly wages in the CWA averaged $15, or about $65 monthly. When the WPA was established in 1935 it provided average monthly earnings of about $50. Over the eight-year life of the WPA, program wages were slowly increased, but they did not reach $60 per month until 1942. See ibid., pp. 34, 62; and John Charnow, Work Relief Experience in the United States (Washington, D.C.: Committee on Social Security, Social Science Research Council, 1943), pp. 51–52.

4. Half of all CWA positions were reserved for persons certified as eligible for public relief, but the other half were open to any unemployed person without submission to a means test. Nine million persons applied for the two million positions available on this basis. See Bonnie Fox Schwartz, The Civil Works Administration, 1933–1934 (Princeton, N.J.: Princeton University Press, 1984), pp. 42–44. For a comparison of eligibility requirements in different New Deal employment programs, see U.S. National Resources Planning Board, National Resources Development Report for 1943, 78th Cong., 1st sess., 1943, Doc. No. 128, Part 3, Security, Work and Relief Policies, pp. 556 (appendixes 2, 3, 5), 565 (appendix 13).

7. See Burns and Williams, *Federal Work, Security and Relief Programs*, p. 29.
10. The FERA was established under the authority of the Federal Emergency Relief Act of 1933, ch. 30, 48 Stat. 55 (1933), to distribute federal grants-in-aid to state public relief agencies. For a discussion of its early history, see Burns and Williams, *Federal Work, Security and Relief Programs*, pp. 21–28.
11. The contents of Williams’s memo is summarized in Schwartz, *The Civil Works Administration*, p. 36.
17. Investigations of CWA operations by the program’s own staff of investigators and accountants ultimately resulted in 751 serious charges being referred to the Justice Department. After completing its own investigation, the Justice Department considered 240 of these cases as warranting further action. Of these, 163 were deemed not to involve criminal violations and were settled through restitution or employee dismissals. Criminal charges were brought in the other seventy-seven cases and seventeen convictions were obtained. See Searle F. Charles, *Minister of Relief: Harry Hopkins and the Depression* (Syracuse: Syracuse University Press, 1963), pp. 59, 63–65.
21. See discussion of project selection in chapter 5.
23. Ibid., p. 216; Charles, *Minister of Relief*, p. 54; Charnow, *Work Relief Experience in the United States*, p. 59; and Schlesinger, *The Coming of the New
Deal, pp. 217, 274, 485. Roosevelt responded to Governor Talmadge in a letter sent over Hopkins's signature that, "I take it . . . that you approve of paying farm labor 40 to 50 cents per day. . . . Somehow I cannot get it into my head that wages on such a scale make possible a reasonable American standard of living." Ibid., p. 274.


26. See Charles, Minister of Relief, p. 49; and Charnow, Work Relief Experience in the United States, p. 12.


30. Ibid., p. 275. On the attitude of the social work profession in general toward the cwa, see Schwartz, The Civil Works Administration, pp. 221–25.


33. See discussion of unemployment and social welfare policy in chapter 1.


35. Ibid., p. 3.

36. Ibid., p. 17.

37. See Introduction.

38. The complete "bill of rights" is reproduced in the Introduction, n. 3.


42. Ibid., pp. 160–61.

43. Ibid., pp. 37–60. For the text of the original Murray bill, see ibid., pp. 243–48. For a comparison of this text with the earlier staff draft of the bill, see ibid., pp. 56–59.

44. Ibid., pp. 129–49.

45. Ibid., pp. 21–25, 81–92.

46. Ibid., pp. 82, 92–96.

47. See Introduction.


56. Ibid.


59. Ibid., sec. 201.

60. See Introduction.


62. See Introduction.

63. See, for example, "Paying for Our Dreams: A Budget Plan for Jobs, Peace, and Justice," (Chicago: Jesse Jackson '88, undated).

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