Chapter 4

Some Economic Tasks of the Great Society

THE UNITED STATES has long been a rich country. The abundance of our material output is one of the wonders of the world. Our per capita income is greater by half than that of the advanced countries of Western Europe and many times that of the less developed countries which contain 2 billion of the world's 3 billion people.

Yet we know that our society is imperfect. The President has sounded the keynote for a new effort to address ourselves to social problems which have been in our consciousness but which we have failed to attack with the full use of the great technical, social, and economic resources that we possess.

World War II, and the long cold war diverted our effort to other matters. We have been too preoccupied to take a careful look at our society to assess the changes that have taken place and the new opportunities that have developed.

Today, we have grown accustomed to the ceaseless burdens of being a great power, of preserving nuclear superiority and holding the line around the perimeter of the Western World.

The trauma of the Great Depression has healed as our economic system has shown its ability to avoid depression and, for the last few years, even recession. The steady expansion of output and employment—with remarkable price stability—has raised our sights, leading us to demand more of our economic system.

The role of the Federal Government changed in the New Deal of the 1930's and in World War II. The Government accepted responsibility for assuring a minimum of economic well-being for most individuals, for many special groups, industries, and agriculture. It undertook the task of stabilizing the economy against the destructive power of the business cycle, and it developed more active policies for resource development, transportation, business regulation, and labor relations. Its defense program made it the biggest purchaser in the economy.

After years of ideological controversy, we have grown used to the new relationships among Government, households, business, labor, and agriculture. The tired slogans that made constructive discourse difficult have lost their meaning for most Americans.

It has become abundantly clear that our society wants neither to turn backward the clock of history nor to discuss our present problems in a doctrinaire or partisan spirit.

We are ready to take a large step forward, to put on the agenda tasks long undone, to use our creative powers to build a better America—to move toward the Great Society.

The initial agenda for the Great Society does not lie solely in the realm of economics, though most of it has an economic dimension. It looks toward development of our human resources, preservation and improvement of the environment in which we live and work, and it dedicates itself to advancing the well-being of the individual.

In earlier chapters, policies to create an economic foundation for these goals have been discussed. The present chapter considers the following tasks:

—meeting the challenge of urbanization;
—educating our citizens for a complex world;
—raising health standards for all Americans;
—reducing poverty; and
—assuring equality of opportunity.

The following material is designed to present factual background and analytical insights into the economic aspects of these tasks and their achievement.

URBANIZATION OF OUR SOCIETY

Today, America is an urban nation. In 1960, 125 million people, 70 percent of our population, lived in urban places—places with a population of 2,500 or more. Half a century earlier, less than half of our people resided in urban areas (Chart 15). And the forces promoting urbanization are not likely to abate. By the year 2000 over 250 million people, 4 out of 5 of the population, are likely to be urban.

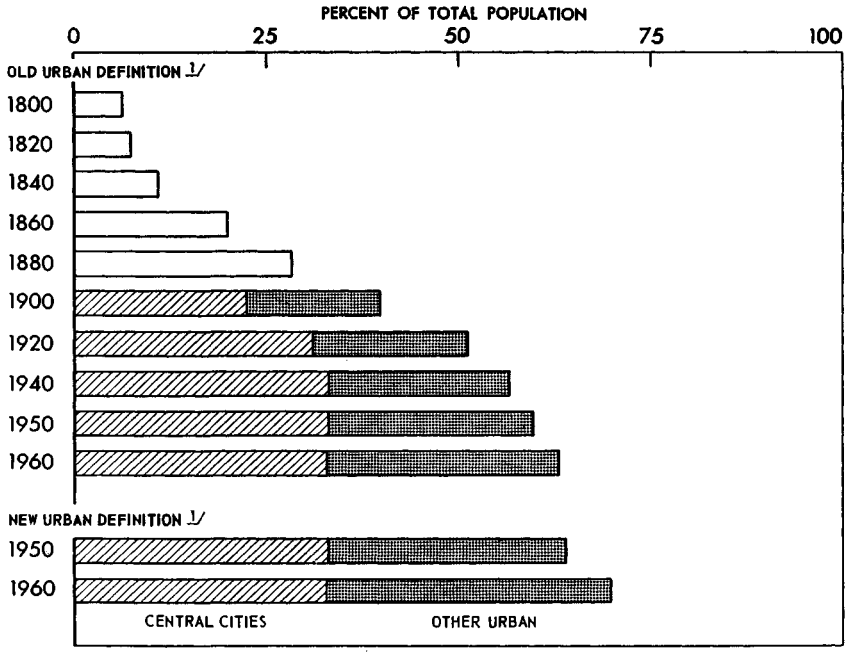
Moreover, the urban population is increasingly concentrated in metropolitan areas—clusters of cities and suburbs and their nearby hinterlands. New York, the largest, had 10.7 million people in 1960. Altogether, one-third of the U.S. population lived in 24 metropolitan areas containing a million or more people. Another 30 percent lived in the remaining 188 metropolitan areas. But 10 million of the urban population still live in the smaller towns that are not part of metropolitan areas.

The urbanization of our society has been greatly accelerated by immigration from abroad and migration from farm to city. Most of the European emigrants to this country poured into the rapidly growing cities of the late 19th and early 20th centuries. This population movement came to an abrupt halt with World War I and the subsequent introduction of immigration quotas.

As the great immigrations from abroad reached their peaks and receded, an equally massive internal migration from rural to urban areas began. In many ways it has produced social and economic effects as far-reaching as the earlier waves of immigration.

Chart 15

Urban Population in Relation to Total Population



1/FOR DEFINITION OF URBAN, SEE DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS, 1960 CENSUS OF POPULATION, VOLUME I, PART 1.

SOURCE: DEPARTMENT OF COMMERCE

Although the movement of people from the land to the cities is not new, it has reached new proportions in recent years. Indeed, the size of this internal migration is not generally appreciated: over 1 million a year have left the farm since 1940. A minority of the migrating farm families have found new opportunities in rural communities. The vast majority have sought new jobs in urban areas. And others besides farmers have left rural areas, bringing the total influx to the urban areas of 25 million.

Finally, the high birthrates of the postwar period have contributed as much to the absolute growth of urban populations in the last two decades as has the migration of people from rural areas.

CHANGING STRUCTURE OF URBAN AREAS

The rapid growth of population in our metropolitan areas has been accompanied by major changes in the locational patterns of life and work. The growth of cities has long taken place primarily by outward movement at the fringes. During the postwar period this process has been characterized by its speed and its tendency to take place beyond the boundaries of

central cities. Between 1940 and 1960, the share of the metropolitan population living in central cities fell from 63 percent to 51 percent; the population of central cities rose by only 12 million, while the metropolitan population outside central cities rose by 28 million. Between 1950 and 1960, the central cities of 14 of our 15 largest metropolitan areas lost population.

The flight to the suburbs has been motivated by a desire for more space, fresh air, and privacy, and by a desire to escape from the social disorganization of the city. It has been facilitated by high postwar incomes, by the ready availability of federally guaranteed mortgage credit, and by the automobile.

Many businesses also have been moving from central cities. Retail businesses and, to a lesser extent, wholesale businesses have followed the population to the suburbs. Manufacturing industries have been growing much faster in the suburbs. By 1960, half of the jobs in manufacturing in metropolitan areas were outside the central cities.

A major reason for the migration of manufacturing industries is their desire for space. Expansion is difficult and costly in the central city locations, and modern technology places a premium on continuous one-floor operation. The rise of trucking, and, in many instances, the decreasing dependence on bulky raw materials, have tended to free manufacturing industries from the need to locate near railroads, rivers, and harbors. More widespread ownership of cars by workers has also increased the flexibility of plant location.

There has been continued concentration in central cities of financial, legal, and specialized business and consumer services. Cultural and educational facilities, central office administration, and governments have also shown preference for expansion in central city locations.

By and large, the transformation from rural to urban and from urban to metropolitan areas has been consistent with the search for greater economic opportunity and higher economic rewards. Urban areas offer far more opportunities for high-paying jobs and urban people enjoy higher incomes. With some exceptions, our largest metropolitan areas rank near the top in this respect. But in the wake of this transformation have come serious problems of adjustment: for the rural areas, adjustment to decline; for the central cities, adjustment to change in population structure and economic base; and for the suburbs, adjustment to rapid growth.

PROBLEMS AND UNMET NEEDS OF URBAN AREAS

Existing institutions have responded only partially to the rapid growth and changing economic structure of our large cities. Many public and private efforts are already devoted to our urban problems, but the time is ripe for a more comprehensive response.

Our concern is both with the disadvantaged in the city and with the quality of the physical environment. Some of the human problems—educa-

tion, health, and poverty—are common to rural and urban areas; they will be discussed more generally later in this chapter.

Human problems of the cities

Rural-urban migration has created problems of adjustment for the migrants and for the areas receiving them. Existing urban educational systems, social groupings, and economic structures have been unable to absorb smoothly the rapid influx of the poor, uneducated, and unskilled among the rural migrants.

Many have found it difficult to adjust to the new economic and social environment. Because they lack skills, they are handicapped in an industrial society which is increasingly replacing unskilled labor with skilled labor and machines. They become victims of impersonal business fluctuations which affect most heavily the younger, the less skilled, and the nonwhite workers. And if unemployed, they cannot fall back for food and shelter on the extended family system of a traditional rural society.

As middle and upper income groups have fled to the suburbs, central cities have been left with a disproportionately large share of the poor. This situation has been aggravated by racial discrimination which often restricts nonwhites to the older neighborhoods of central cities.

Poverty, lack of education and skills, and irregular employment stifle incentives for self-improvement and lead to social disorganization. Family breakup, alcoholism, drug addiction, rising crime rates, and illegitimacy have become major problems in our cities. Children in such environments, left to their own resources at an early age, quickly assume the ways of the preceding generation, perpetuating the process of poverty. Society must pay the costs through waste of human resources, increased public welfare expenditures, and decay of our social fabric.

The human problems are aggravated by the inadequacies of the physical environment. The accommodation of a large population at very high densities in cities which were shaped in an earlier technological era produces living conditions with little privacy or amenity.

Urban decay

The blight and decay that afflict large parts of central cities are clear and visible. Part of what we see is another reflection of poverty: poor people cannot afford adequate, attractive housing. Another part results from the decreased dependence of industry and trade on central city locations.

But blight in cities tends to be cumulative. The older structures concentrated near the city center lose their economic usefulness as the functions of the downtown areas change. Extensive conversion, rehabilitation, and reconstruction are needed. If a few buildings need to be replaced or

renovated in an otherwise prosperous area, the market provides private developers and builders with sufficient incentives to undertake the work. However, when a pattern of decay permeates a large area, the dilapidation of neighboring buildings reduces the profitability of improving a particular property. A large area must then be improved as a single unit, and the cost and difficulties of acquiring and redeveloping a large tract of central city land are likely to deter private investors from the undertaking. In such cases, there is need for public policies to assist the private market in developing property for new and improved uses.

Although inadequate housing is by no means the only aspect of urban blight, it is the most important. Ten percent of all urban households—about 3.8 million families—live in housing that is dilapidated or lacking such amenities as plumbing facilities, piped hot water, and kitchen or cooking equipment. Inadequate housing is particularly acute for nonwhites: only 7 percent of urban white families live in inadequate housing, compared with 32 percent of urban nonwhites.

In many U.S. cities, the process of urban blight is worsened by discrimination against nonwhites. Discrimination in housing markets provides a captive market for dilapidated slum dwellings. Large profits can be made by undermaintenance, since Negroes are virtually deprived of access to adequate housing. The situation is sometimes aggravated by inadequate enforcement of building codes and public health statutes. The success of any effort to upgrade urban housing standards will depend on the elimination of racial barriers.

Commercial and industrial structures also become obsolete. The failure to maintain these facilities reflects in part the greater attraction of suburban locations. Here, too, it is sometimes difficult for normal market processes to avoid cumulative deterioration, and achieve conversion to new uses.

Area-wide problems

The large metropolitan area typically consists of a central city and several smaller suburban communities. In dealing with many of the public services of the metropolitan area, it is desirable to take a broad view encompassing the needs and preferences of all the constituent communities. This is true in some instances because there are important economies that can be achieved by acting in concert; in others, because decisions taken in isolation by a particular community may have undesirable side effects on its neighbors. Thus, as metropolitan areas grow in size and diversity there is greater need for some area-wide coordination and planning.

Land use. Efficient use and aesthetic development of the limited land resources are major problems facing almost all urban communities. Private uses compete with each other and with public facilities for space. Individual land use decisions affect the value of neighboring properties and the general environment. These effects can be given adequate weight only if a

broader social view is taken, through appropriate taxation, zoning, and other regulations.

In metropolitan areas, zoning and other land use restrictions need to take into account the needs of the area as a whole, together with the special problems of the individual communities. Each community in isolation will zone its land use to suit itself, frequently banishing the less desirable uses to outskirts remote from its center and residential areas, but possibly near the living areas of neighboring communities. If the area is to have an efficient transportation system and if enough land is to be set aside for recreational purposes in convenient locations, a metropolitan perspective must be added to local land use decisions.

Transportation. The movement of people and businesses to the suburbs has greatly increased the burdens on our urban transportation systems. Part of this increase has been due to commercial traffic—the result of expanded economic activity. The greatest part, however, has been due to the growth of commuting between places of residence and employment. People are commuting longer distances, and more are crossing city boundaries. During the 1960 Census week, nearly one-fourth of the 39 million workers employed in our metropolitan areas commuted across the limits of the central city.

By no means all urban traffic moves into the city in the morning and out in the evening. As much as 29 percent of commuting across central city limits takes place in the opposite direction. The decentralization of retailing, manufacturing, recreation, and other activities has meant that travel patterns have increased in variety and complexity.

Commuters in most areas travel to and from work by automobile. This has led to massive investment in streets and highways and in parking facilities. As roads have been extended and improved, more individuals have been encouraged to commute by automobile, and congestion has continued. This has stimulated a revival of interest in mass transportation.

An effective transportation system involves a combination of individual and mass transit. The advantage of the automobile is its flexibility and convenience in terms of time and place of travel, number of people, and cargo. The advantage of public transit lies in its lower cost, more economical use of space, and broader availability to persons unable to rely on automobiles. But no one system can do the job alone.

In many areas, patronage of public transportation has declined drastically; between 1952 and 1962, revenue passengers carried by buses and streetcars in the United States dropped by 41 percent; and 194 transit companies were abandoned between 1954 and the end of 1963. The loss of patronage raises unit costs, requiring higher fares to break even, and leading to further shrinkage of patronage. Railroads subject to the same process have abandoned many commuter routes. With the advent of the automobile, some decline in patronage of public transportation was inevitable. Yet it might not have been as great under a program of more balanced public develop-

ment of individual and mass transportation. While billions of public funds have been spent on roads and streets, the mass transit systems have not been able to attract private capital, nor have the central cities been able to invest sufficiently to keep them from deteriorating.

Clearly, the transportation problems of a metropolitan area transcend individual communities, whether they be the central city or the suburbs. An effective transportation system for the metropolis should permit people to move easily both between and within the suburbs and central city. Individual communities working in isolation to solve their local traffic problems are more likely to provide a patchwork than a logical system of connecting routes. Thus, area-wide planning is required if an effective transportation system is to be devised and coordinated.

Waste disposal and water pollution. The growth of urban population, commerce, and industry has led to a rapid rise in the use of water. Little water is actually consumed in most uses for which it is withdrawn. Most of it is returned to some natural body of water, usually with some waste or other deterioration in quality. If the quality has not deteriorated too much, the water is available for reuse. Water in major rivers is reused several times before it reaches the sea.

Since most of the costs of pollution are borne by downstream users rather than by those who generate the wastes, municipalities and industry have little incentive to treat waste adequately before discharge. The result is that the collection and treatment of waste lag behind water use. In 1962, about 20 million more people were served by municipal water supply than by waste treatment systems. Much industrial waste is discharged without treatment, and between 1950 and 1960 the discharge of industrial organic waste to streams increased by 30 percent.

The discharge of pollutants is concentrated in urban areas and is increasing as time passes. More effective regulations and enforcement will be necessary to achieve cleaner streams and lakes. Another policy instrument that may be of value is a system of fees for the discharge of effluent. Such fees, if feasible, would confront polluters with the social costs of their actions and would encourage them to reduce pollution.

Air pollution. Air pollution, like water pollution, results from excessive discharge of wastes, often the result of incomplete combustion. Pollutants are discharged into the air by industries, households, and municipalities. The automobile is probably the largest single source of air pollution; California has adopted a law prohibiting the sale of cars without pollution control devices, and other states are considering similar action.

Discharge of pollutants has increased rapidly with the growth of population and industry. More than half of all U.S. urban communities are affected by air pollution. One-quarter of the population live in communities in which air pollution is a major problem.

Air pollution is at best a public nuisance, at worst a source of serious damage to health and property. Although more research is needed, rela-

tively inexpensive methods are already available for the control of most pollutants. As with water pollution, economic incentives are lacking. The cost of air pollution is borne mainly by the community at large rather than by those responsible for the pollution. It can be reduced by more effective regulation or, for major polluters, by discharge fees.

Open spaces and outdoor recreation. Although people value open spaces in urban areas, there is no market on which they can register these preferences. It would not be feasible to create such a market because of the difficulty of imputing or confining benefits from urban open spaces to particular individuals. There is a strong temptation for hard pressed local governments to maintain their tax base by abandoning open spaces to developers, by routing new roads through parks rather than through developed areas, and by making inadequate additions to the available open space as the population expands.

The amount of open space per person is small and probably declining in the larger metropolitan areas. In addition, the provision of State and county parks within driving distance of metropolitan areas is lagging behind the growth of these areas, and most of our Federal recreational facilities are remote from the major population centers.

But with incomes rising and leisure time increasing, the demand for outdoor recreation is growing rapidly. Many city parks are now used nearly to capacity, and visits to State parks have increased by 123 percent in the last decade. The Outdoor Recreation Resources Review Commission projects a tripling of over-all demand for outdoor recreation facilities by the year 2000.

Federal programs for urban areas

During the past thirty years, the Federal Government has been developing programs of assistance—to individuals, to business, and to State and local governments—that contribute to the improvement of the urban environment and to the alleviation of the social, developmental, and financial problems of urban areas. Among the most important of the existing programs to improve the physical environment are aids to public housing, urban renewal, highways, mass transit, waste treatment, airports, and hospitals. The human problems of the city are approached through national programs for education, health, welfare, and social insurance, and to combat poverty.

These measures have made great contributions to the development of urban life. But the rapid growth of metropolitan areas has compounded or changed the nature of many of these problems and created new ones. New knowledge—partly gained from the mistakes of the past—can be brought to bear. It is now evident that new directions in Federal policy are needed in these efforts.

Most important is Federal encouragement of area-wide metropolitan planning, to assure the development of integrated systems of land use, of

transportation, water supply, sanitation, and pollution control. Some Federal programs now require local coordination in the provision of physical facilities. But even if some area-wide coordination is achieved in individual functions such as transportation or sanitation, an effectively integrated pattern of development cannot emerge unless the several functions are brought into a common focus. This can only be achieved if there is some method of taking an area-wide, comprehensive point of view, which brings together all levels of government and pertinent private organizations to evolve a metropolitan area plan.

Metropolitan area planning is no panacea. Each community has its own preferences and problems, and its local government is best able to discern them. Nor does metropolitan planning directly augment the resources available to meet the rapidly increasing needs. It is clear, however, that fragmentation of legal jurisdictions has proceeded too far in many of our metropolitan areas. The Federal Government has a responsibility to promote planning to assure that public needs are met efficiently and that the federally aided local public programs will, indeed, produce a more livable and efficient urban environment.

Because the allocation of land to various purposes is so fundamental to the future pattern of a metropolitan area, the Federal Government should continue to give some help to promote better land use planning. While decisions about land use will remain mainly a local matter, research and the spreading of information to improve zoning techniques are desirable.

As the metropolis grows in area and density, it is particularly difficult to preserve open spaces for recreational and aesthetic purposes. The Federal Government already aids localities to acquire open lands, and this program is a logical part of a greater emphasis on metropolitan planning.

One way of avoiding congestion in the metropolitan area is to bring homes, community services, and jobs closer together in smaller and more self-contained communities. Federal aids to urban areas need to be adapted to this promising new approach.

The Federal Government has a responsibility to reexamine and improve its existing programs. Urban renewal is rapidly transforming many of the blighted downtown areas of our cities to new and more productive uses, thereby helping to reverse the downward spiral of malfunction and decay. However, despite an increase in the efforts to find adequate housing for the persons displaced by the tearing down of slums, it is evident that these efforts are still not wholly successful. Experience has shown that much of the land made available through urban renewal in downtown areas is drawn into commercial and high rent residential uses. The Government therefore must take further steps to augment the supply of low and medium rent housing in the city. The recent emphasis in urban renewal on rehabilitation of existing residential units should make a contribution to this need; and the Federal sharing of costs of code enforcement begun last year should help to stem the decline of gray areas.

The FHA and VA mortgage guarantee programs have greatly increased the supply of middle-income houses and are among the main forces behind the growth of suburbs. The public housing program has sought to provide low-income housing, and in recent years housing assistance for middle-income families has been a major program innovation. But we need to test out more flexible methods of providing housing assistance for families of different incomes, under which families are not forced to move out of their homes when their incomes rise above a specified level.

The impact of governments on the private decisions which mainly determine the development of metropolitan areas is large. The value of land in alternative uses depends on government decisions on zoning and transportation. The commuter's decision to use a particular transportation system depends on the cost he must pay. The extent of air and water pollution depends on the willingness of governments to impose regulations. Federal, State, and local methods of taxation help to determine the profitability of slums and of their rehabilitation.

As public policy seeks to improve the livability of metropolitan areas, it must be keenly aware of its effects on private incentives and behavior. The development of our metropolitan areas will always be primarily determined by private actions. Wise government policies will promote private efforts that improve the quality of urban life and will provide incentives which channel private decisions toward an efficient use of resources.

PROBLEMS AND UNMET NEEDS OF RURAL AREAS

Farming has traditionally been the primary, if not the exclusive, industry of rural areas. Today, only a quarter of the rural population lives on farms. Farming has become a shrinking source of employment opportunity for the rural labor force. The industrial revolution in agriculture in recent decades has raised gross output per man-hour on the farm to nearly 4 times what it was in 1940. In the process, farming has been transformed from a way of life into a business; farms have grown larger and declined in number. Less than one in ten of the youth now on farms can expect to become farmers. The decline in farm employment opportunity and the resulting adjustment problem is intensified by economic growth itself. Inevitably, as our national income grows, a smaller proportion is spent for the products of agriculture.

Although other sources of employment—mainly in rural service industries—have expanded somewhat, they fail by a wide margin to compensate for the heavy losses in agriculture. Stagnation in rural employment opportunities has occurred at a time when economic opportunity in urban centers has been expanding. Response of rural people in this situation has frequently been migration. The rate at which people have migrated from agriculture is closely associated both with the rate at which over-all economic growth has created job opportunities elsewhere and with changes in the productivity

of agriculture that have reduced the number of farm jobs. Thus, there is an economic push as well as a pull that operates upon the size of the rural-urban migration and alleviates or compounds the pressures of excess labor supply on rural communities.

As the economic opportunity in agriculture for new labor market entrants has fallen in most rural communities, little has taken its place. The economic vitality of many rural areas has declined and economic growth has faltered. In some places, commuting to industrial jobs has filled the void. But many communities have suffered major population losses. In about half of the Nation's 3,081 counties the total population declined during the 1950's, and more than 90 percent of those losing population were rural counties. Thus, at a time when the larger urban communities are faced with the problems associated with rapid growth of population, many rural communities are confronted with the dilemmas posed by rapid loss.

This loss has mainly been of young people, leaving behind an aging rural population. A decline of a rural community's population by as little as 5–10 percent in a decade usually means that there has been a net outmigration of more than 50 percent of the young adults.

The average rural community does not now do as well as the typical urban community in providing education, health, and other necessary community services. This deficiency is compounded in many communities which have lost so many people that schools, churches, stores, and even local governments can no longer be adequately supported. As the economic base of the community is impaired, the supply and, particularly, the quality of the community's social services decline even further. The only way out of this problem, short of a major new source of economic activity and employment, is for such communities to search for and cooperate in the creation of centralized institutions serving wider areas—such as has occurred in the consolidation of schools, and even county governments in some cases.

The problems of urban areas have their counterparts in small towns and rural communities. Poverty, inequality of opportunity, and inadequate health and educational facilities have an even higher incidence in rural than in urban areas. These problems are essentially national in scope, and they are presented in the following sections in their national framework.

EDUCATION

The education of our people is the most basic resource of our society. Education equips man to think rationally and creatively in his quest for knowledge, for beauty, and for the full life; it provides the basis for effective political democracy; and it is the most important force behind economic growth, by advancing technology and raising the productivity of workers.

This country has led the way in making education available to all. It has the highest level of educational attainment and allocates almost 6 percent of its gross national product to direct expenditures on education.

In the last seven years, since the launching of the first sputnik, there has been a great concern about both the quantity and the quality of American education. Major efforts were made to strengthen education for science and technology, including the National Defense Education Act of 1958. In 1963 and 1964, major Federal programs were enacted to aid higher education through grants and loans, to improve and expand facilities for the sharply rising numbers of students about to reach college age, to support teacher training and language study, and to strengthen vocational education.

Most recently, the drive for improvement has focused on meeting the educational needs of disadvantaged groups, to equip them to escape from poverty and to become full participants in our productive effort and standard of living. The President has proposed a new program to help education this year aimed primarily—though not exclusively—at this effort.

RETURNS TO EDUCATION

The impact of education on economic productivity, though long recognized, has recently come to be more widely appreciated. Expenditures on education produce a wide and important array of direct and indirect economic benefits to individuals and to society.

Evidence on the effects of education on productivity is mounting. Increases in the conventional inputs of labor and capital explain only about half the growth of output in the economy over the past half-century. The rising level of education appears to account for between one-quarter and one-half of the otherwise unexplained growth of output. Despite the great expansion of the better-educated population, the pattern of income differentials associated with education has remained substantially unchanged over the past quarter-century. In 1963 the median income of male high school graduates 25 years of age and over was $6,000, compared with $5,153 for those with 1–3 years of high school and only $4,076 for elementary school graduates. Moreover, the incidence of poverty is closely related to educational attainment—the chance that families headed by elementary school graduates will be poor is over twice as great as for families headed by high school graduates.

Other effects defy both easy cataloging and quantification. They include the impact of education on research and the development of new products and processes, and the economic efficiencies that result from general literacy and substantial educational attainment.

The direct and indirect benefits to society exceed those to individuals or specific communities. The operation of the market frequently makes it impossible for the individual to capture all of the gains produced by his work; the successful inventor, scientist, or artist creates benefits to society not measured by their financial reward. And communities which lose some of their better educated young people—as many rural communities are doing—are unable to reap the benefits of increased productivity which their investment in the education of those leaving makes pos-

sible. The presence of these public benefits warrants a social investment in education above and beyond what the single individual or his family or his area might be prepared to spend, and argues that the Federal Government should assist the efforts of States and localities.

Even when viewed in the narrow perspective of economic benefit alone, expenditures on education yield high rates of return. The rate of return to society on its total expenditure for the public and private education of males is estimated at more than 10 percent at both the high school and college levels; this rate compares favorably with the return on other investment opportunities in the economy.

AVAILABILITY OF EDUCATION

The quality and availability of education vary greatly. For example, in 1961–62 current expenditures per child in average daily school attendance were $438 in the Great Lakes and Plains States, compared with $295 in the Southeast. Differences in teachers' salaries alone cannot account for such variations. Differences in fiscal resources are resulting in differences in quality of education.

In 1964, about 40 percent of the total population over age 25 in the South had completed high school; in the Nation as a whole, almost half of the total population had a high school education. Nonwhite males over age 25 averaged 8.7 years of schooling, compared with 11.9 years for white males. Although these differences are narrowing among the young, they are still large. Even in the age group 25–29, only 6 percent of nonwhite males have completed 4 or more years of college; the equivalent figure for white males is 18 percent. Moreover, the education available to Negroes has been inferior in many cases.

Increasing the resources devoted to education will help to eliminate the disparities in the amount and quality of education offered in different sections of the Nation and to different segments of the population. In addition to making education available, it is necessary to insure that low family incomes do not bar individuals from taking full advantage of these expanded opportunities. Many individuals fail to develop their talents fully, often for economic reasons. In 1960, one-third of the top 25 percent of youths did not go on to college; 5 percent did not even finish high school. This is a serious waste of talent.

The quality of our education must be continuously improved. Many school systems are already adopting strengthened curricula, and demonstration and experimental programs are being evaluated. But increased support is needed for innovation, adaptation, and the speedy dissemination of new research.

THE PRESIDENT'S PROGRAM FOR EDUCATION

In his Education Message, the President has recommended a program that will broaden the scope of the educational system, will make educational

opportunities more equal, and will raise the quality of education at all levels.

The major proposal for equalizing and expanding educational opportunity is a $1 billion program to aid elementary and secondary schools to improve the education of the poor. This program will supplement by 50 percent the resources devoted to educating the children from families with incomes below $2,000. It will contribute greatly to the resources of poor school districts—as much as 30 percent beyond present expenditures in the very poorest areas and 3–10 percent of total operating costs in the larger cities. A program of preschool training under the Community Action Program of the Office of Economic Opportunity will enable children from low-income families to take better advantage of elementary and secondary education.

To increase the quality of education, the President has recommended the establishment of a new program of grants for supplementary educational centers to be set up by a consortium of schools and other agencies in a community. They will provide special services—advanced science courses and laboratories, remedial reading, television instruction, summer courses, after school help, music and language training, and other types of aid—for all of the participating schools, public and private. In addition, proposals have been made for strengthening educational research and innovation, library resources, and State departments of education.

A new program will seek to identify, early in their high school career, students of the greatest promise and the greatest need. It will provide scholarships to encourage them to decide in favor of higher education in order to develop their talents. Low-interest loans and an expanded Work Study Program will help college students continue their studies.

The President has proposed a program for strengthening smaller and less developed colleges through exchange arrangements with large universities. College libraries will be enriched by a grant program for the purchase of books, and universities through their extension services will be encouraged to tackle problems of the city.

HEALTH

Medical knowledge and treatment have advanced rapidly over the past several decades. Unfortunately, these gains have not been fully reflected in the health of the population. New knowledge is not being disseminated widely or quickly enough; trained manpower and special facilities needed to translate new treatment techniques into medical practice remain inadequate; and many individuals are financially unable to take advantage of even generally available health services. It was to these problems that the President addressed his Health Message to Congress.

THE STATE OF OUR NATION'S HEALTH

Improvements in health in this century have been remarkable. Between 1900 and 1963, the death rate dropped from 17.2 to 9.8 per 1,000 population; as a consequence, life expectancy rose from 47 years to 70 years. At

the same time, there were substantial declines in morbidity as infectious and parasitic diseases were eliminated by public health measures, new drugs, and improved living standards. Despite these advances, life expectancy in the United States is below that in several countries, and ten countries have lower infant mortality rates.

Chronic diseases remain as the major causes of mortality and disability. The recent Report of the President's Commission on Heart Disease, Cancer and Stroke predicted that these three diseases alone will take almost 1½ million American lives this year. Wider use of available knowledge could save the lives of approximately 150,000 cancer patients each year, and better detection methods and more extensive use of surgical techniques could save many others who suffer from heart disease and stroke. But elimination of these diseases and a further lengthening of the average lifespan require future breakthroughs in medical research.

This year, total funds supporting medical research will approximate $1.7 billion, over $1 billion of which comes from Federal sources. Important new discoveries have emerged from this unparalleled research effort. With the development of vaccines, for example, polio has been virtually eliminated in the past decade. The discovery of new antibiotics has reduced both mortality and the amount of illness. And medical research efforts have produced improved methods of disease detection and better surgical techniques. For example, children with acute leukemia now have a much longer life expectancy as a result of federally supported and conducted research.

To reap the full benefit of this scientific progress, new knowledge must be disseminated widely and quickly among practicing health personnel. The latest medical equipment, much of it complex and expensive, must be available throughout the country. And the public must have both the economic means and the understanding to seek and obtain early diagnosis and treatment. The failure to achieve these goals has been particularly unfortunate for children, the poor, and the elderly.

Better health services for children can contribute substantially to their future physical and economic well-being. Too many children—and especially poor children—suffer from chronic ailments or are handicapped, mentally retarded, or emotionally disturbed. The 15 million children of low-income families receive far less medical care than they require. They visit physicians only half as often as children from other families; more than half between the ages of 5 and 14 have never been to a dentist; and though they are hospitalized less, the duration of their stay averages twice that of children from higher-income families. Problems of child health frequently stem from inadequate maternal care which gives rise to birth defects, acute and chronic illnesses, and lasting disabilities.

Older persons, who tend to have lower incomes, larger medical costs, and a higher incidence of major and catastrophic illnesses, probably suffer most from insufficient health care. In 1962 only half of the elderly had any health insurance coverage, much of it inadequate. Median medical care

costs for aged couples were $240; for a quarter of them, costs exceeded $500. Since their median income was $2,875, the average aged couple spent almost 10 percent of its already low income on medical care.

HEALTH PROGRAMS

To speed the application of existing knowledge and the development of new knowledge of diseases and their treatment, the President has proposed establishing a network of regional medical complexes. Combining medical research, medical education, and medical care, these centers will make available the best in diagnosis and treatment to people throughout the country. Additional support for basic research also has been proposed.

Enactment of hospital insurance for the aged under Social Security, financed by a separate trust fund, will improve health services for the elderly by helping to pay for inpatient hospital care, extended nursing home care, home health visits, and outpatient diagnostic services. The recommended program for child health, and more adequate public assistance grants for the medical expenses of needy children, will make an important contribution toward breaking the circle of poverty. Finally, the President has recommended expansion of programs in the field of mental health and mental retardation.

The extension of adequate health care to the entire population will require the growth of our health facilities and personnel. The Hill-Burton Act of 1946 has greatly aided hospital construction, and the 1964 amendments will provide further stimulus to the construction and modernization of medical and public health centers. The Nurses Training Act of 1964 and the Health Professions Educational Assistance Act of 1963 will augment the supply of medical manpower. In addition, the President has recommended direct financial assistance to medical and dental schools to speed the flow of trained manpower to meet the rising demand for health services.

POVERTY

Too many of our citizens neither share adequately in the benefits of our economic progress nor contribute effectively to its creation. America's renewed focus on poverty last year called attention to the fact that 35 million Americans—one-fifth of the population—still lived in poverty. When the President declared war against poverty in his State of the Union Message a year ago, the conscience of the American people was stirred.

Widening participation in prosperity will not be accomplished easily. It calls for a combination of public and private policies which, while reflecting society's compassion and concern, will attack the root causes of poverty. It requires assisting all citizens who need help in developing their full potential. It requires strengthening our protections against the economic hazards inherent in modern society. And it requires improving our assist-

ance to those who, because of age, disability, or adversity, are unable to provide for themselves.

Last year, the Council's Annual Report set forth a preliminary analysis of the structure of poverty, focusing on the economic characteristics of the poor and the causes of their poverty. Since then additional information has become available, shedding more light on the process by which family poverty may arise, persist, or disappear.

THE RECORD OF PROGRESS AGAINST POVERTY

The percentage of American families with incomes (in 1962 prices) below $3,000 fell from 32 percent in 1947 to 20 percent in 1962 and to 19 percent in 1963. Experience indicates that in periods of strong economic expansion the incidence of poverty declines. Between 1947 and 1962 the number of poor families fell from 11.9 million to 9.3 million; in 1963 alone it dropped an additional 300,000, and a further reduction probably occurred last year. The composition of this group of families showed little change from 1962 to 1963. The incidence of poverty remained highest among farm families, nonwhite families, and those headed by females, and among the elderly, the least educated, and those unable to work. The median money income of poor families has remained close to $1,800 since 1958.

MEASURES AND CHARACTERISTICS OF POVERTY

In its 1964 Annual Report, the Council proposed an income below $3,000 as a test of family poverty. It recognized that a determination of poverty status cannot be exact, either conceptually or in practice, for "there is no precise way to measure the number of families who do not have the resources to provide minimum satisfaction of their *own* particular needs." However, the attack on poverty requires a quantitative perspective on the problem. Therefore, the Council concluded that the $3,000 income limit "provides a valid benchmark for assessing the dimensions of the task of eliminating poverty, setting the broad goals of policy, and measuring our past and future progress toward their achievement."

In the past year, additional research has been devoted to measuring the character and extent of poverty, taking into account a broader range of considerations than annual income alone. This will permit the development of more comprehensive measures of the problem.

Differences in family composition

The $3,000 poverty line was intended to reflect the minimum current income needs of a typical family—typical with respect to size, age of members, and a variety of other characteristics. Recognizing that few families are typical, the Social Security Administration has now estimated the income needed to achieve comparable minimum standards of consumption by families of various size and age composition in both rural and urban areas.

The minimum income needs of an urban family of six, for example, will normally differ from those of an elderly rural couple.

Under these revised estimates, roughly the same total number of persons are classified poor as under the simpler $3,000 family income test, but the composition of the poverty group is somewhat different. The number of poor families is smaller; the number of adults is reduced, especially among the aged and those who do not work. The number of large families classified as poor increases, however; and, most important, the estimated number of children in poverty rises by more than one-third, from 11 million to 15 million. This means that one-fourth of the Nation's children live in families that are poor. These findings underscore the importance of helping young people escape from poverty. This pressing objective, stressed in last year's Annual Report, is emphasized in the Economic Opportunity Act and in the President's new proposals for education and health care of children.

Asset ownership

A family's ability to maintain an adequate standard of living depends on its accumulation of assets and liabilities as well as current income. A family may be able to sustain its consumption during an occasional year of low income by drawing down savings, borrowing on assets, and postponing the replacement of durable goods. Thus the measurement of poverty is improved by distinguishing temporary from chronic inadequacy of income, and considering the asset holdings of low-income families. However, in practice, few low-income families can long maintain satisfactory consumption levels by drawing down their assets. Average (median) net asset holdings of poor families amounted to only $2,760 at the end of 1962. The bulk of these assets consisted of equity in a home and thus could not be easily converted into consumption. Even if a typical poor family were to draw down its assets to supplement current income in order to maintain consumption at the rate of $3,000 a year, these assets would be entirely exhausted within two to three years.

Older families with incomes of less than $3,000 generally possess more assets than do younger families with low incomes. Many of the former are retired and are using their savings to meet living costs. A composite measure of poverty based upon income and asset criteria would exclude some older families now classified as poor under the income test alone.

Income variability and the persistence of poverty

The extent of chronic poverty is reflected by a measure of persistence—the percentage of poor families in any given year who remain poor in succeeding years. A study of incomes of the same families in two successive years shows that approximately 70 percent with incomes below $3,000 in one year have similarly low incomes in the following year. This suggests that the poor include a largely unchanging group of families. Persistence of

poverty is greatest among families headed by females, the less educated, nonwhites, and the aged, as shown in Table 19.

TABLE 19.—*Persistence of poverty, by selected family characteristics, 1962–63*

Selected characteristic	Persistence of poverty
All families	69
Age of head:	
14–24 years	62
25–34 years	55
35–44 years	53
45–54 years	63
55–64 years	71
65 years and over	80
Work experience of head:	
Worked	60
At full-time jobs	53
At full-year jobs [1]	51
At part-time jobs	79
Did not work	83
Education of head:	
Less than 8 years	79
8 years	72
9–11 years	64
12 years	53
13–15 years	54
16 years or more	40
Type of family:	
Husband-wife	68
Wife in paid labor force	48
Wife not in paid labor force	73
Other male head	61
Female head	76
Color of head:	
White	67
Nonwhite	76

[1] Worked 50–52 weeks.

NOTE.—Data relate to families and exclude unrelated individuals. Poverty is defined to include all families with total money income of less than $3,000; these are also referred to as poor families. Persistence of poverty is measured by the percent of poor families in 1962 that are also poor in 1963.

Data based on sample of families living at same address as year earlier; movers, whose characteristics could differ from nonmovers, are excluded. In addition, implied changes based on two interviews a year apart for the same family are particularly affected by response errors.

Data are not entirely comparable to those shown in Table 20. See note to that Table.

Source: Department of Commerce.

Temporary poverty is likely to arise from unemployment, illness, or other disability, and, for the self-employed, from the hazards of small business. Movement out of poverty is related to changing levels of economic activity.

The process by which over-all poverty is reduced from one year to the next involves a number of divergent influences. Some families become poor, a slightly larger number become better off, but the great majority simply remain poor. Of the 9.3 million poor families in 1962, 0.6 million were dissolved in 1963, and another 1.8 million—only 19 percent of the total—moved to a higher income status. Meanwhile 6.9 million remained poor (Table 20) and 1.7 million other families fell into the low-income group.

Of those families leaving poverty in 1963, slightly over two-fifths secured incomes between $3,000 and $4,000, one-fifth moved into the $4,000 to $5,000 range, and the remaining two-fifths reached or surpassed $5,000.

TABLE 20.—*Changes in poverty, 1962–63*

Poverty status of family	Estmated number of poor families (millions)
Poor families in 1962	9.3
Less: Families no longer poor in 1963	1.8
Poor families dissolved in 1963	.6
Equals: Families poor in 1962 and 1963	6.9
Plus: Families who became poor in 1963	1.7
Newly formed poor families in 1963	.4
Equals: Poor families in 1963[1]	9.0

[1] Families with total money income of less than $3,000 (1962 prices).

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than $3,000.
This table is based on total number of poor families that moved or were dissolved. The persistence rate—74 percent—derived from this table is somewhat higher than that in Table 19.

Source: Council of Economic Advisers.

Those families whose incomes rose from less than $3,000 to $5,000 or more undoubtedly included a large number of families where bread winners returned to full-time work or a new earner found a job. On the other hand, many of those who rose from poverty status, particularly those in the $3,000 to $4,000 bracket in 1963, probably did so only temporarily.

The statistics suggesting that about 20 percent of the poverty-stricken families in any given year are no longer poor in the following year certainly overstate the degree of real improvement in the income position of this group. They fail to reveal the extent to which many of these families hover about the $3,000 income line. An increase in income from $2,900 to $3,100 hardly constitutes an escape from poverty and, furthermore, may be quickly reversed. Therefore, some measure of poverty covering more than a one-year period is more appropriate and useful in identifying the incidence of chronic poverty. A poverty criterion based on a two-year income average of $3,000 yields nearly as many low-income families as is indicated by the one-year measure.

Employment status

The analysis of poverty in last year's Annual Report emphasized the importance of economic expansion and rising aggregate employment in reducing the number of poor families. But it also made clear that many of the poor—because their family heads are not in the labor force—do not necessarily benefit from general economic prosperity. Data on work experience in 1963, shown in Table 21, provide further indications of the relationship between unemployment and poverty.

Some 30 percent of families with incomes below $3,000 were headed by persons who held jobs (mostly full-time) throughout the year. An additional 14 percent were headed by persons in the labor force during only part of the year but who were never counted as unemployed because they moved into or out of the labor force. The heads of 16 percent of poor

TABLE 21.—*Distribution of all and poor families, by work experience of family head, 1963*

Work experience of head	Percent distribution	
	All families	Poor families
Total	100	100
In labor force during year:		
Employed all year	67	30
Employed part of year:		
Not unemployed	9	14
Unemployed part of year [1]	11	16
Not in labor force during year	13	39

[1] Includes small percent not employed at all during year.

NOTE.—Data relate to families and exclude unrelated individuals. Poor families are defined as all families with total money income of less than $3,000 (1962 prices).
Detail will not necessarily add to totals because of rounding.

Source: Department of Labor.

families experienced unemployment during 1963. The incidence of poverty was particularly high among those unemployed for long periods. A more prosperous economy and stronger job markets would have aided the incomes of all these groups, but particularly the last.

The largest group of poor families—39 percent of the total—was headed by persons completely out of the labor force during 1963. A few of these family heads, of course, are among "the hidden unemployed"—those employable workers who had withdrawn from or failed to enter the labor force because of discouragement about job opportunities. However, many more of them were retired, disabled, or were women with child-rearing responsibilities.

THE ATTACK ON POVERTY

Passage of the Economic Opportunity Act of 1964 marked the opening of an enlarged attack on inadequate incomes in an economy of relative abundance. The main thrust of this effort is directed at the roots of poverty—particularly at helping the children of the poor. The programs of the Office of Economic Opportunity will provide a community-wide focus for anti-poverty efforts by offering education, training, and work experience to help young people escape from poverty. They augment other Government programs for education, training, health, and welfare services which deal less specifically with poverty.

Federal funds have begun to flow in support of Community Action Programs across the Nation. These Programs, planned, operated, and coordinated at the local level, will make services needed to break out of poverty available to the poor. The services can range from preschool preparation to counseling to establishing neighborhood centers. It is anticipated that Programs will be approved in approximately 300 communities this year. Community Action Programs, mobilizing local public and private leadership, are an important new social institution and a major weapon in the war on urban poverty.

The Neighborhood Youth Corps-Work Training Program will provide useful work experience opportunities for unemployed young men and women in State and local governments and nonprofit organizations. By the end of June, approximately 175,000 young men and women will have entered this Program. The Job Corps will offer education and vocational training—along with some work experience—in conservation camps and residential training centers to approximately 25,000 young people by this June. The goal of the Work Study Program is to provide part-time employment this year to nearly 100,000 low-income college students who need financial assistance to enter upon or continue their college educations. And the Work Experience Program will provide constructive work experience and training for close to 90,000 unemployed fathers and other needy persons.

The Federal budget for fiscal year 1966 provides $1.5 billion—almost twice the 1965 amount—in new obligational authority to the Office of Economic Opportunity to carry out these Programs.

Although several million people will be assisted by Community Action Programs this year, and over a half million more will participate directly in education, work, and training programs, this is only the beginning of the Nation's long-range war on poverty. Continuing effort, carried out with skill and imagination, will be required to eliminate poverty in the United States.

EQUALITY OF OPPORTUNITY

Passage of the Civil Rights Act of 1964 marked the beginning of a new era of concern for equality of opportunity. This historic civil rights legislation outlaws a wide variety of discriminatory practices which have been applied against many groups, but particularly against Negroes.

The gains to be derived from new programs in the employment, urban, education, health, and poverty areas will be fully shared only if we continue breaking down the barrier of discrimination, whether because of race, creed, age, or sex.

The Civil Rights Act is likely to extend the horizons and motivations of nonwhite youth, as it opens up new employment opportunities. There will be greater incentive to stay in school and to obtain training. Incomes will rise and the circle of poverty in which many Negroes are trapped will be broken.

Discrimination against minorities—Negroes, Puerto Ricans, Spanish-Americans, Indians, and others—has significant economic and social costs. It is estimated that society loses up to $20 billion per year of potential production as a result of employment discrimination and poorer educational opportunities for nonwhites. They earn about 30 percent less than whites—even when they have received similar amounts (but often lower quality) of schooling and are in the same occupations. Not surprisingly, the incidence of poverty is much higher for nonwhites—40 percent, as against 16 percent for the white population.

The extent to which nonwhites fail to share in the economic benefits of a prosperous society—in housing, education, health, employment, and income—is revealed in Table 22. Such comparisons would be even more glaring were it not for recent efforts to break the barriers of job discrimination. The consequences of discrimination show up in low-income housing programs, in large welfare payments, and in a variety of special and remedial programs. These outlays attempt to make up for what society has failed to prevent.

TABLE 22.—*Selected measures of discrimination and inequality of opportunity, by race*

Characteristic	White	Nonwhite
Housing, 1960:		
Percent of families in substandard housing	11.2	41.6
Education, 1964:		
Median years of school completed, 25 years of age and over	12.0	8.9
Percent completed high school, 20–24 years of age	75	53
Health, 1963:		
Life expectancy at birth (years)	71	64
Infant mortality rate (per 1,000 live births)	22	42
Employment, 1964 (percent of total civilian employment):[1]		
Professional-managerial occupations	25.3	9.4
Craftsmen and foremen occupations	13.1	6.9
Median income of males, 1963:		
Some or completed college	$6,829	$4,070
High school graduates	$5,600	$3,821

[1] Data relate to March 1964.

Sources: Department of Commerce and Department of Health, Education, and Welfare.

Efforts to eliminate discrimination in employment were heightened by the establishment in 1961 of the President's Committee on Equal Employment Opportunities. Discrimination in Federal employment and in the performance of Federal contracts has been prohibited. Government agencies, including the armed services, have intensified their efforts to widen job opportunities for Negroes.

The voluntary cooperation of businesses and unions has been enlisted to open both jobs and union membership to nonwhites. One of the most critical remaining barriers to the employment prospects of nonwhites is the lack of sufficient openings in apprenticeship programs. Until younger Negroes can acquire the skills necessary to compete in today's labor market, equality of opportunity will not be realized.

Discrimination is not limited to race. It is also applied against women and older citizens. Implementation of the Equal Pay Act which prohibits payments of differential wages to women when they are performing jobs similar to those performed by men promises to improve the earning power of American women. Widespread discrimination against the hiring of older people continues, though efforts have been made to offset this by retraining and increased placement activities for older workers.

PERSPECTIVES

The problems outlined above have long been with us. The programs that have been developed and the steps now proposed will not solve them overnight. But the steps we take now will help to determine the state of our society in the next generation and beyond.

By the year 2000, our population will exceed 300 million, four-fifths of them living in urban areas. If the average productivity gains until the year 2000 no more than match those of the last seventeen years, output per man-hour will be 3 times as great as that today. If working hours and labor force participation rates were to remain unchanged, average family income would approximate $18,000 (in today's prices). Undoubtedly, some part of these potential gains in income will instead be taken in the form of greater leisure—through some combination of shorter hours, later entry into the labor force, and earlier retirement. If the advance of productivity should speed up—as many project—gains in income or leisure could be even greater.

To realize these gains fully, we will need public and private policies that keep the economy operating at its full potential. We must mitigate and, if possible, avoid recessions. We must maintain competitive markets that spur innovation and adapt quickly to change. We must have an increasingly flexible labor force, equipped with the skills needed in a complex, technical economy.

The steps we take during the next few years will help to determine the quality of life in the year 2000.

The patterns of building and transportation that we create will determine the character of our cities. The parks and open spaces that we provide will affect the way people spend their increased leisure time.

With growing population and further urbanization, problems of congestion and pollution—often considered as mere nuisances today—could become obstacles to effective and tolerable city life even before 2000. But imaginative solutions could make the cities of tomorrow not only far more efficient but far more livable than the cities of today.

The vitality of our rural areas in 2000 will also be affected by the success of our efforts to stem their decline and solve their problems in the coming years.

Most important is the need to develop the potential of human beings. The ability of adults fully to participate in—and benefit from—life in 2000 will depend on the investment we make in the children of today.

The educational attainment of the labor force will largely depend on the quality of the education we provide in the next few years. The first grader of 1965 will be the 41-year-old breadwinner of 2000. And the teachers of that year's children are now starting school.

The improvements we make in the medical and public health services

available to today's youth will importantly affect death and disability rates of the year 2000 and the physical and mental vigor of the population.

Investments are needed in the health and education of all children. But particular effort is needed for those who have inherited the legacy of poverty and discrimination. We have the means to break the bonds that tie today's children to the poverty of their parents. With proper measures, we could eliminate poverty in the next generation. More individuals would be able to fill the good jobs that advancing technology will offer. With more education, better health, greater incentives, and equality of opportunity, the number of disadvantaged will decline. And the Nation's greatly enlarged resources will permit the diminished numbers of the disadvantaged to share more fully in the prosperity of the society.