

Whatever Happened to OEO?

by Mark R. Arnold

A few months ago, when Donald Rumsfeld, the trim and neat young Director of the Office of Economic Opportunity, issued his famous order to OEO employees to stop using the term "the poor" and use instead "low-income individuals" and to abandon such Democratic holdover phrases as "anti-poverty" and "War on Poverty," his action seemed heavily symbolic to many long-time friends of the OEO who had suspected for a year that the Nixon Administration's real strategy for eliminating poverty was to euphemize it out of existence. Rumsfeld subsequently rescinded the

order, of course, but he has not been able to do away with the suspicions, which in the first instance were a response to Presidential, rather than Rumsfeldian, rhetoric. It was the President's observation in February, 1969, that the agency should be an "incubator" of experimental programs—in other words that it should run a laboratory and not a battlefield—that first alarmed those who supported the way the OEO, for all its extremely visible faults, conducted its business during the Democratic years. They perceived that *modus operandi* as a commitment by the federal government to help the economically disenfranchised directly and aggressively. Rumsfeld's critics say that the "incubator" talk is

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double talk designed to hide the Administration's deliberate, politically-inspired insensitivity to the here-and-now problems of the poor. Some go so far as to talk about a "hidden agenda," which means they believe that Rumsfeld has been given a secret mission to preside, with as much expedient unobtrusiveness as possible, over OEO's demise. The chief lasting change in the lot of the poor that such cynics see occurring under the Nixon Administration is that instead of one federal agency, however feeble, with a direct mandate to deal with poverty, there will be none.

Of course Rumsfeld and his defenders have some points, too. One is that the \$2 billion a year Congress doles out to OEO to serve 24 million citizens below the arbitrary income level of \$3,600-a-year per urban family of four, and \$3,000 per rural family, could hardly finance a skirmish against poverty, let alone a war on it. And beyond the mere matter of not repeating the mistakes of the past—the rhetorical overkill and the confrontation tactics that almost caused President Nixon to abolish the agency—the "incubator" strategy, in the opinion of its supporters, will make OEO for the first time an effective instrument in finding long-term solutions to the problems of poverty. They say it is a reform that is far too long overdue. They point out that billions of dollars have been poured into OEO programs without real effect on public policy, much less visible institutional change. They argue that only a hard, analytical look at what works and what doesn't will lead to lasting change in the lot of the poor. Whether Rumsfeld, either by design or accident, is making OEO more effective or emasculating it, is a question well worth looking into for what it tells us about the Nixon Administration's direction. Indeed, the fate of OEO is likely to provide the earliest and best clue to the Administration's real domestic intentions, political and sociological, which still, even after 18 months in office, are by no means clear. If the Administration kills OEO, or for that matter simply allows it to die, that

will imply a political calculation that it is possible to govern without support from the ghettos and subsistence farms of America, and a sociological decision to accept the Scriptural dictum about how long the poor will be with us. Conversely, a better OEO will give a credibility so far lacking to the Administration's constantly iterated assertion that the way to get things done in the field of social welfare is to do them quietly and coolly and with the use of up-to-date management techniques.

Certainly the 1970 model of what used to be called the War on Poverty—like the former Congressman who heads it, clean-cut, sanitized, and relatively uncontroversial—is a far cry from earlier models: the original, 1964-66 model of rapid mobilization and confrontation politics; the retrenchment model of 1966-67 when elected officials clipped the wings of independent local anti-poverty agencies, and the Vietnam war dashed its promise of an escalating hometown battle; the relatively quiescent model of 1968-69, one of caution and consolidation. What Rumsfeld is doing, on Presidential directive, is transforming OEO from an agency whose primary concern was with people to one whose primary concerns are with policy and with avoiding controversy.

YOU is an example. It is an acronym for Youth Organizations United, a coalition of some 350 ghetto youth groups in three dozen cities. It is, in fact, an attempt to form a national organization that can speak for impoverished city youths, black, brown, and white. If the Boy Scouts and Four H can have a national organization, why not less affluent young people? It is a question that OEO apparently has little interest in answering. An assistant to Rumsfeld says the group, which has been after federal money for two and a half years, got a grant from the Labor Department once and "fouled up its records so badly the auditor recommended they never receive additional funds." Rumsfeld himself says OEO's new policy is to judge grantees in terms of "whether or not they will fur-

nish a learning experience to OEO," which can then be applied to "influencing national policy." He adds, "We are not here to fund programs that do nothing more than help a small number of people in a community."

It is only fair to note that Rumsfeld does have a lot more to worry about than a group that claims to speak for 300,000 ghetto youth. He has only recently emerged from one of those titanic tussles with Congress for which the agency is famous. To be sure, he came out in pretty good shape: the budget was cut only \$100 million and OEO was given a two-year lease on life instead of a one-year authorization. Using the connections he had built up as a Congressman, he managed to fight off a near-fatal attempt to put OEO under the thumb of the state governors, where it might have become just another business-as-usual, grant-in-aid program.

However, he has had reverses, too. OEO's money was in the luckless Health, Education and Welfare appropriation bill that President Nixon vetoed in January. It was March by the time the bill was run through the Congressional mill again and OEO got its money. Only 10 per cent of the agency's research funds had been committed with the year three quarters over. In addition, Congress earmarked funds in 18 categories, requiring last minute rejuggling of all OEO priorities. Staff has been almost as grievous a problem to Rumsfeld as money. Though he has been in office almost a year now, he still has not finished naming his key assistants. He has sought sincerely to woo blacks with real credentials among ghetto activist groups to his agency, but without success. Says a lieutenant, "Most of them have a political problem in not wanting to be identified with an Administration pushing ABM, Carswell, and law and order."

For all these worries, Rumsfeld appears to enjoy the job. A big reason may be that, unlike his two predecessors, the flamboyant Sargent Shriver and the veteran bureaucrat Bertrand Harding, he has warm relations with the White

House, where he maintains an office as a Cabinet-level assistant to the President. He was consulted, for example, on the Nixon statement on federal school desegregation policy. And certainly, though at first glance he is an unlikely looking poverty fighter, he is a highly likely looking Nixon administrator. A product of Princeton and the affluent Congressional district of Chicago's northern suburbs, he is a 37-year-old Republican who voted against the act that established OEO in 1964. By his own admission, he was chosen not for "any special relationship I might have with the poor," but "as an emissary to the middle class." Indeed, as he sees it, poverty will be alleviated not by giving power to the poor but by "getting the middle class to accept the idea of change."

As befits a former member of the House space committee, Rumsfeld is the very model of a modern program manager. He talks of "inputs" and "outputs," of "problem-solving mechanisms" and "programmatic thrusts," and he has put together a staff of systems managers and social scientists who, with the fervor of true religionists, believe they can apply the tools of modern science to the age-old challenge of eradicating poverty. This team has reorganized OEO from top to bottom, streamlined its operations, shunted off to other agencies a variety of programs OEO had developed (Head Start, the Job Corps, manpower programs, etc.), and reset priorities so that funds for research and development will triple from 1969 to 1971 (from \$33 million to \$99 million) while those for locally initiated community action programs will stagnate (from \$326 million to \$324 million).

OEO's new table of organization divides the agency's essential functions into six areas: three program areas offering grass-roots services—VISTA, legal services, and comprehensive healthcare; and three functional areas—research and evaluation, program development, and

operations, which includes community action. The functional split resembles the tri-part system followed by consumer industries. A market research division identifies a consumer need; a product development division tests alternative prototypes devised to satisfy it; and the distribution division replicates the successful model once the product has been perfected. The essential point to remember in all this is that money for action is down and money for testing is up. Marvin Feldman, a former Ford Foundation program officer and now Rumsfeld's program development chief, explains how the changes affect his office:

"I came in here and found that we've got experimental programs we've been carrying for four and five years. Good programs, worthwhile programs, but programs that give no hint of affecting any policy changes, and no prospect of becoming self-sustaining. Of the first 176 grants we've reevaluated, 68 we're not refunding. It makes you sad in a way if no one else will pick them up, but our job is to try out an idea, report the results, and get out. . . . We're interested not in how good an idea is, in and of itself, but in what chance it has for influencing policy."

The outstanding example of the test-tube approach to public policy—even though it was initiated under the Johnson Administration—is OEO's income maintenance experiment. Debate over the pros and cons of guaranteeing a family a steady income goes back more than a century in the United States, but only now is the idea being given a fair test. Under a three-year \$5 million OEO program begun in mid-1968, 575 working-poor families in New Jersey and Pennsylvania have been provided with income guarantees ranging from \$1,700 to \$4,200-a-year. Another 635 families were chosen as a control group without income guarantees. Both sets of families fill out periodic questionnaires designed to answer, among other things, the fun-

damental question posed by any income maintenance plan: What will it do to incentive to work? A common assumption is that it is sure to reduce that incentive, and so the question was of enormous immediate importance this winter when President Nixon's \$4 billion Family Assistance Plan (FAP), was before Wilbur Mills's Ways and Means Committee. FAP, of course, challenges the lower-incentive assumption. It proposes to replace the country's discredited system of public welfare with a guaranteed minimum subsidy of \$1,600-a-year for a family of four, thus making the working poor—those who earn too little to meet their families' basic needs—eligible for benefits along with anybody else who meets the requirements. On February 18, OEO published a 25-page pamphlet entitled "Preliminary Results of the New Jersey Graduated Work Incentive Experiment," which stated, in Rumsfeld's paraphrase, that "there is no evidence that work effort declined among those receiving income support payments. On the contrary, there is an indication that the work effort of participants receiving payments increased relative to the work effort of those not receiving payments." On February 26, Ways and Means reported the FAP bill out to the House. OEO research chief John O. Wilson does not think it entirely coincidental that the publication of the Preliminary Report was followed in only eight days by the favorable action of Ways and Means.

It is possible to read too much into the New Jersey report. All the families were headed by employable men, whereas the typical welfare family is headed by a nonworking mother. The sense of participating in an important social experiment and the attention paid to the recipients by evaluators may have weighted the results. Nevertheless, the experiment—since extended to a white rural area in Iowa and a heavily black county in North Carolina—is furnishing a data base that, the theory goes, will help resolve important issues of public policy. And that, says Rumsfeld, is what OEO's

new mission is all about.

In the old days, OEO scattered research and development funds all over the anti-poverty landscape. No longer. With a staff of over 100 professionals—three times the number of R&D people in 1968—OEO will concentrate its R&D effort on four major areas during the next 12 to 14 months. One of these is day care. Sensitive to the President's interest in relieving the public assistance rolls by getting mothers out of the kitchen, and realizing the importance of early influences on childhood development, OEO will experiment with a variety of day care models, including rival sponsors (colleges, industry, schools, local organizations) and various educational theories.

Second, there will be a major emphasis on expanding consumer choice—a good Republican principle—by giving selected poor people vouchers or “entitlements” with which they can purchase education, manpower training, or day care.

A third effort will aim to strengthen state and local government's responsiveness to the poor. One way is by expanding the role of the states in training and support for local community action (anti-poverty) agencies. Under a grant that has aroused charges of an OEO sell-out in some quarters, Oklahoma will assume some of the functions previously performed by the Austin, Texas, OEO regional office.

The fourth major area of emphasis is evaluation, and here OEO appears to have been given a real mandate by the Nixon Administration. Two changes are significant. First, the old incestuous relationship between program operators and program evaluators—still the rule in most agencies—is ended. OEO's evaluators will be in a separate department, divorced completely (at least in theory) from the programs they judge. Second, their responsibilities extend (at least in theory) far beyond the confines of OEO. Wilson, a 31-year-old Yale economist who heads the agency's Office of Planning, Research, and Evaluation ex-

plains. “Our field of operation used to be the \$2 billion OEO budget. Now it's the entire \$33 billion anti-poverty effort, and that means pretty much the whole federal establishment.”

Historically, OEO never has had much influence over programs run by other agencies on behalf of the poor, not even the programs it has delegated to other agencies, such as Neighborhood Youth Corps, which the Labor Department for years ran in the finest traditions of pork-barrel politics. Now, however, Wilson's office is commissioning a three-year, \$4.6 million study of the impact of four Labor Department manpower programs. This involves following 10,000 youths (and a control group) from day of entry to 18 months after training to gauge the effectiveness of the programs. The \$17 billion income-transfer programs, such as Social Security and veterans' benefits, will also be monitored by OEO.

Worthy as these plans sound, some misgivings deserve to be noted. It is a basic law of bureaucracy that an agency will fight with whatever ammunition it has to protect itself when the chips are down. Wilson, for all his devotion to objective social science research, for all his office's isolation from operational responsibilities, may find himself regularly forced to serve up selective facts to refute OEO critics, just as his predecessors did. Indeed, the preliminary results from New Jersey—coming during the House Ways and Means Committee consideration of the Family Assistance Plan—already have raised some charges of dirty pool. Moreover, social science is inexact science. Says OEO's former program development chief, Gerson Green, “Any evaluation study that purports to show that an idea works or doesn't work can be faulted. There are always special conditions in social science, conditions that can raise doubts about the implications of your findings. To spend \$20 million on evaluation as OEO proposes to

do [in 1971, up from \$4 million in 1969] is bad economy when there are hungry people to be fed."

Green, like most of OEO's critics on the left, sees the agency's preoccupation with influencing policy as a retreat from its primary responsibility to help poor people. And he sees confirmation of his fears in the yearly cutback of the most controversial—and in its own way the most effective—of all OEO programs, community action. The original rhetoric of the War on Poverty described community action agencies as "local self-help organizations." Their function was to serve as a focus for efforts by all segments of the community—public, private, rich, and poor—to alleviate what was termed, in the parlance of the early '60's, "poverty in the midst of plenty." As they evolved, community action agencies became much more than that. They became major community employers of the poor, major deliverers of neglected services, power brokers between the poor and established community institutions, lobbyists for social reform, and central vehicles for social and political organization of the poor. Community action ran one-stop neighborhood service centers, where a person could get help in getting the heat turned back on, or tracing a welfare check that got lost, or finding a job, or getting school help or a pair of eyeglasses for the kid. What's more, the people who were doing the helping were neighborhood poor people themselves, friendly, sympathetic, trustworthy.

As time went on, the functions of community action grew: Head Start legal services, family planning, neighborhood health centers—all were available through the resources of the neighborhood service center. Poor people themselves had a voice in determining what services were needed and how they should be delivered. "Community action brought outsiders into the political process for the first time," says Robert Ale-shire, Executive Director of the National Association for Community Development. "It gave them a stake in the sys-

tem, a feeling that somebody cared and that their opinion counted."

Community action never fulfilled its early promise, chiefly for two reasons. Alarmed officials, worried about direct Washington-to-grass-roots funding, successfully brought the agencies under city hall control, at least indirectly. And the prospect of higher funding levels, which underlay the program's promise of forcing established institutions to become more responsive to the needs of the poor, never materialized. Meanwhile, community action is slowly starving. OEO, under Rumsfeld, has cut off about 30 such agencies, reducing the total number to about 930. Many, if not most, of the others have been cut back severely over the past three years, and the cuts continue. In addition, OEO has farmed out to other agencies programs over which community action had exercised control. Other programs that have stayed within OEO, such as legal services and health care, have been yanked out of community action and now operate independently on the local level.

Most important of all, the principle of local self-determination that lies at the heart of community action demands nothing less than that people at the grass-roots level be given a voice in the vital decisions that affect them. Much of the criticism of OEO being heard around the country today stems from a belief that, under Rumsfeld, that principle is being quietly interred. Two recent OEO decisions illustrate the basis for this belief. One involves the ambitious program of Community Development Corporations (CDC's) that OEO has been subsidizing the past three years as a means of organizing low-income residents and promoting economic opportunity.

Community corporations are OEO's version of black capitalism. These locally organized holding companies, whose stock is in the hands of the resident poor, use federal dollars and whatever other funds they can attract as seed money to set up private business ventures that provide jobs and services in the slums. Fifteen CDC's with subsidies

totaling \$11,500,000 this year, have spawned such enterprises as a community-owned offset printing plant in Washington, D.C., a housing project and shopping center in Cleveland's Hough ghetto, and a catfish farm in rural Georgia.

So promising has OEO considered the idea that earlier this year agency spokesmen were talking about tripling funds for economic development in 1971. They're still talking about tripling funds for economic development, but no longer will the major emphasis be on community-based corporations. As his new consultant on economic development, Rumsfeld has hired Theodore L. Cross, a New York lawyer who specializes in banking problems and is the author of the recent book, *Black Capitalism: Strategy for Business in The Ghettos*. The two held a news conference in late March to unveil a plan to set up a new Opportunity Funding Corporation, which CDC officials fear is a device to take the community out of economic development decisions. The new corporation, which will receive by one estimate some \$12 million in OEO funds this year, is a nonprofit national corporation that will stimulate investment in much the way the Federal Housing Administration's home-loan program does, by using federal funds to guarantee larger private loans. The corporation's board will be composed not of local residents seeking to shape their destinies but of OEO-selected bankers and businessmen—people who are supposedly more adept at recognizing a sound investment opportunity and finding the money and know-how to make it work. Incensed that the agency would plan a major new initiative that excludes local residents from a decision-making role, representatives of the 15 OEO-funded CDC's staged a sit-in April 8, in the Executive Office Building in Washington, demanding community participation in the new program. Instead they were told by Marv Feldman they will have a chance to make "inputs" before the idea becomes operational, which is hardly the same thing.

A second purported setback to community self-determination efforts concerns OEO's plans to turn over more responsibilities to the states in overseeing anti-poverty activities. The basic idea—in Rumsfeld's words, "to strengthen the state contribution to the poverty programs"—is hard to fault. But the range of activities the agency envisions turning over to the states raises suspicions, justified or unjustified, that OEO is selling out community action to the state capitals. Among the demonstration projects planned by the agency: Connecticut will monitor and evaluate local community action programs; California will train community workers; and the states of Washington, Oregon, and Idaho will organize citizens for local self-help projects.

As inoffensive as these ideas sound, many veteran community organizers fear a strengthened state role will erode what little insulation community action agencies have retained from the political pressures state capitals are wont to exert on programs that threaten their interests. They are bothered, too, by the fact that there is no plan to include local communities in the determination of the states' roles. Recalling the narrow defeat of the Congressional move last December to place most anti-poverty activities under state control, OEO critic Green grumbles, "Rumsfeld's trying to do by administrative fiat what the conservative coalition in Congress couldn't do by legislative action." Some OEO critics go further, arguing that OEO is trying to do away with community action entirely, rather than keep it open for trying out new initiatives. Bob Aleshire doesn't subscribe to this theory ("They're not that cynical up there," he asserts). But he sees a worrisome trend nonetheless in the recent demise of WEMBROC, an under-financed community action program in the western suburbs of Boston. With a paltry budget of \$50,000, that agency was charged with initiating local programs and involving the poor over a six-city area encompassing 300,000 people. It was closed down in February for

"failing to develop imaginative programs and involve the poor." "They couldn't possibly have done the job," says Ale-shire. His worry is that OEO is providing agencies with too little money to be effective, then is closing them down for being ineffective.

Rumsfeld does little to discourage such speculation. Community action agencies, he says, "haven't compiled a record of accomplishment sufficient to require the degree of support that would assure their future." He adds: "I frankly don't know what they're supposed to be doing, and neither, I'm convinced, does anyone else." What seems to bother him most about community action, however, is its reputation for controversy. Time and again, during a recent interview, he steered the conversation back to its potential for dividing communities. "We must help the poor in ways that do not create a crust of resentment around them," he says. "Confrontation divides communities and isolates the poor. We must bring people together by stressing cooperation."

Of course we should. But what happens when cooperation does not bring change? When institutions do not respond to the human needs of their clients? How can the huge and impersonal bureaucracies of the '70's be made accountable to the people they supposedly serve? If OEO will not represent the interests of the poor, who will? And when? These are questions that escape the cost-effectiveness theorists at the new OEO, with their search for ways to exert "policy leverage" and "judgmental decision bases."

To his credit, Rumsfeld has so far not hesitated to use his power to override a governor's veto when good programs were threatened by issues of parochial politics. But would he step in—as Sargent Shriver did—and offer to run an emergency food program if a future Orville Freeman tells Congress the Agriculture Department can think of no way to get food into the bellies of hungry children if their local elected officials won't cooperate? Would he fund a controversial

Mississippi educational project that instills in Negro school children dignity as well as the three R's? And what of a citizens' group in Eastern Kentucky that wants to preserve its environment from the ravages of uncontrolled strip mining? These activities may not supply OEO with the "learning experiences" Rumsfeld says are the basis on which his agency will weigh funding proposals, but they have a lot to do with alleviating poverty in the United States.

Test tubes are useful instruments, but social laboratories rarely produce clear-cut results. On the other hand, they make conservatives feel good; when little money is spent, little money is wasted. "The trouble at OEO," asserted Washington, D.C.'s black anti-poverty director, Jeanus Parks, Jr., in a recent interview, "is that they're all deaf. They simply don't know what's happening out on the streets." Parks may have a point. For what is missing from OEO, one senses, is not understanding and certainly not intellect. What is missing is passion and commitment—a recognition of the depth and the magnitude and the terrible urgency of the problems of the poor.

The irony is that by committing itself to influencing policy rather than helping people OEO may end up doing neither. Its purported influence over public policy derives from its claim to be able to carry out dispassionate research, a task that may be rendered impossible by its very political status—as an arm of the Executive Office of the President. Politics, it can be argued, must inevitably intrude on its decisions. There is also the factor of impatience. If the eruptions of the 1960's proved anything, it was that the promissory notes of 30 years of social rhetoric and public inaction on the problems of the poor are coming due. They won't be postponed much longer, and certainly not on the basis of an argument that the solutions haven't yet been perfected.

For the moment, though, the victims are relatively quiet. At OEO, the space-age technologists have taken over. God grant patience to the poor. ■

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The Poverty Lawyers' Work Is So Good

by Clark Holmes

Once during an especially difficult time for the Office of Economic Opportunity, a long-time observer of its many operations said: "You know, if you called everything OEO ever did, including Head Start, outright failures, but admitted the success of Legal Services, then you would still have to conclude that the whole damn thing was worth it."

Legal Services has without question been the most effective part of OEO. Its actions have affected the lives of millions of Americans, more than all the rest of OEO combined, and those effects are measurable—unlike, say, the debatable impact of Head Start or VISTA—in the altered behavior of government agencies sued by Legal Services. It is a classic example of working within the system, and working successfully: so successfully, indeed, that its future is now in danger.

Legal Services now appears to be under a conservative siege directed at it both from within OEO by the Director's

Clark Holmes is a pseudonym for two former employees of the Office of Economic Opportunity.



Office, and from without, in a campaign being handled by high officials in the Department of Justice. New OEO Director Donald Rumsfeld has taken what seems to be the first step on the path to transfer control of Legal Services from the agency itself to the state governors—a course Congress swerved away from last December. And the Justice Department, under the leadership of Jerris