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THE WHITE HOUSE

WASHINGTON

May 31, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM CANNON

FROM:

JIM CONNOR *JEC*

The attached letter was returned in the President's outbox with the following notation addressed to you:

"My brother, Tom Ford, formerly a State Representative for ten years, sent me this from a friend of his in Michigan Senate.

Will respond."

Please follow-up with appropriate action.

cc: Dick Cheney

Attachment:

*original to Cannon*

Letter from Harry A. DeMason

State Senator - 20th District - Lansing, Michigan

THE WHITE HOUSE  
WASHINGTON

John Cannon) My brother,  
Tom Ford, formerly a state Rep.  
for 10 yrs, sent me this  
from a friend of his on back.  
Senate.

Will respond

THE WHITE HOUSE  
WASHINGTON

Mildred -

Can we wait a little to respond to this one?

My memory tells me that this proposal is very much similar to the one submitted by the Administration back in '72 or '73 that was known as H.R.1 which passed the House and did not get through the Senate. The then-Minority Leader made many speeches in support of the measure which I recall was known as the Family Assistance Program.

I'd like to look into it further if okay with you.

Dottie

THE SENATE  
LANSING, MICHIGAN

TWENTIETH DISTRICT  
BATTLE CREEK  
HARRY A. DEMASO  
P.O. BOX 240  
LANSING, MICHIGAN

COMMITTEES ON:  
TAXATION  
HIGHWAYS  
CONSERVATION

May 6, 1976

Honorable Gerald Ford  
President - United States  
White House  
Washington, D. C. 20510

Dear President Ford:

Social welfare reform is always a problem which faces government at all levels and from indications will continue to face us for some time.

One idea which has always intrigued me (and why it hasn't been proposed at this point is amazing to me) is what I call providing "work incentives" to individuals rather than work disincentives.

For example, if a woman has three children and is collecting \$4,000 per year on welfare, and because of her lack of education, lack of skills and other factors, she is able to find employment paying only \$5,000, there are several factors under the system that have to be taken into consideration. As the system now stands, it is possible that she would lose a sizable amount of her resources from the welfare system--if not all of her resources. While working she must pay child care costs, transportation costs, clothes and hair care and other cost incurrencences that pull from her overall wages. Subtract those costs from her initial wages and it doesn't take long for her to find out that she is penalizing her family in order to work. Consequently, welfare becomes her best choice. This, in my opinion, creates a work disincentive, rather than a work incentive.

The above figures are hypothetical, and I am sure that the welfare department would state that if these were actual figures a person would not lose all of her welfare benefits. But in my opinion, that argument is academic. What I propose to you for consideration is if any person who is on public assistance, whether they have one child or ten, and are eligible for welfare benefits, upon obtaining employment that pays as much or more than that which they are receiving on public assistance, their welfare benefits be halved in

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Honorable Gerald Ford  
May 6, 1976

order to provide the incentive to remain in the work force.

Using the above example, again if a lady making \$5,000 were to retain \$2,000 of her welfare benefits this would be an aggregate of \$7,000 to her. The taxpayer saves \$2,000 of the \$4,000 that it would have to pay out otherwise, while at the same time keeping one more person as a taxpayer rather than a tax user. The obvious saving to the taxpayer (if this were done en masse) would be significant and is in my opinion the first step necessary in any welfare reform legislation.

If the young lady mentioned above received a salary increase, it would be understood that her existing welfare benefits would be scaled down accordingly until such time as she was able to hold her job in a completely unsubsidized environment. This would be the first major step toward moving people out of poverty.

Persons on welfare do not pay taxes; however, persons who are employed in the mainstream of society are taxpayers. If we could reduce the amount of welfare paid and at the same time increase the number of individuals paying taxes, it is obvious that society as a whole would benefit.

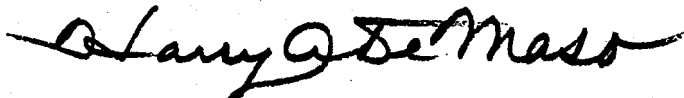
A complete examination of what welfare benefits are paid to individuals of various family sizes would be in order so that determinations could be made as to how much money a family or individual could have to offset their working wages. I reemphasize again, that what is important is that the working poor person be able to retain at least half of whatever benefits would be available to them if they were not to work at all. My example above may not be the best one, but the premise under which it is used is important.

A different legislative approach to welfare reform is needed--one which will provide work incentives rather than discourage them.

Many thanks for listening to a problem that plagues our entire nation.

Best personal regards.

Sincerely,



Harry A. DeMaso  
State Senator - 20th District

HAD:j

# june brown's detroit

By June Brown Garner

## The Welfare System Is as Outmoded as Slavery

**T**HE AFRICANS who worked as slaves in this country developed a wise philosophy that today's generation ought to follow. When they were asked why they ran away from masters who were kind to them, many replied, "No man should be forced to give the sweat of his labor to another man."

More than a century has passed, but in an odd turn of events, some people are still giving the "sweat of their labor" to other people. I refer to the system of taxing employed people in order to pay welfare benefits to employable people.

Welfare began as a sincere attempt to prevent one third of a nation from being ill-fed, ill-housed and ill-clothed. Welfare has now become a dismal career in poverty for low income people and a threat to the job security of the employed.

In order to justify the concept of welfare, the nation had to abandon the concept that every person has the right to a job. Another belief was emerging: that healthy employable adults have a right to welfare.

Welfare, like slavery, is based on exploiting one group to subsidize another group. Sometimes welfare exploits several groups. The solution must be equality of job opportunities for every employable adult.

Americans have traditionally felt that a job was an indication of person's worth. They forgot that a person who is denied a job is denied proof of his worth.

People also felt that charity was a good thing. They forgot that if it is more blessed

to give than to receive, then it is demoralizing to receive without ever being prosperous enough to give.

Some people hesitate to openly deny the existence of welfare rights for various reasons. Politicians know that welfare is a dangerous unworkable concept, but they are afraid to end it. This is because they are the ones who gave it birth; they are the ones who contribute to its spread; they are the ones who depend on its votes.

Understandably, people on welfare who have never worked and whose parents have never worked want to stay on welfare. They falsely believe that their only hope for survival is to keep insisting on "welfare rights."

But the recession and other factors have changed the public's concept of who should be on welfare.

A sick person has the right to assistance because the community cannot morally deny him that, nor would it want to. Neither would the community want to deny help to persons who are mentally and physically unable to work.

But providing a lifetime of financial support to able-bodied people is becoming repugnant even to the people who receive that support.

Most people now realize that the welfare system has become as entrenched in American life as slavery was. The systems are similar in that many people established careers based on serving the needs of slavery, just as many people have careers based on serving the needs of welfare.

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Just as slavery was a threat to free labor, so the vast pool of welfare recipients often prevents workers from striking to obtain valid goals.

Just as the moral issues of slavery became whether one man could hold another in bondage, the moral issue of welfare is whether one group can deny jobs to another group.

Another changed belief holds that the woman's place is no longer in the home, and children are not always highly valued. There is also a tough new attitude resulting from the enormous number of divorces and illegitimate births, with many people believing that an unmarried woman who isn't willing to work for her children's support shouldn't have children at all. Or in cases of divorce, the parent who is best able to support them should be given custody.

As the number of homes headed by single women increases, working women, who can barely support themselves, resent being taxed to support other women.

Instead of workers fighting with welfare recipients, all of us, including employes of the Department of Social Services, should lay aside rivalries and fears and join in supporting the universal right to employment.

Workers know that anybody can end up on welfare, and if we don't want it for ourselves we should not tolerate it as good enough for others.

Just as slavery was ended; so welfare assistance to healthy adults must be ended, and replaced by a jobs program. Cost should not be a factor because a government that can pay people to sit down can pay people to work.

The nation could not exist half-slave and half-free, and neither can it exist half-employed and half-jobless. Welfare has corrupted the character of the people and contributed to the decline of the cities. Only when employed people and welfare recipients stop bickering with each other, and unite in supporting a program of guaranteed jobs, can the wrong of welfare be ended in our society. ■

By

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