



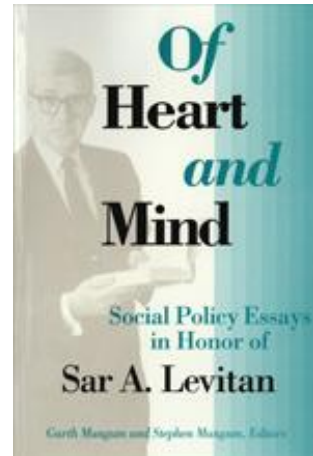
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## MDTA and CETA: A Personal Revisit

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# CHAPTER 5

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## **MDTA and CETA**

### **A Personal Revisit**

Eli Ginzberg

In the mid-1990s there are a great many concerns about the continuing ineffective functioning of the U.S. labor market as evidenced by the growing difficulties of high school dropouts and pro-forma graduates in gaining access to regular jobs that pay initially or prospectively a reasonable wage and provide the holder a basis for future job security and income. Other problems include the continuing large differentials in the employment experiences of the white majority and selected groups of minorities, particularly blacks and Hispanics, the growing numbers of long-term corporate white-collar and blue-collar employees in their forties and fifties who are dismissed as a result of the continuing downsizing of business firms, and the continuing geographic mismatch between concentrations of large numbers of the urban and rural poor and areas of employment expansion often located in the outlying regions of metropolitan areas.

This list could be expanded to include the vulnerability of workers who are computer-illiterate in an era when computerization has become the dominant technology. Attention could also be directed to the intensified competition in selected locations between the large number of native-born marginal workers in search of jobs and incomes and the continuing large-scale inflow of immigrants from abroad who are seeking opportunities to work and improve their prospects in this country. Cognizance must also be taken of the large numbers of persons on welfare who, under appropriate conditions of access to job training, child care and health benefits, could be encouraged to work and support themselves and their dependents and of the sizable numbers of disabled persons who can work only to the extent that employ-

ers and the community at large lower the physical and other barriers that currently interfere with their getting and holding a job.

This restricted list of large groups who continue to face major hurdles in gaining entrance into the labor market and becoming self-sufficient through work may provide a useful introduction to the selected insights and assessments that will be offered about the two decades when active federal manpower policy, as represented by MDTA and CETA (1962-1981), was enacted and implemented. There may be a number of useful lessons to be extracted from this earlier experience, the beginnings of which date back a third of a century. Further, since I had the privilege of serving as the chair of the National Commission for Employment Policy and its predecessors from 1962 to 1981, I will call attention to selected aspects of the first two decades of federal manpower policy that will be of interest and of value to those who continue to be concerned with improving the operations of the U.S. labor market as the nation comes to the end of the twentieth century.

## **Reflections on MDTA**

An analysis of the MDTA experience raises questions as to the source of the political momentum that led to this potentially significant enlargement of the capacity of the federal government to improve the operations of the labor market. There was no strong constituency in either the Democratic or Republican parties that had lobbied long and hard for federal action such as in the case of medical care for the elderly. Neither did the newly elected president, John F. Kennedy, nor his advisors focus much attention on manpower issues as a way of "getting the economy moving again," their primary campaign slogan in 1960. For the most part they looked to macro demand expansion to revive the sluggish economy; improving the match between the unemployed and the labor needs and demands of employers was not an issue high on this agenda. Rather, the growing unemployment of even skilled workers due to automation became the focus of general concern.

It is worth noting that President Kennedy, in his meeting on September 16, 1962 with the newly appointed members of the National Manpower Advisory Committee (NMAC), singled out the victims of

technological change as one of the three categories of workers who could benefit the most from the new statute. The other two were poorly educated, unskilled youth and those older persons who had lost their jobs and would not be likely to find another without a period of retraining. While waiting to see the President, the members of the NMAC heard a gloss from Vice-President Johnson who explained that he had successfully lobbied the southern conservative senators to support MDTA on the ground that it would help many poor southern blacks become self-supporting, with the promise that the administration would not publicize the goal.

The scale and scope of the MDTA and the goals that it was intended to achieve are reflected in an early session that I had with Secretary of Labor Arthur Goldberg after he indicated his intention to appoint me as the chair of the NMAC. I explored at some length with the Secretary whether the final version of the bill might link a job creation measure with new training opportunities. The Secretary informed me that he favored such a linkage and had in fact explored it with the White House staff. He had been told, however, that MDTA would be solely a training measure or there would be no act.

It is my recollection that Senator Joseph Clark and Representative Elmer Holland, both from Pennsylvania which was going through wrenching industrial change at the time, took the lead on the Democratic side to push for MDTA, and that they were able to elicit considerable support from several Republicans who were friendly to a "structural" approach to remedy the shortfalls in the U.S. labor market and had little interest in macro-demand stimulation. In any case we know that MDTA had strong bipartisan support throughout the 1960s, much of which carried over to CETA in the 1970s until the waning days of the Carter administration.

It should be pointed out that a manpower program that first came into being because of the nation's growing concern with the adverse effects of automation on skilled workers shifted focus over time to the severely disadvantaged members of the nation's workforce. MDTA had been in operation for less than one year when the research staff of the U.S. Department of Labor became aware of the strikingly low level of education, training, and skill of many of the MDTA applicants. They had initially shared the general assumption that rising unemployment was largely a by-product of the advances in automation, and for that

reason they had concentrated the training programs on persons with at least three years of labor market experience.

The enabling legislation had specified that the ten members of the NMAC were to consist of representatives of employers and labor with additional representatives from the public at large. Secretary of Labor Willard Wirtz, who had succeeded Arthur Goldberg when he was appointed to the Supreme Court, told of an informal agreement between the U.S. Chamber of Commerce and the AFL-CIO to assign three seats to each, but that he persuaded them to settle for two each. Clearly, the Congress recognized that the new legislation, to be effective, had to have the support, or at least avoid the opposition, of either or both of the two critical parties whose actions and reactions had such a pervasive influence on labor market activities.

One of the two employer representatives on the NMAC who had the responsibility of exploring relations with the business community was far advanced in gaining the support of the Advertising Council to inform the business community and the country at large about the new training program when Secretary Wirtz put an end to this effort by explaining that he could not personally deal with still one more special interest group. I failed to understand then, or now, how a federal training initiative could go forward without the active involvement and input of at least a significant sector of the business community.

Some of the labor representatives on the NMAC were skeptical of involvement by the federal government in the training of skilled workers, since that was a critical responsibility of the craft unions. The AFL-CIO supported the passage of MDTA but played a relatively restrained role until late in the 1960s, when the issue of providing public service employment (PSE) opportunities was placed on the national agenda. At that point I recall that a principal advisor to George Meany and his staff made a special trip to my summer house on Martha's Vineyard to offer a trade: strong labor support for the expansion of MDTA for NMAC support of PSE. I explained to the emissary that while I favored PSE, I could not give him any firm assurance that the Committee would agree—although I anticipated that the majority would do so, as in fact it did. I will indulge myself to point out that in the 76 advisory meetings that I chaired over the nineteen-year span, only one issue was ever put to a vote. My preference was to send summary reviews of our meetings to the Secretaries of Labor and HEW, to

whom we initially reported, and later to the President and the presiding officers of the Senate and the House of Representatives, distilling the “essence” of our discussions and recommendations. Voting, in my view, would harden differences instead of expanding the areas of agreement among the members of the advisory committee. To the best of my recollection, no member ever challenged any of my summaries. With the advantage of hindsight, I might be more inclined today to let at least selected issues come to a vote as one way of sharpening and clarifying the views of the members.

In the middle 1960s, the MDTA youth component was expanded and the antipoverty Economic Opportunity Act added the Neighborhood Youth Corps and the Job Corps. The vocational educational lobby in the Congress had strongly supported MDTA when the legislation was first discussed and played a key role in its later extension. The fact that some large corporations, including leaders in aerospace, were willing to bid on Job Corps contracts added another important interest group that favored the expansion of MDTA and other federal training efforts. A third new “constituency” consisted of the community-based organizations that found an opportunity to organize training programs in their local areas and occasionally over a broader area. Some years later an astute observer of MDTA concluded that the individuals who profited the most from the new training structure were selected minority members who got an early start on the management ladder and then moved into more responsible positions as training programs expanded.

The summer of 1965 saw the outbreak of widespread disturbances in many urban areas, including Los Angeles, where black youth and adults had become exasperated by the gaps between the promise of America and the reality they faced. A quick trip to the area highlighted for me the difficulties of any quick and easy solutions since the secondary school system was seriously malfunctioning and the absence of public transportation between the inner city where the minority poor lived and the expanding jobs in the outer regions of the metropolitan areas could not be easily resolved, not even with liberal federal transportation subsidies.

President Johnson, in responding to the rioting of 1965, appointed a “secret” task force chaired by George Shultz, which consisted of key black leaders and white representatives from business, law, and academe, on which I was invited to serve in my capacity as chair of the

NMAC. It was to take an in-depth look, at least on a demonstration basis, to assure that all children growing up in an urban ghetto could enjoy the developmental and educational opportunities that they needed to qualify as future workers and family heads. The group took its assignment seriously, and after extensive field visits to a number of urban ghettos it concluded that adequate schooling from prekindergarten to the end of high school could be provided only if schools could be detached from the existing bureaucratic structures and placed under the supervision of a major university's school of education.

The reason that we were a "secret" task force reflected the President's concern that, with the escalation of the war in Vietnam, Congress might not agree to fund new manpower and social welfare demonstrations; in such an event, the President didn't want to be embarrassed. We had reached a semifinal stage in our deliberations with a prospective recommendation of a demonstration budget of about \$13-14 billion a year. At that point the President's assistant, Joseph Califano, came to our meeting and confiscated all copies of our draft report.

Determined to do something to improve the employment and income prospects for blacks and other poor persons and recognizing that new large-scale funding from the Congress would not be forthcoming, the President assumed the leadership, working with Henry Ford II and other business leaders of the National Alliance of Business to elicit their help in expanding employment opportunities for the hitherto excluded. (In the process the Department of Labor was sidetracked.) With the labor market booming in the late 1960s, many industrialists made a serious effort to respond to the President's request, and large numbers of blacks, of both sexes, were hired. Unfortunately, when the downturn in the cycle occurred in the early 1970s, a significant proportion of the last hired were the first fired.

For most of the 1960s the U.S. Department of Labor struggled to deal with the many thousand training contracts that it had negotiated in different sectors of the country, a reflection of the fact that 90 percent of the funding for MDTA came from the federal government. But with the passage of time it became increasingly clear that the operation of MDTA had to be decentralized to the states and the cities—and the issue of public service employment for the hard-to-employ had to be faced. After President Nixon's election and assumption of office in

early 1969, the Department of Labor and the interested committees of the Congress set about drafting a reform bill which included a limited appropriation for public service jobs. The members of the NMAC were at Camp David to explore the changes that would follow the new legislation when a telephone call announced that the President had vetoed the bill on the ground that he wanted no part in reestablishing leaf-raking jobs reminiscent of the New Deal era.

Faced with a looser labor market in 1970-1971 and an acceleration in the release of soldiers who had fought in Vietnam, the President was willing to accept a substitute legislative reform package that included 200,000 PSE jobs. The NMAC had put the issue of PSE and full employment on its agenda as early as 1965, but after an exploratory discussion had let the issue lie, having concluded that the time was not ripe for pressing ahead on that point. True, there were a few senators who wanted to move ahead with such a proposal, but it was clear to the NMAC that with the escalation of the war in Vietnam, the increasing unease of the Congress about the budgetary outlook, and the war-fueled expansion that was occurring in the job market, the time was not opportune for making a push for a full-employment policy.

It may be useful to recall that the “federal deficit” issue, which has dominated the Washington scene during the last fifteen years, resulted from actions taken in 1964 in which Congress adopted a counter-cyclical spending and tax policy so that when the economy was slack the government would lower taxes and spend more and when the economy approached full utilization the reverse measures—tax increases and moderation of spending—would be followed. I thought at the time that it would be easier for Congress to learn the first lesson and forget the second—which would result in a long-term loss, not a gain in macro-policy.

President Nixon’s willingness to reverse his opposition to PSE was not only a reflection of the pluses and minuses of dealing with the Democrats who controlled the Congress, but also reflected the continuing evolution of the role of manpower policy on the national scene. MDTA was seen as a vehicle for speeding the employment of Vietnam veterans, opening a new area of opportunity for manpower policy. Since the rate at which soldiers were sent home from Vietnam was relatively modest and would continue over many months and even years, the availability of 200,000 PSE jobs to be used as needed to speed their



reentry into the domestic labor force seemed appropriate. And there were many in the Congress who looked with favor on the rapprochement between Republicans and Democrats who, until the President's veto, had worked closely together on manpower legislation.

By the time that MDTA approached its tenth and final year it had been pulled and pushed to respond to a great number of different "at-risk" persons for whom opportunity for training and later for a public service job held out some reasonable prospect of benefit. These included:

- Skilled workers who had lost their jobs because of automation
- Large numbers of poorly educated, poorly skilled adults who sought training from MDTA
- Young people, especially in low-income urban areas, who needed to earn some money during their summer vacations
- Young people who had dropped out of school before attaining a high school diploma and who could profit from the kind of new residential environment provided by the Job Corps where they could catch up on their education, obtain some basic skills, and be in a stronger position to make their way in the world of work
- The more disadvantaged members of the labor force who in addition to the drawbacks of limited education and skills also belonged to families trapped in poverty
- Older persons who might be helped to get a job or improve their earning capabilities if a modest number of training slots were reserved for them
- Prisoners, either current or recently released from the criminal justice system
- Returning Vietnam veterans

This list does not pretend to exhaust the many groups of disadvantaged persons identified as potential beneficiaries of the various types of training opportunities made available under MDTA.

## The Advent of CETA

With so many potential applicants for training slots, with MDTA relying primarily on vocational education and the employment service as the principal service deliverers, and with almost half of the budget spent on stipends, the tension between funding and the length and quality of the training that could be provided was with some exceptions very great. The inadequate basic educational skills of so many of the trainees only exacerbated the situation since the available funding was grossly inadequate to bring many of them up to an acceptable educational level and at the same time provide them with even modest skill training. The average MDTA enrollee had only 22 weeks in a training program, much too brief a period to make them competitive even for an entrance-level job. Even worse, the failure to decategorize and decentralize the MDTA program further reduced its potential effectiveness. Fortunately, the Nixon administration and the Congress were able to agree on the passage of the Comprehensive Employment and Training Act of 1973 (CETA). The new legislation decategorized by bringing together all elements of both MDTA and the Economic Opportunity Act which had launched the antipoverty effort (leaving only Job Corps free-standing) and decentralized by funneling most of the federal funds to prime sponsors—that is, local planning agencies dominated by local and county officials who were given broad discretion in the selection of service deliverers.

The new CETA structure had been in place for only a relatively short period of time when the country experienced the most serious depression since the 1930-33 debacle. The Democratic leaders of the Congress were not satisfied with the antidepression recommendations forwarded by President Ford and decided to take the lead in designing policies and programs that would be more responsive. The subsequent transformation of CETA can only be understood in the light of previous approaches.

Shortly after Nixon defeated McGovern in the election of 1972 he made public his intention to streamline the federal government by consolidating a number of cabinet departments. Haldeman was initially scheduled to meet with the senior officials of the Department of Labor, who invited me to be present, but with Watergate preempting more of

his time and energy, Ehrlichman came in his place. I have no clear recollection of what the details of his message were, but I think it pertained to the proposed merger of Labor and Commerce, together with plans for substantial cutbacks in programming and in staff. It was a most unpleasant presentation, since the speaker elicited no questions and tolerated no discussion. As an outsider listening in, I did not assume, as did many of the others in attendance, that all of the White House plans were misconceived and could lead only to trouble, but I was chilled by the arrogance of the speaker and concluded that with persons like him in senior staff roles at the White House, policies and programs were unlikely to be strengthened.

I was reminded of a comment that my long-term friend and colleague Arthur F. Burns made to me on a walk to his home after dinner at the White House Mess during which we had avoided all serious subjects. Burns had been serving at the time as Counsellor to the President. He said that he was unable to put his finger on just what disturbed him about the President's senior staff, but it was quite unlike anything he had ever experienced. Nothing seemed to be straightforward—either in speech or in written communications. And there was little or no feedback. Burns said he had made up his mind to leave and to do so very shortly. Watching Ehrlichman in action at the Department of Labor reminded me of Burns' disquietude and determination to leave the administration. I too, from this single exposure, felt squeamish.

But in fairness, I must report on several more positive experiences with the Nixon administration. With the passage of CETA, the advisory committee structure underwent a significant change. The new legislation provided that the National Commission for Manpower Policy report to the President and Congress. William Kohlberg, the new Assistant Secretary of Labor, asked me whether I would be willing to assume the chair of the new Commission but pointed out that I would have to obtain "political clearance" from the White House. This was the only time in my nineteen years of service as chairman that I had to obtain such clearance. The White House official with whom I talked was a reasonable and relaxed interviewer who did not press me very hard after I explained to him that as a New Yorker I had never enrolled in either party; that I had worked closely with President Eisenhower; and that I had worked constructively with key members of Congress of

both parties. I have no way of knowing whether and how thoroughly he checked me out, but my clearance came through expeditiously.

At one point near the end of the first or at the beginning of Nixon's second administration the insiders got nervous that the administration planned to cut back radically on its request for new manpower funding. Sar Levitan got in touch with me and suggested that we jointly set up an appointment with George Shultz, who was serving at the time as Secretary of the Treasury but who continued to be interested in the manpower domain and at the same time was viewed as one of the President's intimate advisors. Sar and I had no difficulty in arranging an early meeting with George, who provided us with ample time to set out our concerns and pinpoint the kinds of help that we thought the program required. Subsequent to our visit the ominous rumors about the forthcoming emasculation of the manpower programs ceased.

The third "interaction" between the NMAC and then-President Nixon occurred when the Department sponsored a luncheon celebrating the tenth anniversary of MDTA. The President was invited to speak, but he could not accept, sending instead a warm letter of appreciation to the members of the NMAC and to me commending us for our helpful participation in the shaping and reshaping of the program.

These observations enable us to pick up the main threads. There were a number of hearings and subsequent amendments to CETA, so that it could respond more successfully to the serious recession of 1974-5. I was asked to testify at these hearings—as I had attended most congressional hearings during the two decades when various committees were reviewing issues that had been and continued to be of concern to what was now called the National Commission for Manpower Policy. The main purpose of CETA had been to focus increasingly on the more disadvantaged members of the labor force who required assistance to enable them to get and hold a job. But early on the rumor circulated that the key members of the Congress, especially the Democratic leaders, were looking to CETA as a major solution to the growing unemployment brought on by the worsening recession.

In my testimony I tried very hard to be sympathetic to the proposals for expanding CETA to serve more effectively as an antirecession measure without undermining the increasing emphasis that the Congress had been placing on directing manpower efforts primarily to the more, if not the most, disadvantaged. I accepted the idea that a spell of a

week's unemployment be made the basis for qualifying for a CETA job but that this brief period of unemployment be linked to family income, making eligibility for a CETA job depend on low family income even if the spell of unemployment was brief. I pointed out that with ever increasing numbers of women from middle and upper income homes entering the labor force, many for the first time, many CETA jobs would otherwise go to families that were not in need of federal assistance.

As was my usual experience, the senators and representatives who showed up at the many hearings at which I testified were almost without exception interested, polite, and occasionally probing. But this time I drew a blank. My arguments, no matter how formulated, failed to elicit any favorable response. I assume that the Democratic leadership wanted to go to the country and claim credit for having passed new legislation that would address the worsening recession and permit all unemployed Americans, not just the poor, to profit from their actions.

Shortly after Ford replaced Nixon in the White House, Arthur Burns, at the time the chair of the Federal Reserve Board, invited me as a luncheon guest of honor to meet the senior economic officials of the new administration. There were about eight around the table. Early on, the conversation focused on what America most needed—an inexpensive auto. I listened attentively but could make little or no sense of the consensus that was early arrived at that such a car would assure the long-term success and expansion of the American economy. Fortunately, there was one dissenter in the group—the President's economic assistant who came from Michigan, who knew much about the automobile industry and could make little or no sense out of this suggestion either. Later on, when I had an opportunity to reflect on what had happened, I decided that such ramblings were a form of relaxation for officials who were forced most of the day to work very hard on very difficult issues.

In the course of my ongoing visits and talks with Arthur Burns I noted his increasing concern with the fact that nobody in Washington apparently had any idea about how to respond to the worsening recession other than to spend more money, an approach that did not appeal to him. If truth be told, it did not particularly appeal to me either, since I had never gotten over my childhood encounter with high inflation in Germany in 1922. At this point I offered Burns a deal. I would do my

best to moderate the manpower spending proposals put forward by the National Commission for Manpower Policy if he in turn would recommend that the federal government become the employer of last resort. The discussions continued for the better part of a year and Burns finally accepted the challenge in a speech at the University of Georgia in Augusta, adding a special twist—these government jobs should be paid at 10 percent below the minimum wage!

Burns' Georgia address was largely ignored by the press but at a manpower conference some months later George Meany launched an all-out attack on Burns for recommending a federal wage 10 percent below the minimum wage even if the proposal carried with it the promise of a job for everybody who wanted to work. Senator Hubert Humphrey alone remarked that he welcomed the support of Arthur Burns for the idea that the federal government had an obligation to help every unemployed person get a job if the private demand for workers fell short.

For the first time, except for the initial reception at the White House, members of the manpower advisory committees were asked to meet with President Ford for an exchange of information and views. During the first half of the meeting the President was an active participant in the two-way discussion, but after that he appeared to tire, lose interest, or both, to the dismay of his staff and of the advisory committee members.

Many were surprised when Governor Carter—a largely unknown name outside of the South—captured the Democratic nomination for the Presidency in mid-year 1976, but no one was more surprised than I when, several weeks later, I received a phone call from Jody Powell from Georgia asking whether I would prepare a memorandum for the Governor on work and welfare. I explained that I had taken great care since my initial appointment as chair in 1962 not to become involved in partisan politics; that I had been reappointed by President Ford; and I could not possibly become involved in the presidential campaign. Powell replied that I had misunderstood the Governor's request. On the assumption that he won the election, he would like to move forward expeditiously with new reform legislation, and the paper that he was asking me to prepare was related to his postelection planning. In the face of this reassurance, I told him that I felt free to develop such a paper and would be pleased to do so if he could once more reassure me

that it would not be used in any way in the current campaign. With renewed reassurance in hand I prepared a 35-page memorandum with suggestions as to the best ways of using employment and training policies to reduce the large numbers of long-term clients on welfare, emphasizing that all such clients of working age without major disabilities should use these programs to improve their employability and become self-supporting, at least in part. I recall specifically that I emphasized the legitimacy of the federal government's requirement that recipients undertake appropriate training and/or PSE jobs to receive welfare support.

The end of this story is simple: Jody Powell kept his word. I suspect that some parts of my analysis and recommendations were helpful to the new President as he tackled the difficult subject with no greater success than his predecessors and successors. While my paper had oversimplified a very complicated subject, at least it did not point to an easy political solution.

President-elect Carter designated Ray Marshall of the University of Texas as his Secretary of Labor, and the two of us had dinner early on with Seymour Wolfbein of the Department who was a mutual friend. We reviewed a large number of issues that Marshall would soon confront. On the trip back to town, Marshall told me of the President's tremendous enthusiasm for the PSE program and that in fact Marshall had to persuade him not to request funding for more than the 750,000 jobs proposed, since it seemed to him that neither the federal government nor the prime sponsors would be able to expand more rapidly. It is worth noting that Carter was the only one of the six presidents from Kennedy to Reagan who was enthusiastic about using manpower policy as the major stimulus for an economy that was operating at less than full capacity.

Nevertheless, one of the more confusing and discouraging episodes in the area of manpower legislation was the bungled manner in which the Humphrey-Hawkins Full Employment and Balanced Growth bill was handled. In an increasingly difficult environment of inflation, stagflation, and federal deficits and with no real constituency in favor of such a far-reaching proposal, the horrendous difficulties of implementation were left for a later time. Because of the decision of the Congress to pay tribute to a distinguished colleague who had been stricken with a fatal disease, an innocuous piece of legislation was finally

passed (1978), but it remained a tribute, not a challenge to new national action.

I arranged early on in the Carter administration to have a meeting with Dr. Charles Schultze, the Chair of the Council of Economic Advisors to President Carter, to see how the National Commission for Manpower Policy could be helpful to an administration that was clearly so partial to employment and training programs as a cyclical stimulus. I recognized after leaving Schultze's office that presidents and their economic advisors did not always read the economy from the same perspective. Schultze did his best to mask his skepticism about the president's enthusiasm for manpower programs as a tool for macroeconomic stimulus. In any case Schultze conveyed to me that he did not believe there was much scope for cooperation between the Council of Economic Advisors and our Commission.

Since our Commission reported to both the President and the Congress after each quarterly meeting, I was pleasantly surprised to find that not once, but repeatedly, the copy that I forwarded to the President was returned to me with marginal notes both substantive and stylistic. While I and my fellow committee members were clearly pleased with this evidence of presidential interest and concern, I for one wondered whether such careful readings and notations were warranted, given the extraordinary demands on the time and energy of the President. My concern was heightened as I observed the difficulties that Carter was having in assuming a leadership role and in developing relations with both the Congress and with the media, two centers of influence with which every successful president had to cooperate.

In early 1979 the President recognized that his administration was facing growing difficulties with inflation and other important issues, domestic and foreign. This led him to take counsel with a diverse group of advisors in meetings at Camp David preparatory to reorganizing the leadership of many Cabinet departments. I was invited to one of these Camp David retreats to which the top command of the nation's trade unions were present, together with selected leaders of the Senate and the House and a sprinkling of others including a few prominent industrialists, making altogether about 35 to 40 persons.

Almost everyone present endorsed increased spending on manpower programs. My turn came near the end, and I took a different approach, emphasizing that the President faced certain defeat in a reelection bid



if inflation was not brought under control, since further inflationary pressures would make it more difficult to prevent a downward spiral in the economy and the labor market. I urged the President to freeze his requests for additional federal spending on the manpower front but to avoid cutbacks in training for inner-city minority youth who had to be protected, no matter how severe inflationary pressures had become.

Even while I was pressing these points, I saw that several of the White House aides who were sitting on the outer rim looked at me as a traitor. After all, who would have expected the chair of the NCMP to advise the President to spend less, not more? The news of my “treachery” reached the Washington insiders before I got back to town in the late afternoon. But it seemed to me at the time—and since—that the President was entitled to hear what his advisors recommended, not what their constituents desired. I was in the fortunate position of not having a constituency!

About six months later the President invited several of us who had been at Camp David to a luncheon at the White House to hear from him directly how he had moved to strengthen his administration. I had the good fortune to draw Mrs. Carter as my luncheon partner so I was able to hear not only the President’s account, which was not all that clear, and Mrs. Carter’s footnotes, which impressed me greatly. She clearly had a highly developed political sense and an ability to cut through verbiage and get quickly to the central points. It was a long and pleasant luncheon, but I came away almost certain that the President’s reelection was doomed, even if he were to rely increasingly on his talented wife.

To return to the main theme—the last years of CETA boasted an annual appropriation of around \$12 billion or 50 times the initial appropriation for MDTA (in real dollars). With the passage of every year the media was able to identify new stories of program malfunctioning, incompetence, lack of effectiveness, outright chicanery, and fraud. It appeared to me at the time, and on later reflection, that while each negative story probably was grounded in fact the overall impression building up in the public’s mind that CETA was a failure was wrong. Most of the federal funds were spent on the poor, and after the 1976 amendments on those who were the most disadvantaged. It was true, however, that the program failed to achieve its proposed objective of shifting the unemployed and underemployed poor into regular jobs.

There were success stories of young men who went through a well-structured automotive mechanics course lasting eight or nine months who were then placed in regular jobs paying considerably above minimum wage and who were able with the skills they had acquired not only to hold a job but even to advance. The most spectacular example of what a year's focused training could do was found among health aides and unskilled workers who at the end of their course became "licensed practical nurses" at a wage approximately double of what they had earned earlier and with further career and income mobility still before them. The young men who attended the residential Job Corps and completed the training cycle also appeared to be on their way to more education, greater skills, and better job prospects.

But after singling out these favorable outcomes for some who had been previously only marginally attached to the labor force and could now find a good opening, most of the CETA money went to education, training, and PSE work which improved the current earnings of these marginal persons but did not translate into real long-term gains for them in the labor market. Most of the applicants were too severely handicapped at the time that they applied, and there were too many of them to support a sufficiently long period of remedial education and training to change their long-term prospects.

Because many members of Congress, both Democrats and Republicans, realized that CETA funding made it possible for the districts that they represented to do something positive for the many different groups of disadvantaged persons who lived in the area—even if the federal programs could not lead most of the recipients into a regular job—they continued to vote for new and larger appropriations. But when I appeared before the Senate Budget Committee in 1979 and underwent critical questioning by "liberal" Democrats, I realized that CETA was likely to be in serious trouble in the years ahead, particularly if the next Republican candidate for the presidency adopted a critical stance towards the program, which in fact Reagan did. Had it not been for some astute maneuvering by the leadership of the National Alliance of Business, which had the interest and support of many liberally inclined leaders of the employer community, Reagan in his first year would have liquidated the program completely rather than accepting a large-scale reduction in the previous rate of spending for the new JTPA program.

## Reprise

This review of my role as chair of the successive advisory committees between 1962 and 1981 gives me the opportunity to revisit and reappraise MDTA and CETA as follows:

- Federal manpower policy as exemplified initially by MDTA and reinforced by related efforts of the Great Society program of 1964-67 represented in the first instance ad hoc efforts of members of Congress concerned with assisting various groups that faced above average difficulties in the labor market. There was no broad constituency, intellectual or political, to expand the role of the federal government to make it a significant third party—in addition to employers and trade unions—to improve the functioning of the U.S. labor market.
- Mainline macroeconomists who advised the successive presidents and held key positions in policy formulation had little if any interest in manpower policy early in the 1960s or late in the 1970s. They were preoccupied with budgetary and fiscal instruments that could affect the level of total employment. The lack of interest among mainline economists in manpower policy resulted in inadequate evaluations of the ongoing programs and only sporadic attempts to strengthen them.
- With the single exception of Jimmy Carter, none of the six presidents from Kennedy to Reagan had any interest in using manpower policy as a major instrument for effecting desirable changes in the economy. Accordingly, most of the public, which understood little about the potential and limitations of manpower policy, failed to become actively involved.
- The fact that for the better part of a decade the federal government sought to oversee, if not directly run, employment and training programs throughout the fifty states and in all of the nation's larger cities almost guaranteed poor performance. Although CETA led to the decategorization and decentralization of manpower programs, difficulties remained in creating a strong infrastructure, given the bureaucratic history of vocational education, the weaknesses of

most employment services, and the preference of most employers to keep their distance from governmental efforts to reshape the labor market. The countervailing forces were community leaders, new federal dollars, and a growing body of knowledge and experience about how to restructure and improve employment and training programs.

In sum, this personal revisit to MDTA and CETA was a lesson for me about the relative flexibility in the use of new federal dollars in the 1960s and 1970s on behalf of disadvantaged persons, despite little prior planning and limited attention to organization, administration, and evaluation. Manpower funding in the 1960s and 1970s reflected a particular phase in the development of American democracy where efforts at improvement have often exceeded accomplishments. But in the long run, a society that is willing to make efforts on behalf of the weak and vulnerable is surely to be preferred to a society that is focused on maintaining the status quo.