

the hole in the doughnut. I think that is a good idea if you carried the plan through all the way. The trouble is that it would be a very expensive proposal and would involve a great deal of planning and an almost infinite amount of cooperation on the part not only of officials but also of neighbors.

The probability is that it would not be carried through all the way. Then you would get these areas that are devastated but nothing happens in their place. I think it would be better to have a realistic appraisal of the probabilities of carrying a plan like that through all the way. If the decision should be that the probabilities are very small, I think our only hope is to try to restore the core cities.

Mrs. GRIFFITHS. Thank you.

I would like to ask you also if you would consider as an alternative to using the fiscal dividends as a way of reducing regressive Federal taxes, what about removing the social security tax, using the money to take away the social security tax?

Mr. NATHAN. I think that would be good, to put some general revenue money into the social security system or to try to find some subterfuge for doing that. I would be for that.

Mrs. GRIFFITHS. What would you say?

Mr. FITCH. I recently talked with Marion Folsom, a former Secretary of Health, Education, and Welfare, and a person who was principally concerned with formulating the social security plan back in the 1930's. I can say that in his opinion, at least, it would be a great mistake to take away the idea of social security as an insurance scheme, where people actually contribute in proportion to their earnings.

I respect Mr. Folsom's viewpoint very highly, because after all, he was a principal figure in getting the social security plan in operation in the first place. But I would think one of the biggest and most effective revenue improvements would be to remove the payroll tax, both to improve the incidence of the tax structure and to make it less costly to employ people.

Mrs. GRIFFITHS. Anybody else?

When I become chairman of the committee, I am going to remove it.

Mr. NATHAN. Do not go the whole way.

Mrs. GRIFFITHS. I am also considering removing the whole Internal Revenue Code and applying a small tax to the gross.

Mr. FITCH. On gross income?

Mrs. GRIFFITHS. Yes.

Mr. SOMERS. You will have an entire set of regulations defining gross income.

Mrs. GRIFFITHS. All the loopholes will be plugged.

Did you care to make a comment?

Mr. BREAK. With regard to the social security system, it now tries to accomplish two different purposes, I think. One is to give income assistance to the low-income groups; the other is to induce people to save for retirement and unexpected difficulties when they will need the money and cannot earn it. I have no objection to a contributory system of payments where the second is the goal, inducing people to save more than they would otherwise save for these contingencies.

I do object to a payroll levy as regressive when it is a tax, when you get nothing back for it. If we were to set up something in the future, a good, comprehensive income maintenance program for the low-