

THE POOR ALSO NEED SERVICES

Possibly the most crucial decision that supporters of negative income tax have to make is a choice between supplying income and services. To say that we can afford to raise income maintenance and improve services may be true, but hardly helpful. Assertions that settlement of the war in Vietnam would release \$30 billion for other purposes are not likely to materialize. As Otto Eckstein recently pointed out, "This cheerful prospect could easily dim over the next several years." He further suggested that expanding defense needs may absorb more than half of total resources released by settlement of the war in Vietnam, that existing civilian expenditures will expand and that the fiscal dividends from an increasing tax base will have to be allocated to reduce present deficits. If this is correct, little will be left for expanding welfare expenditures, unless we are willing to tax ourselves for that purpose, an unlikely development if the recent past is any indication. The recent welfare restrictions and the failure to fully fund the "war on poverty" even before the precipitous rise in Vietnam outlays are very indicative of administration and congressional feeling.

The minimum cost of a meaningful negative income tax would be about \$5 billion net increase in welfare expenditures. Unless the American public undergoes a radical change in its views, the first step in a negative income tax could exhaust total increments that society would allocate to welfare expenditures in two or three years, or possibly even longer. Therefore, it must be determined whether priority should be given to income maintenance above other forms of assistance to the poor. Despite the fact that wide gaps frequently exist between intended goals of welfare programs and implementation, it would seem premature to reject the wealth of experience gained from recent and earlier efforts to combat poverty. Some of the lessons that we might have learned from the recent experience can be summarized here.

1. Officials of the Office of Economic Opportunity have argued that birth control expenditures are the most cost effective efforts to combat poverty. Despite claims that OEO officials made in favor of family planning, the agency has dragged its feet in implementing such programs. It is estimated that an annual expenditure of about \$100 million would provide the necessary birth control devices and services to the several million women who may desire and seek such help. A strong case may be made therefore, to place a priority on an effective birth control program before income maintenance programs are expanded.

2. There is increasing evidence that providing free public education should start before age six. This seems to be particularly true in the case of children coming from impoverished homes who are frequently "retarded" and comparatively disadvantaged when placed in the same classroom with children from more affluent homes. The debilitating impact of many impoverished homes can be overcome if the children are provided a more wholesome environment at age three. This is the underlying concept of the year-round Head Start program. While it might be premature to conclude that Head Start is to be preferred to other forms of assistance to the poor, the available data suggest that this is an area where additional resources should be invested to build on the experience gained by OEO. Expansion of Head Start summer facilities is also necessary if impoverished mothers are to be given an opportunity to gain economic independence when they seek gainful employment. It would indeed be wasteful to limit child care facilities to places where children from poor homes can be deposited without giving them an opportunity for growth and development. To provide year-round Head Start facilities to all poor children age three to five requires additional annual operating expenditures of two to three billion dollars, exclusive of an additional cost to expand public school facilities.

3. The in-school Neighborhood Youth Corps is another income maintenance program worth considering. Regardless of the official rhetoric used to justify this program, NYC is an income maintenance program designed to encourage teenagers from impoverished homes to continue their education and not to drop out of school at age sixteen as they are permitted to do in most states. The evidence gathered from the experience of several school systems in large cities, including Washington, Pittsburgh, and Cleveland, seems to indicate that the program is successful in encouraging teenagers to stay in school. There are no data on the progress they make in school. However, given the widespread requirement of a high school diploma as a prerequisite to many entry jobs, it might be