argued that the tailormade NYC income maintenance program which helps participating youths to obtain the credentials may in many cases be a more effective income maintenance program than the negative income tax. There are several million poor youths eligible to receive NYC aid, but enough funds are available under current programs to provide for only about a tenth of those who are eligible.

4. Despite the difficulties and problems experienced under the various training and job creation programs, many people have been served by these efforts and available cost-benefit studies seem to suggest that the accrued benefits to the individuals and to society from these programs have exceeded costs. Moreover, for those who seek employment, training and job creation programs are a preferred form of assistance than income maintenance.

The above random illustrations from experience of the last few years suggest that a great deal of present enthusiasm for the negative income tax scheme is an over-simplistic attempt to cope with difficult social problems. J. Douglas Brown, veteran economic expert of welfare problems, commented on the aforementioned petition by 1,200 economists who singled out a national system of income guarantees as the program worthy of their support: "Poverty . . . demands our utmost efforts in scores of directions. Our aim should be to eliminate poverty as a human condition in all its aspects, not to develop a pseudo-automatic subsidization of a dependent class."

Guaranteed Income and Work Incentives

How can we explain the widespread support for the negative income tax? Paul A. Samuelson supplies an answer, quoting Victor Hugo: "Stronger than all the armies in the world . . . is an idea whose time has come."

This explanation appears too pat. The idea of providing income to the poor is hardly new though the present public assistance system leaves much to be desired. It may be that reliance upon the negative income tax is an attempt to reach a facile solution to complicated problems. Having discovered poverty and desirous to correct past wrongs, many economists and others have come up with a simple answer, "Give them money."

Possibly the most difficult issue in achieving a viable public assistance system is to relate the level of benefits to labor market realities. Many relief recipients move back and forth between gainful employment and economic dependence. Economic incentives must be provided to encourage recipients to find gainful employment. However, it must be recognized that most jobs within the reach of deficiently educated and unskilled relief recipients pay no more than the income provided under public assistance. According to the *Manpower Report of the President*, more than 3.4 million people were working in 1968 at an hourly rate of less than $1.00, another 4 million at a rate of $1.00 to $1.30, and over 10 million—nearly one of every five non-supervisory employees in private industry—at less than the statutory federal minimum wage of $1.60 an hour.

Until last year the federally-supported public assistance law tended to discourage relief recipients from seeking employment since whatever income they received on the job was deducted from their relief payments. The only exception was a meager allowance for out-of-pocket work expenses. The old law amounted to 100 percent tax on the earnings of relief recipients.

The reluctance of Congress to change this practice is understandable, even though shortsighted. Any earnings exemption would raise the amount that the relief recipient may earn before they become ineligible to receive public assistance. However, since the thrust of the 1967 public assistance amendments to the Social Security Act was to encourage employability of persons on relief, Congress determined that the first $30 of monthly earnings in addition to the work-connected expenses would be exempt before any reductions are made in public assistance payments and the balance of the earnings would be taxed at 66.7 percent rather than at the old 100 percent rate. The extent to which these incentives will encourage recipients to seek gainful employment is not known. Some believe that much higher incentives are needed to induce them to become economically independent. The Administration recommended that Congress exempt the first $50 of monthly earnings and 50 percent of all subsequent earnings. To encourage public assistance recipients to participate in the programs enacted under the Economic Opportunity Act, Congress provided that the first $85 and half of the additional monthly income earned under the provisions of the Act were not to affect public assistance payments. These more liberal income exemptions will be superseded on July 1, 1968 by the above amendments to the Social Security Act.