financing through general taxes. Of course, the principle of social insurance embodies the notion of skewing benefits in favor of people at the bottom, so I am really only discussing the degree of further skewing that would be necessary. As for blanketing-in uninsured people, Congress has already done that with persons over the age of 72. Only a comparatively small number would be involved in the change. I am sure the committee understands that blanketing-in would only be a temporary measure.

Another argument has been that to remove the adult categories from public assistance would be to deprive these persons of the services they receive as part of the welfare program. It must be said, however, that many persons in the adult categories are in need of money only. They cannot realistically expect to return to the labor force; they do not have problems with young families. What they do need is to be visited and to be helped with specific problems such as getting to a clinic or finding new housing. This help can certainly be provided outside the income maintenance system by a program of public social services to which I will refer later.

The most profound change in the income maintenance package would be the development of a system of children's allowances such as those now provided by 62 other western nations.

Under such a program, every family—regardless of income—would receive a certain amount per child. Depending upon the level at which the allowance was set and the point at which the allowance was recovered from the more affluent families in taxes, the annual cost would vary.

An essential step in creating a children's allowance system would be to eliminate the $600 per dependent exemption now provided for in the Federal income tax program. Only those who earn enough to pay taxes now benefit from this exemption. Those who are poor receive no benefit at all.

As a starting point—in order to keep the cost of the program down and, at the same time, provide reasonably adequate allowances—I would favor allowances for children of pre-school age, at $50 per month per child. In addition to the obvious cost advantages of such a restriction, it would concentrate its benefits on young families most in need of assistance.

Alvin L. Schorr, in his landmark study of the nation's 14 million poor children (*Poor Kids:* Basic Books, Inc., 1966) estimated that such a system would require a net expenditure of $5.9 billion annually: The gross cost of providing the approximately 25 million Americans under the age of six with $600 a year would be $14.9 billion. About $2 billion a year would be collected on this income in taxes and about $7 billion would result from eliminating the $600 a year tax exemption for all children, leaving a net cost of $5.9 billion.

He also estimated as an alternative, that $4 billion a year net cost would provide $25 a month for children under six and $10 a month to children between six and eighteen.

Both of these estimates would be in addition to the $8 million now spent on public assistance, since a revised and more equitable public assistance system—though covering fewer people—would have to provide truly adequate benefits and services in excess of those now available.

A program of children's allowances would put at least half of the net cost into the hands of poor people. But I would not want you to think the other half of the investment wasted. Families that are not poor but are suffering the intense financial pressures that occur when children are young and wives are unable to work would also be protected by a children's allowance.

This brings me to the third component of a new income maintenance system—a revision of the present system to provide help for those who "fall between the cracks."

Whether we like it or not, there will always be those unfortunate individuals who will be unable to get by on supplemental benefits and who are incapable of self support. There will always be those who suffer from crises such as the death of the breadwinner or catastrophic illness that temporarily prevent them from maintaining themselves even on a supplement.

For these persons, we will require a dignified, equitable, much simplified system of granting funds for the destitute—a system that I outlined earlier.

Guaranteed employment

A fourth, and crucial, part of the package relates to the whole problem of employment. I think that we should move immediately, not just toward full employment but toward guaranteed employment: the right or every able-bodied, willing person to a job.