If urban poverty is to be alleviated, poverty generally must be alleviated. The cost to our large central cities in attempting to cope with large numbers of poor people unaccustomed to city life is large indeed. These costs could be cut and cut substantially by an even-handed system that provides credits generally, regardless of where a person lives.

In conclusion, there have been pockets of persistent poverty in American life since the founding of the country. There is nothing new about the fact of poverty. What is new is that many poor people in this country have become tired of being poor. They are tired of noble words and ineffective programs. Who can blame them? The time has now come to establish an efficient program of systematic redistribution, one that will work, one that carries no stigma, and one that will substantially improve the economic condition of millions of our poor people. I am convinced and I hope I have convinced you that a credit income tax is the effective means to achieve these ends.

Thank you.

Senator PROXMIRE. Thank you, Mr. Rolph.

Our last witness, batting cleanup position, is, I am happy to say, from the University of Wisconsin, Mr. Harold Watts, director of the Institute for Research on Poverty at the university. Mr. Watts, we shall be pleased to hear from you.

STATEMENT OF HAROLD WATTS, DIRECTOR, INSTITUTE FOR RESEARCH ON POVERTY, UNIVERSITY OF WISCONSIN

Mr. WATTS. Thank you, Senator Proxmire. I am pleased and honored to appear before this subcommittee to discuss the welfare system and proposals for reform.

In my discussion, I hope to make three basic points:

First, that our present array of public assistance programs owe many of their shortcomings to their categorical nature.

Second, that a more universal transfer or income maintenance scheme must face and solve the issue of incentives by the design of rules that can be applied equitably to all the poor.

Third, that programs of the negative tax variety, be they called income guarantees, incentive income supplements or whatever, offer a more direct and economical route toward reaching our income maintenance goals than do alternatives such as a social dividend or children's allowance.

The most glaring defect of our public assistant programs is that they simply do not aid 73 percent of the poverty population. Never mind the fact that they fail to raise the other 27 percent above poverty levels, they don't even try for the vast majority of the poor. The programs aimed at the aged exclude three poor households out of every five. Those aimed at fatherless families fail to reach one out of three poor households headed by nonaged women. And for households in poverty headed by a nonaged male, 92 percent received no form of public assistance in 1966. The bulk of the excluded poor are in this nonaged male head category of households.

Why is this so? It is because our categorical assistance programs have systematically excluded any household which includes a presumptive earner, particularly a male one. An able-bodied male is presumed