

It is worth digressing briefly on this nonaged, male-headed category for a moment. Over half of the poor are in this group, 8 million children and 7½ million adults, and 12.7 million of these people rely on a working head. This whole group has been excluded from aid via public transfer payments because somewhere in the bunch are a few males who are not likely to work if they have any alternative means of surviving. Can we really believe that the threat of extreme deprivation is the linch-pin of our whole economic system? Or is the opportunity to move from a basic but viable minimum to higher levels by one's productive efforts the more important key to our present and future progress?

We can and we must find a solution to the income maintenance problem which relieves acute and chronic poverty for all groups. The injustice of visiting the sins of the father on the son is evident to all of us—we are now engaged in visiting the sins of a few fathers on all sons. But this solution must be one which complements rather than competes with our efforts to eliminate poverty through enhanced job opportunities and productivity. It must encourage rather than stultify the considerable efforts of the poor to help themselves. An income-conditioned cash benefit system offers the best hope for a solution.

What of other alternative solutions to this problem? I will mention three and indicate why I feel the negative tax is superior. The first would be to simply modify the terms of categorical assistance to provide substantial incentives and then expand the coverage by making all excluded categories eligible.

This reform, if thoroughly carried out, would really institute a negative tax system administered by individual State agencies. Much of the standardization and uniformity which we prize in the administration of the positive tax system would be lost. Moreover, it would tend to complete the subordination of provision of family services to financial administration in the welfare agencies.

What about a social dividend which would pay to each household, or individual, a standard allowance without reference to income. It is alleged that such a scheme would reduce the stigma attached to receipt of public transfers and would enhance social cohesion. The main problem here is that a dividend large enough to provide a decent guarantee for those who have no other income would require about 25 percent of personal income—\$150 billion—of which less than a fifth would go to the poor.

Given the fact that this entire amount must be recovered via taxes, most nonpoor families would simply send the dividend back to the Treasury in partial payment of taxes. Thus, in terms of the total amount of checkwriting and taxpaying, only a very small proportion would be aiding the poor.

A social dividend scheme of the sort proposed by Professor Rolph, called a credit income tax, does have some attractions as a general reform of the entire tax and transfer operations of the Federal Government. The simplifications and rationalizations available in a sweeping tax reform would be appealing with or without income maintenance reform. I would, however, regret any postponement of action in the latter area because of reluctance to change the status quo in the rest of the tax system. There is an urgency about our need to align