What disturbs me right now about the problem of the negative income tax or children's allowance, or whatever we decide to adopt here, what concerns me especially right now and, as I say, I think it is going to apply for many years to come, is that economists such as you have been telling the Congress that we should increase taxes. Many economists also say we should cut spending, that we have an economy that is racing too fast, the demand pressure is too great, that, as we translate this, we have too few people out of work, we need more people unemployed, and that the tax increase and the spending reduction are going to have the effect of slowing down the economy.

We have had testimony previously before the Joint Economic Committee—only a couple of weeks ago—from eminent economists. All of them agreed the tax hike was going to slow down the economy, throw people out of work, and they cannot see any alternative. But this is what all economists, not only you gentlemen, but the economic profession generally, say we have to do.

Now, it seems to me inconsistent to argue that we have to create a situation in which we have to slow down the economy now, in which Gerhard Colm, who is a very eminent economist, said, that we are going to have perhaps a million more of our people out of work next year, and an eminent economist from Harvard told us that the tax hike guaranteed a recession in 1969.

How can economists say that we should take such fiscal action and then, at the same time, say we have to do something either to create more jobs at the same time we are taking them away, or to provide something which is more inflationary, a payment to people who will not be working?

Do you see the dilemma that you put us in? How can we be responsible?

Dr. Hildebrand, I would like to start off with you.

Mr. HILDEBRAND. I think it is a real dilemma. That is the reason I started my discussion by pointing out the difficulties with the deficit even if we get the tax package you are talking about. It was for that reason that I was, therefore, quite cautious in approaching what I would call a schedule of priorities for doing something about income maintenance.

Let me just indicate that schedule to you as I see it. The first group might be those who cannot work, such as the people in AFDC and old-age assistance. Secondary are children all through the poor categories, however you cut them.

The third are those who can work but do not, and, finally, those who do work, even full time, and cannot make an income that takes them above the poverty limits.

Now, if you take those priorities and this fiscal problem into account, you do have to sort out how far you can go at the start. You also have a very practical political question that seems to me we cannot ignore; that is, to get a program of added income maintenance into effect, we would have to get the broad support of the working people who are not poor.

These people are by no means enthusiastic about large new transfer programs.

So, I have taken a cautious position, and I have said, if you want to go all the way toward utilizing income maintenance and you want