

to confine it to the poor, then I think some form of negative income tax or tax credit plan is the way to do it.

I am also saying I am not at all sure we can stand that at this point, given the position of the dollar and the rest of it. I would like to see attention paid, not only to priorities of groups among the poor, but also to alternative programs that the Government might follow for dealing with poverty, apart from simply paying more transfers.

If I may have one more word, and then I shall stop because I have colleagues here: the Federal Government is helping to make the problem of poverty worse; for example, by acreage control that is driving people out of the delta region, producing people who are forced to go to cities and who become welfare clients.

The minimum wage program, I believe, is creating real barriers to employment for unskilled and young people today. Look at the statistics on unemployment in those groups. The minimum wage at \$1.60 now applied to Puerto Rico, for example, is going to curb jobs even further, encouraging Puerto Ricans to migrate to our cities.

Senator PROXMIRE. You say it is too high?

Mr. HILDEBRAND. Too high, in my judgment. It is a barrier to employment. It is good for those who can get jobs.

Senator PROXMIRE. Should we have no minimum wage, or is it just too high?

Mr. HILDEBRAND. It is too high at this point.

Senator PROXMIRE. There should be a minimum wage, but not \$1.60?

Mr. HILDEBRAND. Not \$1.60, which we have. I am saying it is a barrier to jobs.

Senator PROXMIRE. In the first place, it is not universal, as I understand. It only applies to some groups. You realize that?

Mr. HILDEBRAND. About 35 million workers are covered.

Senator PROXMIRE. But about half are not covered?

Mr. HILDEBRAND. Yes; but the half that are not covered are not low-wage workers. It has a real impact on people who have employment problems, people in the industrial States, people in the poor groups who are not prepared to qualify for jobs that are set at that price. These are all parts of the difficulty.

I do not want to make too much of it, but it is a factor in the situation.

Senator PROXMIRE. I want to follow that up in a minute, but go ahead.

Mr. HILDEBRAND. You are going to have a session on it later.

Senator PROXMIRE. Dr. Pechman?

Mr. PECHMAN. Your question involves a shortrun and a longrun problem. What we have been talking about is the inauguration of a longrun program.

Senator PROXMIRE. I want to clarify my position on that. It involves shortrun and longrun problems, in a sense. But, you see, it also involves a situation where right now, we have 3.5 percent of our work force out of work, about as low as it has been in the last 15 years. And they say we cannot get much below without an unacceptable degree of inflation. This has nothing to do with the Vietnam war, necessarily.

I understand that, absent the Vietnam war, we still would be in inflationary difficulties, perhaps, 3.5 percent unemployed according to the way the economists advise us.