great benefit of this is that you would not have the kind of recessions or depressions that we have without it. It would be a very great benefit.

I am still very worried about the inflationary aspects of this kind of program and also, of course, the tax burden on working people who have modest incomes—not low or not very high.

Mr. PECHMAN. I do not want to minimize the problem of raising adequate taxes for such a program, because as you just pointed out, the burden of a generous negative income tax would be very large. We ought not to minimize the problem of raising tax rates to finance it.

Senator PROXMIRE. Yes. Not so much in terms of what it is going to cost, but in terms of what it is going to do to the stability of the economy.

Mr. PECHMAN. We know how to maintain stability, provided we use our knowledge.

Senator PROXMIRE. Of course, you gentlemen, in varying degrees and in various ways, are advocates of this and I am not surprised that you nod your heads and approve it. I think it would be helpful, however, if we could have some kind of a study, or if you know of some kind of a study if you could inform us about it, of the effect on economic stability of this kind of a program in which everybody in the economy, everybody has an adequate income, adequate at least in the sense that they are not hungry and have a shelter and enough for their health, and so forth.

You do not know of any study that has gone into this? In other words, you are saying that it is simply a matter of failure to pass adequate tax laws and raise enough revenue to do it and then the lack of will to do it has kept us from eliminating this scourge that has made the poor our price stabilizers in the past; it can be done instead by adequate taxing.

Mr. PECHMAN. I feel that very deeply, and I think it is correct.

Senator PROXMIRE. I know you feel it and I think everybody in the country would like the consequences you expect. We would like to see it worked out, if possible, so that it would be more than feeling. I think we could make a lot of practical advance if we could have it worked out, that we could assure people that this would not be an engine of inflation.

Mr. ROLPH. If I may react to that, if you move in the direction I have suggested, then the tax base would be much closer to personal income. The built-in flexibility of the tax base would be much higher than it presently is.

On the other hand, you are reducing the variance in incomes for all groups in society, not just the poor, by this device, so the stability properties are very great.

The built-in flexibility effects of this plan would be much greater than what you presently have. So from that point of view, you are better off, you do not have to do quite so much maneuvering as you now do.

Senator PROXMIRE. Dr. Pechman, you indicated that the welfare system is the same as the negative income tax except that it is not universal. You mean the negative income tax would have the same utilization of welfare workers and the welfare system in the sense of advising people with low incomes?