Mr. PECHMAN. It may be a problem. In this case, let us disabuse them of their fears. Let us explain that what we are doing is having a double standard, a comprehensive income definition for the poor.

Representative GRIFFITHS. Gentlemen, I apologize for not having been here previously. Did any of you suggest that to enact a negative income tax, we repeal the minimum wage?

Mr. HILDEBRAND. Yes.

Representative GRIFFITHS. That might be a very enticing item to some, repeal of the minimum wage.

Let me ask you also: In your contemplation of the negative income tax, are you going to pay the same amount to every person, no matter where he is located? That is, if you give a thousand dollars back per person, you give a thousand dollars back in Mississippi and a thousand dollars in New York? Is that right?

Mr. HILDEBRAND. I think the answer is not simple. But as a Federal arrangement, under the Federal income tax, it will be uniform. There is the problem of the single persons who are getting negative income tax, the unrelated family person as against the multiple family group. Plans vary on how they deal with that individual as a separate unit, as against a group of people in a family.

Mr. PECHMAN. I just want to add to that, that my own view on that question, as I explained it in my statement, is that we ought not to confuse the principles of negative income taxation even if we cannot come to agreement about some of the details. That is a detail, but a very important one.

My answer to that question would be that the negative income tax would be a relatively modest one—in other words, would not provide adequate incomes for all the poor, at least up to the threshold, the poverty threshold.

I would encourage the States to maintain supplementary welfare systems to add to the basic negative income tax payment by the Federal Government so that they can vary the amounts according to cost-of-living differentials around the country.

Now, with respect to the argument that you should not have a basic amount throughout the country, there are pros and cons on that. Under the social security system, for example, we have one minimum benefit. We do not vary it.

My own guess is that, for a Federal system, it is easier not to get involved in the cost-of-living differentials but to let the individual States take care of that.

This is a matter of judgment, and it is hard to know how to do it.

Representative GRIFFITHS. The real truth is, if it were the same amount, you might have some influence on stopping the inflow of the poor into cities. $1,000 is a lot more money in Mississippi than it is in the heart of New York.

Mr. PECHMAN. That is right.

Mr. ROLPH. Right.

Representative GRIFFITHS. Welfare people who have testified do not feel that this is necessarily true. Some people come to New York just to see New York. But on the other hand, I think that it would have some tendency to stop the inflow of people into the cities.

Mr. HILDEBRAND. There is a 7-to-1 differential in AFDC payments for a child in New York State versus Mississippi—Now, I suspect that it induces some flow of people.