

rates, and offer this package to people who are wealthy—I have not taken a poll—but I think they would buy it. They would love it.

Representative GRIFFITHS. Every one of them.

Mr. ROLPH. They love it even with the loopholes closed. Most of these people are pretty tired of maneuvering around. They may love sitting in their tax shelters, but they would be happier just being plain, honest citizens and paying taxes like other people—at least in my opinion.

But the plan I have proposed should be bought by the rich. They should be all for it, as well as the poor. It is the groups in between that you might have some trouble with.

Representative GRIFFITHS. If you do not pay everyone, the person who is going to object the most is the person who earns the same amount of money or a little more than the person who draws the money from the Government.

I had a letter one day from 28 women who scrubbed floors for a living. They were in their late fifties and sixties. They said, “Would you please explain to us why we should scrub floors and pay young women to bear illegitimate children?”

Now, I cannot answer that. You may be able to.

Mr. WATTS. I think I cannot, either, and that is pretty much why I have been led to favor the negative-tax kind of approach. It would set up a system within which those who work end up better off than those who do not, with the size of their differential directly related to the size of their earnings.

Representative GRIFFITHS. That would be somewhat like the system now; yes.

Mr. WATTS. It is very hard to explain this phenomenon of those who do not purchase any product receiving just as much from the whole system as those who do. But that is a liability of our current system, not of a negative tax scheme.

Also, I would like to say as a footnote that costs, however they are accounted in a redistribution scheme, are really measured in a different coin than, say, costs of a war effort. In the latter case, one is really removing expendable income, goods, services, products, and so on—from the private household sector and using it for something else. That total amount of output just is not available for consumption purposes.

In a redistribution scheme, however you account the costs, we are taking away from some part of the general public and giving it to some other part of the general public. But at least that total amount of expendable, consumable resources remains more or less fixed, except for that amount of resources used up in carrying out the redistribution.

There are different budgets and different systems of accounting, and I realize in making budget decisions at the congressional level, one does have to trade among programs on a dollar-for-dollar basis. But in the case of distribution programs, there is a difference.

Representative GRIFFITHS. The New York Welfare Department testified that it has 35,000 employees and that 95 percent of their time is spent figuring out under what category a client comes and whether or not he is cheating the system. I asked if they thought that they would be able to get rid of anybody in case we passed a negative income tax, and they were not willing to let anyone go.