

to the poverty line through transfers or through training to increase their earning capacity?

Mr. WATTS. I do not think we have strong enough figures on the real payoff of training to say this. It depends on the labor market. If we are going into a phase where there is 4.5 percent unemployment, I do not think training is going to have any effect at all. It just is not going to bring enough people in.

Senator PROXMIRE. That is a good counteraction that all of us feel, that training does pay off richly when the jobs are there and you are not acting with a fiscal policy to destroy jobs. As Secretary Wirtz testified, in saved welfare costs alone, training programs pay for themselves in 2 years, and in additional taxes that are derived by the Federal Government, they pay for themselves in 4 years.

I would like to ask you for the poor who are stranded in isolated rural areas, what is the comparative cost of providing them with poverty-line income, where they reside, and giving them training on the one hand and, on the other, a moving allowance so that they can seek employment elsewhere?

Do you have anything on that?

Mr. WATTS. Well, the provision of a minimum income can certainly be used on a voluntary basis, to finance a move to a more favorable environment if they can see one. But it may also provide enough sustenance so that they can stay where they are.

One area in this whole issue that has not been fully explored is the development potential of a minimum income provided to people in isolated and very poor areas. This would produce an influx of purchasing power equivalent in many respects to the development of an export industry.

Senator PROXMIRE. You seem to have a private project on that. Is the New Jersey operation a guaranteed annual income experiment?

Mr. WATTS. It is a negative income tax type of experiment.

Senator PROXMIRE. There, I presume, you could perhaps see some results, although you are thinking of an isolated community in a rural area, perhaps?

Mr. WATTS. In this development sense, I am thinking in terms of a separate community.

Senator PROXMIRE. Where you develop service, training jobs, and so forth?

Mr. WATTS. The total impact on New Jersey, or a particular city in New Jersey, is going to be pretty small from the experiment that affects relatively few scattered families. If one experimented, perhaps, with a small, isolated, and fairly poor community, one would expect to find aggregate effects on the economy of that particular community.

Senator PROXMIRE. Let me ask you if the Indians in this country would be better off with this?

We were very impressed with the fact that we have 380,000 Indians on reservations. We spend \$250 million on Indian programs, or about \$600 per Indian family, and they have an income of \$2,000, as I recall, per family. There is a bureaucracy of 23,500 persons working in the Bureau of Indian Affairs and allied areas.

Now, it would seem to me that it is almost transparent that this is wasteful and wrong and that you could substantially economize, as