

Senator PROXMIRE. Another question Mrs. Griffiths has raised so well and so sensibly is that this might be ample in a rural area in one part of the country, but in a part of the country that is urban, or where we have climatic problems that are severe, and the cost of living is higher, it might not be.

Mr. WATTS. I have carried out research in attempting to measure the differentials that are required to maintain similar levels of living.

Senator PROXMIRE. This is so dramatic. We always have a lot of criticism of our public housing program; critics say that for a certain kind of subsidized housing, you can have a family who has an income of \$10,000 or \$11,000 a year who can get subsidized housing and justify it if they have enough kids. That is only in New York. If it is in rural Texas, if their income is above \$4,000 or \$5,000, they do not qualify.

It is worked out quite carefully, so there is a terrific discrepancy.

Dr. Hildebrand said quite properly that you have to have a uniform system.

Mr. WATTS. There are two issues, it seems to me. In terms of defining who is poor, taking as fixed circumstances both where they are, and how much money they are getting, we can count up the number of poor taking into account differences in living costs. We may say these are the sets of circumstances, given where people are, given the size of their families, et cetera; and this many are poor. Now, in the case of income guarantees, it is a separate question whether one wants to observe those differentials in living costs by matching the minimum to some set of poverty lines which vary from place to place.

To do that, it seems to me, is to follow a policy which suggests we now have an optimal distribution of households over this country and we do not want to do anything to change it. I would suppose that something more in the direction of a uniform standard could very well have a beneficial influence on migration plans, perhaps allowing some recognition of climatic differences.

Senator PROXMIRE. In other words, you might have some people from New York going down to Mississippi.

Mr. WATTS. Yes, indeed. Do we want to say that we have the amount of urban congestion which we want to have, and do we want to support through our programs the continuation of forces that produce this congestion? I think probably not.

So our income guarantee could provide some advantage for moving out of congested areas into lower cost and less congested areas.

Senator PROXMIRE. I have one final question: Many of the poor have some earning capacity, but they may not exercise that capacity that they have if they can elect transfer payments instead. What do we know about the work incentives effects of transfer payments?

Mr. WATTS. We do not know nearly as much as we should. That is why we are carrying out the experiments in New Jersey.

Senator PROXMIRE. What experiment do we have besides the New Jersey one?

Mr. WATTS. That is the only experiment I know about at present. I have heard vague rumors about a children's allowance experiment in Gary.

Representative GRIFFITHS. Do you know, in the experiment in New Jersey, whether or not there are aged people?

Mr. WATTS. There are no aged.