

Representative GRIFFITHS. May I ask, why not?

Mr. WATTS. The main reason is this: One would ideally like to design an experiment that covers the whole population that would be affected. But this is the first time an experiment of this kind has been carried out, and it is a very difficult thing to design.

We had to ask ourselves the question. What is the most important group to find out about? That group, it seemed to us, very nearly coincided with the working poor I mentioned earlier. They are the ones who are now working. What they do when faced with the alternatives presented by a negative tax is extremely crucial to evaluating whether we want one or not.

Now, in terms of the aged, we already have on record a social choice of a sort, which says they should not be encouraged strongly to work. At one point in our history we wanted to get them out of the labor force to make room for the others.

Any change that affects the aged, given those who are now on public assistance or on OASDI, is only going to increase their incentive to work. Anything which does that will tend to reduce the public cost. The more they work, and if we share in their earnings, the smaller are public expenditures.

For the group we are experimenting with, the shoe is quite on the other foot. They are now working; they are not given any income maintenance. Reductions in their work and earning efforts, if we do not pick a reasonable combination of tax rates and guarantees, could add a great deal to our first estimate of the cost.

Mr. ROLPH. May I comment on this? One, there have been a large number of empirical studies of incentives, and they all come up with pretty much the same answer; namely, that the sensitivity of people to buying leisure is very low. There are some problem cases, but they all have pretty much the same answer—namely, that it is not something you need to worry about.

Senator PROXMIRE. Would you give us a notion of where these empirical studies were made and how recently they were done?

Mr. ROLPH. These were various kinds of groups, both British and American.

Senator PROXMIRE. Perhaps for the record, you would like to document it.

Mr. ROLPH. Perhaps the latest one was the Michigan survey, a study of high-income groups, which showed, contrary to some expectations, that high-income people would work harder than lower income people. There is a little empirical study that was made in Oakland by one of our students of 100 Negro families. These are poor people.

It does not have all the properties that a nice experiment should have. But what he found out, or what he thought he found out was: one, that people wanted to work more, not less. Their main difficulty in terms of their work behavior was the very simple one that we all know about; namely, that they could not find the opportunities to keep themselves fully employed; they were employed part of the year at this job or that job, and so on.

What was holding them back was lack of employment opportunities.

He also found that there was the same stigma attached with the man around the house in that area that you would have in other higher income groups.