100 percent of your poverty income gap, would cost, I estimate, in the neighborhood of $25 billion. This is on the reasonable assumption that many people who are now working and poor would be induced to stop work if we said to them, we shall take away every dollar that you earn in the form of a reduced benefit.

Another way to try to close the poverty income gap is to set the guarantee at the poverty line and then have a low marginal tax rate, say 33⅓ percent tax rate, which would make the break-even point three times the poverty line or something over $9,000 for a family of four. This particular variation, I estimate, would cost in the neighborhood of $50 billion a year.

So that in talking about a 50-percent negative rate plan to cost net about $5 billion, it seems to me we are pointing to a real bargain in terms of tax dollars. We can close half the gap for $5 billion. If we try to close all the gap, it will cost something over $25 billion a year.

Now, I note that there is a great amount of discussion in the press and among people around the country about one feature of these plans. In particular, many people focus on the guarantee—that is, all they are interested in, it seems in discussion, is how much are you going to pay people for not working. A common variation of this is $3,000 as a guarantee. It seems to me that there is a lot of concern, and rightfully so, about saying to an able-bodied head of a family, if you are of a mind to not work, you can accept a $3,000 annual income.

Now, I think it is very important in considering the size of the guarantee to divide the poor population into two groups. One group is the people who are are either on welfare at this time—that is, public assistance—or the people who are eligible for public assistance, versus another group of people who are not eligible for public assistance. The number of poor in the country today is close to 30 million persons. Eight million are on public assistance. Something, then, in the neighborhood of 22 million people are poor but are not on public assistance. Most of those 22 million people are not likely to be eligible for public assistance as the laws are presently drawn—that is, these people are in families headed by an able-bodied man under age 65. They are not, then, going to fit into the category of old age or broken families of disabled people.

So the really big problem that we face in talking about any new income maintenance program is what we are going to do with the nonassistance poor—the noncategorical poor, if you please.

The level of the guarantee is of greatest importance, it seems to me, at least, in thinking about the assistance poor—the people who are not able to work and are not expected to work. On the other hand, the typical ones of the 22 million people who are poor and not on assistance today are in families where the head does work. He is not only able to work, but he is willing to work, and in fact does work most of the time. Professor Morgan mentioned many of these people are poor not because of complete lack of work, but because of low hourly wage rates or because of irregular unemployment or because of a large family size relative to the income of the family head.

Now, for these people, the size of the guarantee is often quite academic. It is not important whether the size of the guarantee in the case of no work is $3,000 or $1,500 or $700. Most of the poor persons