

the AFDC benefits by 100 percent. The change is thus a step which begins to give people an incentive to work, but the tax rate of 67 percent is still a rather high one. The highest income tax rate on the positive tax, after all exemptions and deductions, is only 70 percent, and that rate applies only to incomes in excess of \$180,000 a year. I think this is an odd equity between people on welfare and those making \$180,000 a year.

These, then, are what I would suggest as the requirements for any basic income-maintenance scheme which starts at this time. Given these requirements, I do not much care what we call it. I think negative income tax is an unfortunate phrase which is tough to understand and the words in which have been abused. Nonetheless, these requirements do describe many of the basic factors in a negative income tax.

The Office of Economic Opportunity is now commencing under the sponsorship of the University of Wisconsin Institute for Research on Poverty—Professor Lampman, among others, has been active in this—and running through the Mathematica Corp. in New Jersey, an experiment attempting to find out the effects of such a scheme on poor people in the State of New Jersey. It is an experiment which starts with intact male-headed families. The chief information which we wish to get out of it is the actual effect of such a scheme with varying rates of return, tax rates, and varying income levels on the poor in this group of working age.

The reason for concentrating on male-headed families is these are the families at issue when we discuss whether a scheme of this nature would discourage work.

Another bit of information we wish to get out of it is the effect on the unity of these families. The plan is to have 800 to 1,000 families in the experimental group, and 200 families in the control group. I am sure Professor Lampman could describe it much more effectively, but the main objective is to get out of it the effects of such a program on work incentives and family stability.

Let me conclude by reading a final portion of my written statement. There may be some interest in why I am saying at the same time that I personally feel it is time for an income maintenance program of a certain description, and saying that we are carrying on an experiment in income maintenance, the purpose of which is to gain more information about such a program as I already favor.

For myself, I feel quite confident that negative income tax-type systems would encourage the incentive to work compared to current public assistance systems with their built-in 100 percent tax. Nonetheless, I find it likely that such new proposals may discourage the incentive to work compared with no income maintenance at all, and there is no income maintenance at all available to these male-headed families in New Jersey. Thus, I think the New Jersey experiment will show some dropoff of work in the group receiving payments as compared to the control group receiving none. I do not believe this dropoff will be substantial, but I do feel that the guess of George Harris, writing in *Look*, that the group receiving payment will work more may prove overoptimistic.