INCOME MAINTENANCE PROGRAMS

WEDNESDAY, JUNE 19, 1968

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON FISCAL POLICY OF THE
JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room S-407, the Capitol, Hon. Martha W. Griffiths (chairman of the subcommittee) presiding.

Present: Representative Griffiths.

Also present: John R. Stark, executive director; James W. Knowles, director of research, and Nelson D. McClung, economic consultant.

Representative GRIFFITHS. The subcommittee will come to order.

I would like to express my appreciation to all of you for appearing here today.

We will begin with Mr. Fitch's testimony.

STATEMENT OF LYLE C. FITCH, PRESIDENT, INSTITUTE OF PUBLIC ADMINISTRATION, NEW YORK CITY

Mr. FITCH. Madam Chairman, I will make a few rather general comments, rather than a systematic exposition. The first comment is that the income-maintenance schemes which have been the subject of discussion here are focused on increasing consumption rather than productivity of the poverty-prone groups. In this full employment economy, increasing the consumption of low-income groups requires decreasing the consumption of higher income groups or else decreasing something else. This means pretty much that one has to decrease consumption of someone else, or else increase the consumption of a large class of people. In the public sector the possible candidates include expenditures on space, agricultural subsidies, defense-war expenditures—the only single category of significant size in this connection.

Who will take a reduction in order to increase the consumption of the poverty group? This is the great problem for me, seeing just where the something else is coming from.

We are told that bringing people who are now below the poverty line—as defined by the Social Security Administration—up to that line will cost about $11 billion a year. Presumptively, that $11 billion should come from higher income groups. The best way to get such a sum is from the personal income tax, to make sure it comes from higher income groups. This alone implies an increase in personal income tax collections of some 20 percent. So I take it that the present Congress and apparently a substantial majority of the voters would