In the second situation (with the foundation grant) gross income is $11,000, taxable income is $8,000, tax is $3,800. The tax is approximately 2.7 times the amount which would be collected on taxable income of $8,000 at present tax rates. The marginal tax rate, now 19 percent, probably would have to be raised to more than 45 percent.

Clearly, such a degree of progression is out of the question. Even given the very great increase in gross national product possible over the next 30 years or so, I suspect that we will have to settle for considerably less redistribution than is implied by the radical consumption model for Year 2000, described above.

Concerning the broader incentive effects of foundations incomes and similar devices, I have no more definite information than anyone else. I do have a conviction, which I should like to see tested, that for those now at the bottom, a foundation income would increase the attractiveness of gainful employment by providing a chance to make substantial gains through work. As things now stand, many feel that they can never get off the bottom through work—that they can never aspire to more than bare subsistence. One effect is to drive many into illicit activity where the gains, incidentally, are not taxed.

Training and Jobs

In New York City some 30,000 youngsters have dropped out of school during the current school year; the number of dropouts is rising. The city's education and training programs are becoming more glaringly inadequate (though inadequacy is a weak word) for training the work force needed for today's employment. Many of those who do formally complete school still are functionally illiterate and have no saleable skills. The Human Resources Administration estimates that only about 13,000 people a year are entering the city's various remedial training programs, with possibly 20 percent of that number going on to permanent jobs.

Since my organization [the Institute of Public Administration] is supervising one of the manpower training programs, I can comment on some of its inadequacies. For instance, the maximum training period is 16 weeks, but with all the preliminary work that is needed trainees learn to type from 10 to 20 words a minute, which is below entry level requirements of most employers. Boys can learn only enough about automobile mechanics to qualify as helpers in filling stations.

Meanwhile, there is in the city a desperate shortage of competent typists, secretaries, bookkeepers, and other clerical workers, managers and professional people, and service workers such as automobile mechanics, appliance repairmen, television and computer servicemen. These are the types of jobs available in the central city, and for which we need to be training.

Employment in New York City is projected to rise by 300,000–400,000 in the next two or three decades. These jobs will be mainly in white collar and service occupations. In fact, the increase in these two categories will be larger than the total employment increase because manufacturing and other goods-handling jobs will continue to move out of the city. As things are now going, however, the prospects are that jobs will not materialize simply because trained workers will not be available. Suburban employment, which will be rising much more rapidly than city employment, will absorb a large share of the suburban-based labor force.

New York City exhibits the familiar dilemma of potential workers trapped in the core-city ghetto, unable to do white collar and skilled service work which is available. The impulse, which we see exhibited in the city, is to attack core-city unemployment by persuading industries to remain in, or move to, core city areas. I think this is largely wasted effort. Expanding industries locate outside congested core city areas for such good reasons as lower land prices, less congestion, lower taxes, and so on. If ghetto labor were a critical factor, they presumably would not locate in the suburbs in the first place. Anyway, employment in manufacturing production, what with automation and expanding productivity, is a slow-growth sector. The Department of Labor reports that growth of blue collar jobs was only about 300,000 in 1967 (a year in which overall employment reached a new high and unemployment was low) and that nearly all these jobs were in categories requiring relatively high skills. Future trends are suggested by the National Planning Association's projections of manpower requirements for 1975, shown by the following table (p. 12).