

The important point to consider in designing an income guarantee is the fact that there is a definite correlation between size of families and poverty. The controlling factor would be the amount of money that would be allocated to whatever income scheme is designed.

Representative GRIFFITHS. How could a guaranteed job solve the problem of poverty for the full-time working poor who just have too many children?

Mr. LEVITAN. A family allowance program would be partly responsive to the need.

I think, however, that an effective birth control system would help reduce the number of unwanted children and reduce the need. There is no need to design a new system to provide subsidies to the working poor. In New York City, for example, people working in low-income jobs with large families get subsidies and a good proportion of the New York welfare system goes to this kind of wage subsidy. The welfare system as it works today can provide for subsidies to the working poor assuming society is willing to invest the money.

Representative GRIFFITHS. No matter how you set up a welfare system, how can you get around a categorical system? There has been great objection to the categories, and I agree. Most of the time of the worker is spent on determining in which category you fall and whether you are entitled to this or entitled to that. But how do you get around it?

Mr. LEVITAN. The negative income tax would do that. All a person has to do is file, the same as most of us do, a return. If the income is below a predetermined level, Uncle Sam pays the difference.

Mr. LESSER. I think you can do it—certainly, the negative income tax would do it. You can do it in the welfare system by just saying the criterion for eligibility is need—income below a certain amount. The British do this. One of the problems with some States—you know, even where they pay to the non-Federal category people, they still have to determine which category a person falls in because of the Federal matching formula being different for the different categories. So it is important for a State to put a person into the aged program or the disabled program or the blind program dependent on the Federal matching requirements.

Representative GRIFFITHS. If you had a negative income tax and you made a determination that it took a certain amount to support a blind person at 44 and you gave that exact amount to every person who was 44, then what incentive is there left for the person who is perfectly able bodied at 44 to work?

Mr. LEVITAN. Should we adopt a negative income system, there would be a need to provide work incentives along the lines that Tobin has suggested. There is one bill that I know of which follows Tobin's approach. It was introduced by Congressman Ryan, of New York, and provides for income supplements up to \$6,800 per year for a family of five.

There is no need to go across the ocean, as Mr. Lesser suggests, to obtain the system he desires. We have the veterans pension system which works efficiently and without undue burden. A veteran with an income below a given level may fill out a form and he is paid a monthly pension based on a predetermined formula. There are no checkups, and very little scrutiny, a fact which was criticized by the