

GAO. To continue getting the pension the veteran or his survivor files annually a simple form the size of a postal card. A social worker once told me there is nothing wrong about the means test if it were not so mean. We can operate the welfare system along the line of veterans pensions. It is just a question of how much money we want to invest in the welfare system and to whom we want to pay stipends.

Representative GRIFFITHS. The moment you determine categories, then you begin to make it again into a child allowance system.

Is that not right? Do you not agree, Mr. Rees?

Mr. REES. No; I think there is a basic difference here, as I understand the difference between a negative income tax and a child allowance system. One of the differences Mr. Levitan has pointed out is that a negative income tax would help the childless poor. Another difference is that under a child allowance system, as under the present social security law, you could draw benefits even if you had an income of \$50,000 a year, whereas, under the negative income tax, there would be some ceiling. In Congressman Ryan's bill, it happens to be \$6,816 a year, above which you would not draw any benefits at all. Now, if you are going to provide enough income per child to help the large families of the poor, and if, in addition, you want to have no income test at all so that everybody in the country, no matter how rich, would draw the same allowance per child as these very poor people, then you will have an enormously expensive system, much more expensive than a negative income tax system.

One other point I think should be made and that is that most children's allowance schemes I am familiar with provide for a flat amount per child, so much per child per year. Under most of the negative income tax proposals, you have a diminishing scale; one of the plans that is being experimented with in New Jersey would offer \$750 per year for the first child, \$550 per year for the second child, then diminishing amounts until after six children there would be no additional amounts. But you could make that diminution as sharp as you like. If you think there are very substantial economies of scale in living, if you think five could live almost as cheaply as four, then you would provide a smaller payment.

Representative GRIFFITHS. You would get your greatest objection to any system that pays to a family that does not work an amount that is about the same for a poor family that does work. So you just have to figure out a system that is going to do better than that. The persons are going to have to be able to work and still draw something, because you would have all of those people objecting.

One of the objections I received recently is from a woman who works for Sears, Roebuck Co. You work there for free and then draw a large pension at the end. She objected when people were brought in under the poverty program and purchased \$18 shirts. And she said, in my lifetime, I never had an \$18 piece of clothing.

These people were being set up to go out to apply for jobs.

One of the difficulties in establishing any system is first, that in general, people do not know how bad the present system is and how it is really keeping people from working. But second, many of the people who see the new systems work, the new efforts work, are themselves not making that much money; therefore, they have real objections.