

The problem that the negative income tax evades is the problem of the individual or family with zero income. If that family gets only \$300, the figure suggested in Prof. Milton Friedman's original proposal in 1962, nobody would regard this as nearly adequate—particularly if, as Professor Friedman also proposed, negative income tax were made a complete substitute for all other forms of relief and welfare. If the negative income tax payment for a family of zero income is set at \$1,650, no advocate of the guaranteed income would regard it as adequate to live on in decency and dignity. So if the negative income tax were ever adopted, the political pressure would be irresistible to make it provide the minimum "poverty line" income of \$3,300.

The basic subsidy would therefore be as great as under the guaranteed income. But if it were, then under negative income tax families would continue to get some Government subsidy until their incomes reached \$6,600. But this is higher than the median family income for the whole country in 1963. In brief, this would be fantastically expensive.

In addition, it would raise serious problems of equity. When the subsidized family was earning \$6,598 income it would still be getting a \$1 subsidy. When it earned \$6,602 would it fall off the gravy train entirely, and have to wait until its income fell below \$3,300 before it could get on again? And what about the family that was earning \$3,302 all along, and had never got on the gravy train?

Both the straight guaranteed income and its tapered-off form known as the negative income tax are attempts to escape the allegedly humiliating and administratively troublesome means test. But if the Government wishes to protect itself from massive chiseling and swindling, under any giveaway program, it cannot avoid a conscientious investigation case by case, and applicant by applicant. The guaranteed income and negative income tax proposals do not solve the administrative problem; they simply shut their eyes to it.

The guaranteed income and negative income tax are proposed by some of their sponsors as a complete substitute for all existing forms of relief and welfare. But does anyone seriously believe the present beneficiaries of social security benefits, or unemployment benefits, or medicare, or veterans' benefits, or training programs, or educational grants, or farm subsidies, are going to give up what they have already gained? The new handouts would simply be piled on top of everything else.

The welfare bill is already staggering. Federal aid to the poor, under that official label, has risen from \$9.5 billion in 1960 to \$27.7 billion in the fiscal year 1969. But if we add up all the welfare payments in the 1969 budget—farm subsidies, housing and community development, health, labor, and welfare, education, and veterans' benefits, we get an annual total in excess of \$68 billion. Even this is not all. We must add a social welfare burden on the States and localities of more than \$41 billion, making a grand total of \$110 billion. This load has already brought not only very burdensome taxation, but chronic deficits and inflation that are undermining the value and integrity of the dollar and bringing social insecurity for all of us.

I have talked here only of what should not be done, and have left myself no time to discuss what should be done. But if I may take