

It is often wrongly assumed that BES would move people out of the functioning society. This assumption is based on a misunderstanding: A belief that there is a shortage of work rather than a shortage of jobs. The job/work/activity dilemma could already be perceived 6 years ago and has remained unchanged: I quote from my book "Free Men and Free Markets."

There should be no difficulty in finding useful work. Our scarcity is one of the market-supported jobs, not of work that needs to be done. We could resolve the present paradox that the richer a country may be, the more inadequately certain valuable social tasks are carried out. * * * We apparently cannot afford sufficient public gardeners, police, social workers, and schoolteachers, to name only a few of the occupations where there is generally agreed to be a shortage of workers.

It is, at this point, a pleasure to agree with Mr. Hazlitt and to leave out my demonstration of that fact and to move on.

I would like to recommend an approach which has received some attention, but in my opinion not nearly enough. The reason it has been largely ignored is that it involves fundamental reform of the present tax system. However, just as we can no longer brush away the fact that our present welfare system is a morass into which the poor are sinking, we will soon be forced to recognize that the present tax system, which has also grown like Topsy, must be reformed.

I would therefore like to propose to this committee that each and every individual within the United States should receive a direct payment from the Federal Government as a matter of right. This proposal, in effect, can perhaps best be understood by seeing it as a suggestion for widening the idea of "childrens allowances" to the whole population.

The treatment of all income would then conform to the following suggestion advanced by Kendall P. Cochran in an essay written for the book "Committed Spending" which is edited by me and will be published by Doubleday on July 24.

All income, from whatever source derived, must be subject to a progressive tax at the Federal level. Thus current practices, which give favored treatment to certain kinds of income, would be eliminated.

Cochran explicitly proposes the elimination of favored treatment for capital gains and interest on municipal securities, income splitting, deduction for State and local taxes, medical expenses, interest payments, casualty losses, most gifts to charity, and exemptions—the purpose of the latter will, of course, be covered by the guaranteed income payment.

It is obvious that if gross inequities are to be avoided in the shift toward a guaranteed income pattern, it will have to be introduced over a period of time and that a basic plan would have to be developed, adopted and sustained. We can perceive the sort of thinking and negotiations which will be required if we look at the process of creating the Common Market in Europe—the contrast with present methods of negotiating tax bills is striking and depressing.

The fact that the negative income tax plan might be carried through in the near future and that a fundamental reform of the tax system does not presently appear feasible should not prevent us from moving toward consideration of the latter issue. Let me remind you of the progress we have made in redefining the welfare issue in recent years: we can redefine the taxation issue if we make the same effort. If we