

within certain limits. Or let us say a man, starting with zero income of his own, gets a relief payment of \$60 a week. Then out of the first \$20 he earned, he might be allowed to keep \$2 out of every \$3; out of the second \$20 he earned, he could keep \$1 out of every \$2; and out of the third \$20 he earned, he could keep \$1 out of every \$3.

Senator PROXMIRE. You think this might be a good principle? Certainly it is right at the heart of your philosophy, as I understand it, that you should have an incentive to work, and the present welfare system does not provide it?

Mr. HAZLITT. Precisely. We do not need to say "Look, the present relief system is bad in this or that respect; let us have an entirely different system. Several of the "substitute" proposals, for example—the tapering-off subsidy of the negative income tax—could be tried tentatively in the direct relief system. But if you adopted this in an inflexible, all-inclusive way, you would get into very serious problems.

Senator PROXMIRE. May I just interrupt at that point to refer to the presentation of Dr. Tobin of Yale. He has a fine little booklet on the negative income tax in which he spells out in detail what he is after, he describes it as more of a work incentive system, really. I think if they changed the name to work incentive system instead of negative income tax, they would get a lot further with Congress with it.

I cannot see anything wrong, and I think many people would agree that we should provide a guaranteed income or a supplement income of some kind to people who cannot work. I think maybe we can make that much progress.

Would you agree to that extent? They cannot work, they are just unable to work for physical reasons or mental reasons, or some other disqualifying reason.

Mr. HAZLITT. Congress has dealt with that problem, of course, as you know, Senator, over the last 30 years when it put in categorical relief for the blind and the disabled.

Senator PROXMIRE. It is not comprehensive, though.

Mr. HAZLITT. Well, no, but you could add other categories like mental reardation or things of that sort. More categories could be added.

But they should be watched. One of the things I think should be done, certainly, when we add more categories or types of relief, is to do it only on an annual basis, so that they have to be reviewed by Congress, and expire automatically unless reviewed. It is depressingly easy for more and more types of relief and welfare payments to get themselves built in, and to become permanent whether they are good or bad.

I have worked out here a small schedule just to show how a tapered-off subsidy of the NIT type works out.

If I were asked to propose alternatives to the guaranteed income, the chief one I would think of would be repeal of the minimum wage laws.

Senator PROXMIRE. As an alternative for the —

Mr. HAZLITT. Guaranteed income.

Senator PROXMIRE. It has been presented to us by other panelists during these hearings as quite the reverse. They say if you have a guaranteed income, one thing you might be able to dispose of is the minimum wage.